

CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE RENAUDE LAPOINTE
SPEAKER

1976-77
SECOND SESSION, THIRTIETH PARLIAMENT
25-26 ELIZABETH II

Volume II

(April 26, 1977 to October 17, 1977)

Parliament was opened on October 12, 1976
and was prorogued on October 17, 1977

Queen's Printer for Canada, Ottawa

80014—A

The Speaker

THE HONOURABLE RENAUDE LAPOINTE

The Leader of the Government

THE HONOURABLE RAYMOND J. PERRAULT, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

THE MINISTRY

According to Precedence

At Prorogation, October 17, 1977

The Right Honourable Pierre Elliott Trudeau	Prime Minister
The Honourable Allan Joseph MacEachen	Deputy Prime Minister and President of the Queen's Privy Council for Canada
The Honourable Jean Chrétien	Minister of Finance
The Honourable John Carr Munro	Minister of Labour
The Honourable Stanley Ronald Basford	Minister of Justice and Attorney General of Canada
The Honourable Donald Campbell Jamieson	Secretary of State for External Affairs
The Honourable Robert Knight Andras	President of the Treasury Board
The Honourable Otto Emil Lang	Minister of Transport
The Honourable Jean-Pierre Goyer	Minister of Supply and Services
The Honourable Alastair William Gillespie	Minister of Energy, Mines and Resources
The Honourable Eugene Francis Whelan	Minister of Agriculture
The Honourable W. Warren Allmand	Minister of Consumer and Corporate Affairs
The Honourable James Hugh Faulkner	Minister of Indian Affairs and Northern Development
The Honourable André Ouellet	Minister of State for Urban Affairs
The Honourable Daniel Joseph MacDonald	Minister of Veterans Affairs
The Honourable Marc Lalonde	Minister of State for Federal-Provincial Relations
The Honourable Jeanne Sauvé	Minister of Communications
The Honourable Raymond Joseph Perrault	Leader of the Government in the Senate
The Honourable Barnett Jerome Danson	Minister of National Defence
The Honourable J. Judd Buchanan	Minister of Public Works and Minister of State for Science and Technology
The Honourable Roméo LeBlanc	Minister of Fisheries and the Environment
The Honourable Marcel Lessard	Minister of Regional Economic Expansion
The Honourable Jack Sydney George Cullen	Minister of Employment and Immigration
The Honourable Leonard Stephen Marchand	Minister of State (Environment)
The Honourable John Roberts	Secretary of State of Canada
The Honourable Monique Bégin	Minister of National Health and Welfare
The Honourable Jean-Jacques Blais	Postmaster General
The Honourable Francis Fox	Solicitor General of Canada
The Honourable Anthony Chisholm Abbott	Minister of State (Small Businesses)
The Honourable Iona Campagnolo	Minister of State (Fitness and Amateur Sport)
The Honourable Joseph-Philippe Guay	Minister of National Revenue
The Honourable John Henry Horner	Minister of Industry, Trade and Commerce
The Honourable Norman A. Cafik	Minister of State (Multiculturalism)

PARLIAMENTARY SECRETARIES

Yvon Pinard	to Deputy Prime Minister and President of the Privy Council
Edward Lumley	to Minister of Finance
Jacques Olivier	to Minister of Labour
Roger Young	to Minister of Justice and Attorney General of Canada
Maurice Dupras	to Secretary of State for External Affairs
Thomas-Henri Lefebvre	to President of the Treasury Board
Charles Lapointe	to Minister of Transport
Aideen Nicholson	to Minister of Supply and Services
Gilles Lamontagne	to Minister of Energy, Mines and Resources
Yves Caron	to Minister of Agriculture
Alan A. Martin	to Minister of Consumer and Corporate Affairs
Ross Milne	to Minister of Indian Affairs and Northern Development
Maurice Harquail	to Minister of State for Urban Affairs
Gilbert Parent	to Minister of Veterans Affairs
Crawford Douglas	to Minister of Communications
Jacques Guilbault	to Minister of National Defence
Frank Maine	to Minister of Public Works and Minister of State for Science and Technology
Hugh Anderson	to Minister of Fisheries and the Environment
Donald Wood	to Minister of Regional Economic Expansion
Raymond Dupont	to Minister of Employment and Immigration
Michael Landers	to Minister of State (Environment)
Robert Daudlin	to Secretary of State
William Kenneth Robinson	to Minister of National Health and Welfare
Roderick Blaker	to Solicitor General
Yves Demers	to Minister of National Revenue
Bernard Loiselle	to Minister of Industry, Trade and Commerce
William Andres	to Minister of State (Multiculturalism)

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, October 17, 1977

Senators	Designation	Post Office Address
THE HONOURABLE		
Salter Adrian Hayden	Toronto	Toronto, Ont.
Norman McLeod Paterson	Thunder Bay	Thunder Bay, Ont.
Sarto Fournier	de Lanaudière	Montreal, Que.
John J. Connolly, P.C.	Ottawa West	Ottawa, Ont.
Donald Cameron	Banff	Banff, Alta.
David A. Croll	Toronto-Spadina	Toronto, Ont.
Fred A. McGrand	Sunbury	Fredericton Junction, N.B.
Donald Smith	Queens-Shelburne	Liverpool, N.S.
Harold Connolly	Halifax North	Halifax, N.S.
Florence Elsie Inman	Murray Harbour	Montague, P.E.I.
Hartland de Montarville Molson	Alma	Montreal, Que.
Joseph A. Sullivan	North York	Toronto, Ont.
Lionel Choquette	Ottawa East	Ottawa, Ont.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Josie Alice Dinan Quart	Victoria	Quebec, Que.
Louis Philippe Beaubien	Bedford	Montreal, Que.
J. Campbell Haig	River Heights	Winnipeg, Man.
Allister Grosart	Pickering	Toronto, Ont.
Edgar Fournier	Madawaska-Restigouche	Iroquois, N.B.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Paul Yuzyk	Fort Garry	Winnipeg, Man.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Maurice Bourget, P.C.	The Laurentides	Lévis, Que.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Eric Cook	Harbour Grace	St. John's, Nfld.
Daniel Aiken Lang	South York	Toronto, Ont.
William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora, Ont.
Alexander Hamilton McDonald	Moosomin	Moosomin, Sask.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Harry William Hays, P.C.	Calgary	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Don Mills, Ont.
Jean-Paul Deschatelets, P.C.	Lauzon	Montreal, Que.
Hazen Robert Argue	Regina	Kayville, Sask.
Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal, Que.
J. G. Léopold Langlois	Grandville	Quebec, Que.
Paul Desruisseaux	Wellington	Sherbrooke, Que.
James Duggan	Avalon	St. John's, Nfld.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Maurice Lamontagne, P.C.	Inkerman	Aylmer, Que.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Keith Laird	Windsor	Windsor, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
Hervé J. Michaud	Kent	Buctouche, N.B.
William John Petten	Bonavista	St. John's, Nfld.

Senators	Designation	Post Office Address
THE HONOURABLE		
Raymond Eudes	de Lorimier	Montreal, Que.
Louis de Gonzague Giguère	de la Durantaye	Montreal, Que.
Ernest C. Manning, P.C.	Edmonton West	Edmonton, Alta.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Eugene A. Forsey	Nepean	Ottawa, Ont.
William C. McNamara	Winnipeg	Winnipeg, Man.
Paul C. Lafond	Gulf	Hull, Que.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
H. Carl Goldenberg	Rigaud	Westmount, Que.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Renaude Lapointe (Speaker)	Mille Isles	Montreal, Que.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Guy Williams	Richmond	Richmond, B.C.
Michel Fournier	Restigouche-Gloucester	Pointe Verte, N.B.
Frederick William Rowe	Lewisporte	St. John's, Nfld.
George James McIlraith, P.C.	Ottawa Valley	Ottawa, Ont.
Margaret Norrie	Colchester-Cumberland	Truro, N.S.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
John James Greene, P.C.	Niagara	Niagara Falls, Ont.
Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
John Morrow Godfrey	Rosedale	Toronto, Ont.
Maurice Riel	Shawinigan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Daniel Riley	Saint John	Saint John West, N.B.
Augustus Irvine Barrow	Halifax-Dartmouth	Halifax, N.S.
Ernest George Cottreau	South Western Nova	Yarmouth, N.S.
George Isaac Smith	Colchester	Truro, N.S.
Jack Austin	Vancouver South	Vancouver, B.C.
Paul Henry Lucier	Yukon	Whitehorse, Yukon.
Jean Marchand, P.C.	de la Vallière	Quebec, Que.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
John Ewasew	Montarville	Mount Royal, Que.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew (Bud) Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.

Note: For names of senators who resigned, retired, or died during the Second Session of the Thirtieth Parliament, see Index.

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, October 17, 1977

Senators	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Argue, Hazen	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Austin, Jack	Vancouver South	Vancouver, B.C.
Barrow, Augustus Irvine	Halifax-Dartmouth	Halifax, N.S.
Beaubien, L. P.	Bedford	Montreal, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Benidickson, W. M., P.C.	Kenora-Rainy River	Kenora, Ont.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Bourget, Maurice, P.C.	The Laurentides	Lévis, Que.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Cameron, Donald	Banff	Banff, Alta.
Choquette, Lionel	Ottawa East	Ottawa, Ont.
Connolly, Harold	Halifax North	Halifax, N.S.
Connolly, John J., P.C.	Ottawa West	Ottawa, Ont.
Cook, Eric	Harbour Grace	St. John's, Nfld.
Côté, Joseph Julien Jean-Pierre, P.C.	Kennebec	Longueuil, Que.
Cottreau, Ernest G.	South Western Nova	Yarmouth, N.S.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Don Mills, Ont.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Deschatelets, Jean-Paul, P.C.	Lauzon	Montreal, Que.
Desruisseaux, Paul	Wellington	Sherbrooke, Que.
Duggan, James	Avalon	St. John's, Nfld.
Eudes, Raymond	de Lorimier	Montreal, Que.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Ewasew, John	Montarville	Mount Royal, Que.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Forsey, Eugene A.	Nepean	Ottawa, Ont.
Fournier, Edgar	Madawaska-Restigouche	Iroquois, N.B.
Fournier, Michel	Restigouche-Gloucester	Pointe Verte, N.B.
Fournier, Sarto	de Lanaudière	Montreal, Que.
Frith, Royce	Lanark	Perth, Ont.
Giguère, Louis de G.	de la Durantaye	Montreal, Que.
Godfrey, John Morrow	Rosedale	Toronto, Ont.
Goldenberg, H. Carl	Rigaud	Westmount, Que.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Greene, John James, P.C.	Niagara	Niagara Falls, Ont.
Grosart, Allister	Pickering	Toronto, Ont.
Haig, J. Campbell	River Heights	Winnipeg, Man.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hayden, Salter A.	Toronto	Toronto, Ont.
Hays, Harry, P.C.	Calgary	Calgary, Alta.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Inman, F. Elsie	Murray Harbour	Montague, P.E.I.
Lafond, Paul C.	Gulf	Hull, Que.

SENATORS—ALPHABETICAL LIST

Senators	Designation	Post Office Address
THE HONOURABLE		
Laird, Keith	Windsor	Windsor, Ont.
Lamontagne, Maurice, P.C.	Inkerman	Aylmer, Que.
Lang, Daniel A.	South York	Toronto, Ont.
Langlois, Léopold	Grandville	Quebec, Que.
Lapointe, Renaude (Speaker)	Mille Isles	Montreal, Que.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Lucier, Paul Henry	Yukon	Whitehorse, Yukon.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
Macnaughton, Alan A., P.C.	Sorel	Montreal, Que.
Manning, Ernest C., P.C.	Edmonton West	Edmonton, Alta.
Marchand, Jean, P.C.	de la Vallière	Quebec, Que.
McDonald, A. Hamilton	Moosomin	Moosomin, Sask.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
McGrand, Fred A.	Sunbury	Fredericton Junction, N.B.
McIlraith, George J., P.C.	Ottawa Valley	Ottawa, Ont.
McNamara, William C.	Winnipeg	Winnipeg, Man.
Michaud, Hervé J.	Kent	Buctouche, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Neiman, Joan	Peel	Caledon East, Ont.
Norrie, Margaret	Colchester-Cumberland	Truro, N.S.
Olson, Horace Andrew (Bud), P.C.	Alberta South	Iddesleigh, Alta.
Paterson, Norman McL	Thunder Bay	Thunder Bay, Ont.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Quart, Josie D.	Victoria	Quebec, Que.
Riel, Maurice	Shawinigan	Westmount, Que.
Riley, Daniel	Saint John	Saint John West, N.B.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Rowe, Frederick William	Lewisporte	St. John's, Nfld.
Smith, Donald	Queens-Shelburne	Liverpool, N.S.
Smith, George I.	Colchester	Truro, N.S.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Steuart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Sullivan, Joseph A.	North York	Toronto, Ont.
Thompson, Andrew	Dovercourt	Kendal, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Williams, Guy	Richmond	Richmond, B.C.
Yuzyk, Paul	Fort Garry	Winnipeg, Man.

SENATORS OF CANADA

BY PROVINCES

At Prorogation, October 17, 1977

ONTARIO—24

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Salter Adrian Hayden	Toronto	Toronto.
2	Norman McLeod Paterson	Thunder Bay	Thunder Bay.
3	John J. Connolly, P.C.	Ottawa West	Ottawa.
4	David A. Croll	Toronto-Spadina	Toronto.
5	Joseph A. Sullivan	North York	Toronto.
6	Lionel Choquette	Ottawa East	Ottawa.
7	Allister Grosart	Pickering	Toronto.
8	David James Walker, P.C.	Toronto	Toronto.
9	Rhéal Bélisle	Sudbury	Sudbury.
10	Daniel Aiken Lang	South York	Toronto.
11	William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora.
12	Douglas Keith Davey	York	Don Mills.
13	Andrew Ernest Thompson	Dovercourt	Kendal.
14	Keith Laird	Windsor	Windsor.
15	Richard James Stanbury	York Centre	Toronto.
16	Eugene A. Forsey	Nepean	Ottawa.
17	George James McIlraith, P.C.	Ottawa Valley	Ottawa.
18	John James Greene, P.C.	Niagara	Niagara Falls.
19	Joan Neiman	Peel	Caledon East.
20	John Morrow Godfrey	Rosedale	Toronto.
21	Royce Frith	Lanark	Perth.
22	Peter Bosa	York-Caboto	Etobicoke.
23	....	.....	.....
24	....	.....	.....

QUEBEC—24

	Senators	Electoral Division	Post Office Address
	THE HONOURABLE		
1	Sarto Fournier	de Lanaudière	Montreal.
2	Hartland de Montarville Molson	Alma	Montreal.
3	Josie Alice Dinan Quart	Victoria	Quebec.
4	Louis Philippe Beaubien	Bedford	Montreal.
5	Jacques Flynn, P.C.	Rougemont	Quebec.
6	Maurice Bourget, P.C.	The Laurentides	Lévis.
7	Azellus Denis, P.C.	La Salle	Montreal.
8	Jean-Paul Deschatelets, P.C.	Lauzon	Montreal.
9	Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal.
10	J. G. Léopold Langlois	Grandville	Quebec.
11	Paul Desruisseaux	Wellington	Sherbrooke.
12	Maurice Lamontagne, P.C.	Inkerman	Aylmer.
13	Raymond Eudes	de Lorimier	Montreal.
14	Louis de Gonzague Giguère	de la Durantaye	Montreal.
15	Paul C. Lafond	Gulf	Hull.
16	H. Carl Goldenberg	Rigaud	Westmount.
17	Renaude Lapointe (Speaker)	Mille Isles	Montreal.
18	Martial Asselin, P.C.	Stadacona	La Malbaie.
19	Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil.
20	Maurice Riel	Shawinigan	Westmount.
21	Jean Marchand, P.C.	de la Vallière	Quebec.
22	John Ewasew	Montarville	Mount Royal.
23	Pietro Rizzuto	Repentigny	Laval sur le Lac.
24	....	....	....

NOVA SCOTIA—10

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Donald Smith	Queens-Shelburne	Liverpool.
2	Harold Connolly	Halifax North	Halifax.
3	John Michael Macdonald	Cape Breton	North Sydney.
4	Margaret Norrie	Colchester-Cumberland	Truro.
5	Henry D. Hicks	The Annapolis Valley	Halifax.
6	Bernard Alasdair Graham	The Highlands	Sydney.
7	Augustus Irvine Barrow	Halifax-Dartmouth	Halifax.
8	Ernest George Cottreau	South Western Nova	Yarmouth.
9	George Isaac Smith	Colchester	Truro.
10	....	.....	.....

NEW BRUNSWICK—10

	THE HONOURABLE		
1	Fred A. McGrand	Sunbury	Fredericton Junction.
2	Edgar Fournier	Madawaska-Restigouche	Iroquois.
3	Charles Robert McElman	Nashwaak Valley	Fredericton.
4	Hervé J. Michaud	Kent	Buctouche.
5	Michel Fournier	Restigouche-Gloucester	Pointe Verte.
6	Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
7	Daniel Riley	Saint John	Saint John West.
8	....	.....	.....
9	....	.....	.....
10	....	.....	.....

PRINCE EDWARD ISLAND—4

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

MANITOBA—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	J. Campbell Haig	River Heights	Winnipeg.
2	Paul Yuzyk	Fort Garry	Winnipeg.
3	Douglas Donald Everett	Fort Rouge	Winnipeg.
4	Gildas L. Molgat	Ste. Rose	St. Vital.
5	William C. McNamara	Winnipeg	Winnipeg.
6	....	.....	.....

BRITISH COLUMBIA—6

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

SASKATCHEWAN—6

	THE HONOURABLE		
1	Alexander Hamilton McDonald	Moosomin	Moosomin.
2	Hazen Robert Argue	Regina	Kayville.
3	Herbert O. Sparrow	Saskatchewan	North Battleford.
4	Sidney L. Buckwold	Saskatoon	Saskatoon.
5	David Gordon Steuart	Prince Albert-Duck Lake	Regina.
6	....	.....	....

ALBERTA—6

	THE HONOURABLE		
1	Donald Cameron	Banff	Banff.
2	Earl Adam Hastings	Palliser-Foothills	Calgary.
3	Harry William Hays, P.C.	Calgary	Calgary.
4	Ernest C. Manning, P.C.	Edmonton West	Edmonton.
5	Horace Andrew (Bud) Olson, P.C.	Alberta South	Iddesleigh.
6	....	.....	.....

NEWFOUNDLAND—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Eric Cook	Harbour Grace	St. John's.
2	James Duggan	Avalon	St. John's.
3	William John Petten	Bonavista	St. John's.
4	Frederick William Rowe	Lewisporte	St. John's.
5			
6			

NORTHWEST TERRITORIES—1

	THE HONOURABLE		
1	Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

	THE HONOURABLE		
1	Paul Henry Lucier	Yukon	Whitehorse.

THE SENATE

OFFICERS AND CHIEFS OF PRINCIPAL BRANCHES

Clerk of the Senate and Clerk of the Parliaments	Robert Fortier, Q.C., B.A., LL.B.
Law Clerk and Parliamentary Counsel	R. L. du Plessis, Q.C., B.A., LL.L.
First Clerk Assistant	Alcide Paquette, B.A.
Gentleman Usher of the Black Rod	A. G. Vandelac, M.C., C.D.
Director of Administration and Personnel	J. Walter Dean
Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Director of Committees	Flavien J. Belzile, B.A.
Chief of Minutes and Journals (English)	Mrs. Jean F. Sutherland
Chief of Minutes and Journals (French)	Miss Madeleine Ouimet
Assistant Gentleman Usher of the Black Rod	Charles H. E. Askwith

---

REPORTING BRANCH

Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Assistant Chief of Reporting Branch	G. R. Baker
Associate Editor and Senior Reporter, English	H. D. Griffith
Associate Editor and Senior Reporter, French	J. R. Langlois
Reporters	Aurèle Chénier, W. J. Culleton, G. K. Hubbard, D. L. Sellers, A. A. Gallagher, L. R. Powis, H. C. Warburton, Maurice Bolduc, N. C. Keeley, R. Johansson.

TRANSLATORS

Department of Secretary of State

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

LIBRARY OF PARLIAMENT

Parliamentary Librarian	Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S.
Associate Parliamentary Librarian	Gilles J. C. Frappier, B.A., B.Ph., B.L.S.

THE SENATE

Tuesday, April 26, 1977

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

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Willie Adams, Esquire

Hon. Horace Andrew (Bud) Olson, P.C.

Royce Frith, Esquire

Peter Bosa, Esquire

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and were seated:

Hon. Willie Adams, of Rankin Inlet, in the Northwest Territories, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Paul Henry Lucier.

Hon. Horace Andrew (Bud) Olson, P.C., of Iddesleigh, Alberta, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Earl A. Hastings.

Hon. Royce Frith, of Perth, Ontario, introduced between Hon. Raymond J. Perrault, P.C., and Hon. John J. Connolly.

Hon. Peter Bosa, of Toronto, Ontario, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Keith Davey.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

ADVANCE PAYMENTS FOR CROPS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to facilitate the making of advance payments for crops.

Bill read first time.

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

Senator Perrault: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

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

Hon. Senators: Agreed.

Motion agreed to.

PENSION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-11, to amend the Pension Act.

Bill read first time.

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

Senator Perrault: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

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

Senator Grosart: Honourable senators, in view of the fact that this is the second bill for which the government has asked leave to proceed at the next sitting, would the Leader of the Government indicate to us why he feels it is necessary that we waive the usual two days' notice?

Senator Perrault: Honourable senators, the fact is that Bill C-2, the first of the two proposed measures for which the government seeks leave to proceed with second reading at the next sitting, was of course the second measure introduced in Parliament at this session. This bill has been over from the other place since April 1, and it is felt that it would be in the public interest, in view of the importance of the measure, to proceed with the debate on second reading tomorrow.

● (2010)

With respect to Bill C-11, to amend the Pension Act, because of the important content of this particular act the government simply expresses the hope that in this case the opposition will support second reading at the next sitting. If the opposition chooses to take another course of action, the government certainly will not resist that.

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

Hon. Senators: Agreed.

Motion agreed to.

SOLAR ENERGY APPLICATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-309, respecting the domestic and industrial use of solar energy.

Bill read first time.

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

Senator Forsey moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

THE HONOURABLE JOSEPH A. SULLIVAN
THE HONOURABLE JAMES J. DUGGAN
THE HONOURABLE J. CAMPBELL HAIG

FELICITATIONS ON RETURN TO CHAMBER

Senator Perrault: Honourable senators, may I say how pleased all of us are to welcome back to our midst three distinguished senators, Senator Sullivan, Senator Duggan and Senator Haig, who have suffered from health setbacks in recent weeks and now appear to be restored to good health. All three of these distinguished senators make important contributions to our deliberations and we are most glad to have them back.

May I say that we extend our good wishes to each of the senators who were officially declared senators this evening. We wish them long and productive careers in this chamber. We know that they will make a constructive contribution to the work of Parliament.

Senator Grosart: Will the leader permit me to comment on the statement he has just made? Honourable senators will understand if I say on behalf of all the official opposition, that while we welcome back the three senators who have been mentioned, we particularly welcome Senator Sullivan and Senator Haig. They will make a particularly welcome continuing contribution to our work on this side of the house, especially in view of the fact that the Prime Minister has once again found it necessary to send much needed reinforcements to the government side.

Hon. Senators: Hear, hear.

Senator Grosart: We welcome the new senators, of course, and realize how necessary the additional strength is to the government side.

I might also say that Senator Sullivan has not only recovered in time to provide us with his usual assistance, but also in time to receive another of the many great distinctions he has received in his professional career. On May 10, I am informed, he will be elected a Fellow Emeritus of the American Otological Society at its Eightieth Annual Meeting to be held in Boston.

Hon. Senators: Hear, hear.

Senator Grosart: He is already a Senior Fellow of that society, and this will add another to the many international honours he has received.

Senator Perrault: Honourable senators, on the subject of Senate appointments—and I have expressed my views on this subject many times in the past—the ability to serve in this chamber is not restricted to any one political party. I can only commend to members of the opposition the words of Lord Tennyson in his work Sir Galahad:

My strength is as the strength of ten,

Because my heart is pure.

May I follow that with the well-known philosophical observation that all good things come to those who wait. We on this side certainly believe that the opposition requires strengthening, not because of any lack of ability on the part of its present members but because of the problems with which it is confronted, such as representation on the many committees of the Senate.

Senator Asselin: We have quality.

Senator Perrault: I can only urge the opposition to follow the procedures which have been established by the Prime Minister for the appointment of opposition senators and suggest the names of other members of that party, or indeed other opposition parties, who may be able to serve with distinction.

Senator Asselin: Jack Horner.

Senator Smith (Colchester): We will be able to fix that fairly soon.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a statement, dated March 30, 1977, made by Ambassador William H. Barton, Permanent Representative of Canada to United Nations, during Security Council Debate on the Question of South Africa, issued by the Department of External Affairs.

Budget Papers, being Notices of Ways and Means Motions (1) to amend the Customs Tariff, (2) to amend the Income Tax Act, (3) to amend the Income Tax Application Rules, 1971, (4) to amend the Excise Tax Act, and supplementary tables relating to the budget.

Copies of "Budget Document: An elaboration by the Minister of Finance of the analysis and policies of the Budget, March 31, 1977".

Capital Budget of Canadian Arsenals Limited for the fiscal year ended March 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10,

R.S.C., 1970, together with copy of Order in Council P.C. 1976-1119, dated May 11, 1976, approving same.

Report of Petro-Canada, including its accounts and financial statements certified by the Auditors, for the year ended December 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to section 32 of the National Harbours Board Act, Chapter N-8, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Liquor Control Commission of Manitoba and the group of its employees represented by the Manitoba Government Employees Association. Order dated March 31, 1977.

2. Perth Public Utilities Commission and the group of its Service and Operator employees. Order dated April 4, 1977.

3. Horne & Pitfield Foods Limited and the group of its unionized Retail Personnel employees, represented by the Retail Clerks Union, Local 397. Order dated April 5, 1977.

4. School District No. 60 (Peace River North) and the Board of School Trustees, Fort St. John, British Columbia. Report dated April 13, 1977.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. M. & T. Products Ltd. and its hourly employees, dated April 7, 1977.

2. The St. Boniface School Division and the executive employees of the St. Boniface School Division, dated April 7, 1977.

Report of Air Canada for the year ended December 31, 1976, pursuant to section 27 of the Air Canada Act, Chapter A-11, R.S.C., 1970.

Copies of Ordinances passed by the Council of the Yukon Territory at its 1975 Third Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1976-126, dated January 20, 1976.

Copies of Ordinances passed by the Council of the Yukon Territory at its 1976 First Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1976-1009, dated April 27, 1976.

Copies of Agreement between the Government of Canada and the Government of the Province of British Columbia amending the Agreement of July, 1973 setting up a Joint Transportation Development Program involving railway, port, resource development in Northern British Columbia, dated March 31, 1977.

Copies of Financial Agreement between the Government of Canada and the Government of the Province of British Columbia following the amendment of the July, 1973 agreement setting up a Joint Transportation Development Program in Northern British Columbia, dated March 31, 1977.

Report of Permits issued under the authority of the Minister of Manpower and Immigration for the year ended December 31, 1976, pursuant to section 8(5) of the Immigration Act, Chapter I-2, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of December 1976, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1976, pursuant to section 115 of the Public Service Staff Relations Act, Chapter P-35, R.S.C., 1970.

Report relating to the administration of the Farmers' Creditors Arrangement Act for the fiscal year ended March 31, 1977, pursuant to section 41(2) of the said Act, Chapter F-5, R.S.C., 1970.

Copies of five contracts between the Government of Canada and the Province of British Columbia, the Province of Saskatchewan, the Province of Nova Scotia, the Northwest Territories and the Yukon Territory, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Copies of twenty-three contracts between the Government of Canada and various towns and a municipality in the Province of Saskatchewan, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1977-894, dated March 30, 1977, approving same.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting Fresh and Processed Fruits and Vegetables: Volume 1, Part I—Summary and Recommendations: Fresh Fruits and Vegetables, Reference No. 152 (English and French texts), together with a copy of the transcript of evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter T-1, R.S.C., 1970.

Copies of Ordinances passed by the Council of the Yukon Territory at its 1976 Second Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1976-1757, dated July 6, 1976.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between Sklar Furniture Limited and the group of its Whitby employees, represented by Local 50 of the Upholsterers International Union of North America. Order dated April 20, 1977.

Report of the Export Development Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-841, dated March 30, 1977, approving same.

Revised Capital Budget of the Canadian Saltfish Corporation for the fiscal year ending March 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-191, dated February 3, 1977, approving same.

Canada Pension Plan, Statutory Actuarial Report No. 5, dated April 19, 1977, pursuant to section 116(3) of the Canada Pension Plan Act, Chapter C-5, R.S.C., 1970.

Report on operations under Part II of the Export Credits Insurance Act for the fiscal year ended March 31, 1977, pursuant to section 27 of the said Act, Chapter 105, R.S.C., 1952.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between R. Angus Alberta Limited and the group of its Parts & Service Personnel, represented by the Independent Union of Heavy Equipment Trades. Order dated April 22, 1977.

Report of The Canadian Wheat Board for the crop year ended July 31, 1976, including its financial statements certified by the Auditors, pursuant to section 7(2) of the Canadian Wheat Board Act, Chapter C-12, R.S.C., 1970.

CABINET SOLIDARITY

QUESTION

Senator Phillips: Honourable senators, I should like to ask the Leader of the Government if he was following the principle of cabinet solidarity when he emphasized earlier that he would like to see more Conservative appointments to the Senate.

• (2020)

Senator Perrault: Well, supporters of the government have always been firm advocates of parliamentary democracy, and parliamentary democracies work most effectively when there is a vigorous and able opposition. There is nothing inconsistent in my statement and the long prevailing principles of liberalism.

CONFEDERATION

FINANCIAL CONTRIBUTION OF BRITISH COLUMBIA—QUESTION

Senator Austin: Honourable senators, I should like to ask the government leader a question. In view of the comments by the federal government on the cost-benefit ratio of Quebec's participation in Confederation, and the comments by the Province of Quebec and the Province of Ontario on that subject, I wonder whether the government leader would make available to this chamber the same figures with respect to my province of British Columbia.

What is the net financial contribution of British Columbia to Confederation? In asking that question I am not by any means anxious to leave the implication that British Columbia in any way resents making a net contribution to Canada. It is very much worth it.

Senator Perrault: Honourable senators, I shall certainly direct a request to the Honourable Minister of Finance for that information. At the same time I am sure no member of this chamber believes that the benefits of Confederation can be measured simply in terms of a computer printout.

Hon. Senators: Hear, hear.

IMMIGRATION

PERSONS LIVING IN CANADA UNDER DEPORTATION ORDERS OR CONTRARY TO COURT RULINGS—QUESTION

Senator Ewasew: Honourable senators, on March 24 I asked the Acting Leader of the Government about a report made by a public servant by the name of Boris Domazet. The report had been distributed at that time to a certain number of members of Parliament and had received considerable attention in the press. I requested of the acting leader to make a copy of that report available to the house, and I was told that this would be done. I should now like to ask the Leader of the Government when that report will be produced.

Senator Perrault: Honourable senators, that report will be produced as quickly as possible; I would hope to have it for tomorrow's sitting.

SPORTS

PERFORMANCE OF TEAM CANADA AT WORLD HOCKEY TOURNAMENT IN VIENNA—QUESTION

Senator Molson: Honourable senators, I should like to ask the Leader of the Government, in view of the latest catastrophe that has overtaken Canada's representation in international hockey, whether any consideration is being given to changing the method by which Team Canada is constituted, recruited, coached, directed and managed.

Senator Perrault: Honourable senators, I take great pride in the fact that tonight Canada played Czechoslovakia to a 3-all tie and, I understand, but for "a twist of fate" we would have emerged victorious. Having said that, a number of questions have been asked about the method of developing our teams for international competition. In view of Senator Molson's extensive background in this important Canadian sport, I would hope that he would be able to share his expertise in this subject with the government.

Senator Smith (Colchester): Honourable senators, I wonder if I could ask the Leader of the Government whether the taxpayers of Canada have contributed anything financially to this debacle between Canada and the Soviet Union in the field of hockey?

Senator Perrault: I am sorry, I do not know the financial details of our participation in the competition in Europe, but it is my understanding that taxpayers' money has not been diverted for that purpose. I think, however, as our distinguished Senator Sullivan, whom we are very glad to welcome back tonight, is aware, in all sports there are wins and there are losses and some hurt more than others, the honourable senator having been one of Canada's outstanding hockey players during his active athletic career.

NATIONAL UNITY

PROPOSED COMMITTEE ON REGIONAL ASPIRATIONS—QUESTION

Senator Asselin: Honourable senators, at the beginning of this session the Leader of the Government proposed that the Senate consider setting up a Senate committee to try to sell federalism. He said he would submit a sort of formula for such a committee of the Senate. I should like to know if the leader has abandoned his idea. What is happening in respect of this matter?

Senator Perrault: Honourable senators, at no time have I ever said that the purpose of such a committee—if, in fact, the Senate supports the formation of such a committee—would be to "sell federalism." Rather, its purpose might be to study problems such as regional aspirations and regional disparities, and the views of Canadians in various regions about the future of this country, the future of the Constitution and other matters of that kind. The idea of a travelling Senate committee is still under active study by the government, and I would hope an announcement can be made in the next two or three weeks.

I want to assure honourable senators that the government is not being dilatory about this matter. It requires great care and thought to draw up appropriate terms of reference for such a committee.

In this regard, I acknowledge the constructive contribution of the Leader of the Opposition, who has provided me with a memorandum on the possible terms of reference for such a committee. The official opposition in this chamber has been most helpful, and I want to thank Senator Flynn and his collegues for their interest and support. When the Leader of the Opposition is present in Ottawa again—I understand he may be here tomorrow—I hope that we can have further discussions.

I think there is a desire on the part of all members of the Senate to make positive contributions to the cause of national unity and a better understanding of Canada's problems at this particularly sensitive and critical time in the history of our country. The idea of a committee study has not been abandoned, but the shape and form of that possible Senate committee has not yet been finally established.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—DEBATE CONTINUED

The Senate resumed from Thursday, March 31, the date on the motion of Senator Buckwold that the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

Hon. A. Hamilton McDonald: Honourable senators, before proceeding to speak to this motion moved by my colleague Senator Buckwold on March 31, I wonder if I might be allowed to say a few words of welcome to the four new senators. Two of them are well known to me, as I think they are to most of us. I am sure I will get to know the other two in the future. As the first speaker on the Orders of the Day, I want to take this opportunity to welcome the new senators, and to say that we are happy they have been appointed and that we look forward to the contributions they will make to the welfare of their provinces and this country.

When I adjourned this debate on March 31, I did so for two reasons. First, as the seconder of Senator Buckwold's motion, I wanted the opportunity to say a word or two about it. I recognized that, even if authorized, the committee could not commence its study before the Easter recess, and, therefore, I thought it wise to adjourn the debate so that we could all give the motion further consideration, and also hear the arguments pro and con from both Canada and the United States. That has, of course, happened. I do not know whether I am more convinced in my support of the motion than I was on March 31, but there has been considerable dialogue in Canada and the United States on this matter over the past few weeks.

When this matter was brought to our attention by Senator Buckwold I felt that perhaps the department had made a mistake. I did not believe, and I do not believe now, that the

evidence which has been presented to us on the results of the use of saccharin is at all clear. As Senator Buckwold pointed out, in the tests carried out with rats 5 per cent of the total diet of the rats consisted of saccharin, and that constitutes an overdose of anything. Humans would have to drink some 800 cans of soft drinks per day in order to have the same intake of saccharin as those poor rats. If a person drank that quantity I do not think he or she would live long enough to die of cancer. It seems to me that there are many substances in this world, many of them included in our everyday diet, that if taken in such massive doses would cause death and, I suggest to you, probably sooner than later.

● (2030)

As far as I am concerned, of all the evidence that I have heard or read, both prior to and since March 31, there is none that confuses me more than the massive amounts of saccharin that were administered to the rats in these experiments. I can only repeat that in my opinion such massive doses of anything would create conditions, in either rats or human beings, that none of us would welcome.

Senator Sullivan: You are 100 per cent right.

Senator McDonald: Thank you very much. I am glad I have one supporter—an eminent supporter at that.

Senator Smith (Colchester): You have two.

Senator McDonald: However, Senator Buckwold's motion is that our Committee on Health, Welfare and Science be authorized to inquire into this subject matter. I do not know whether the findings of the Department of National Health and Welfare are correct but, if this subject matter is referred to a Senate committee, I hope that the committee would call not only departmental witnesses but also expert witnesses from outside the Government of Canada. I am sure that witnesses from other countries, especially from our good neighbour to the south, would be ready and willing to testify.

I happen to be one of those persons who live by a needle, and I have done so for 25 years. I don't like sugar and never did, and I don't like saccharin and never did, so it matters not to me whether artificial sweeteners or sugar are outlawed. I could not care less. However, I know of many people, not only those who suffer from diabetes but from other diseases, who will be affected if this legislation is passed, but those who will be affected most will be those who suffer from obesity. There are hundreds of thousands of these people throughout Canada and the world. On a percentage basis, perhaps more can be found on the North American continent than in any other part of the world. If an artificial sweetener is not available to those who suffer from obesity, I suggest that the medical hardships they will suffer could be far greater than any suffering that may be caused by the use of saccharin. I do not know but perhaps the committee can find the answer to that question which I, together with many Canadians and Americans, have in our minds.

The only comment I wish to make in conclusion is that I believe the Senate would be doing a service to Canada and, yes, to North America by giving further study to this problem. We can do that, and in a very short space of time, by hearing experts from both within and outside the Department of National Health and Welfare.

Senator Sullivan: Honourable senators, I had no intention whatsoever of participating in this debate, but frankly, from some of the pronouncements I have heard, I think the subject has been blown up out of all proportion. Very recent studies at Johns Hopkins University have disproved what we have been told. Why is it that the use of saccharin over 40 or 50 years has not produced carcinogenic changes in the bladder?

Although I did not want to, I am going to adjourn the debate, and my conclusion will not be dissimilar to Senator McDonald's.

On motion of Senator Sullivan, debate adjourned.

ADJOURNMENT

Senator Perrault: Honourable senators, I move that the Senate do now adjourn.

The Hon. the Speaker: Honourable senators, before putting the question, I should like to invite all honourable senators to join the new senators and their guests in my chamber.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 27, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Canadian National Railways, together with the Auditor's Report on the Accounts and Financial Statements thereof, for the year ended December 31, 1976, pursuant to section 40 of the Canadian National Railways Act, Chapter C-10, R.S.C., 1970.

ROYAL EMBLEMS

REMOVAL OF CROWN FROM GOVERNOR GENERAL'S PRIVATE RAILWAY CARS—QUESTION

Senator Forsey: Honourable senators, I should like to ask the Leader of the Government to ascertain, if he can do so within a reasonable time, whether there is any truth in the story, of which I was credibly informed this morning, that the Crown on the side of the Governor General's private railway cars has been painted out or painted over.

Senator Perrault: Honourable senators, I have heard no such report, but I shall certainly direct inquiries to the appropriate source.

ADVANCE PAYMENTS FOR CROPS BILL

SECOND READING—DEBATE ADJOURNED

Hon Gildas L. Molgat moved the second reading of Bill C-2, to facilitate the making of advance payments for crops.

He said: Honourable senators, before proceeding with a description of the bill before us I should like to take this opportunity to welcome to our chamber the four new senators who were introduced last night. I have had the personal pleasure of knowing three of them well in past years, and I look forward to working with them in the years ahead. I have not yet had the pleasure of meeting Senator Adams, although he is a neighbour of mine, coming, as he does, from Rankin Inlet. I have the impression that the province closest to that particular location is Manitoba, and I welcome particularly Senator Adams to this chamber. I hope that we shall be able to work together on the many problems in northern Manitoba that are similar to the problems faced by the Northwest Territories.

Bill C-2 is intended to assist producers of storable crops in all parts of Canada to market their crops in an orderly manner by establishing an advance payments program. In our mechanical and technical society, producers are forced every year to meet heavy production costs which involve a substantial and ever-increasing cash outlay for them. They are unable, in a number of cases, to obtain cash immediately for their products.

A further problem is created by the fact that in some years, in order to get cash, they are forced to put their goods on the market right away. The result is that there is a heavy influx at one particular time. This has a tendency to distort the market and depress market prices at that particular period, and it does not allow producers to get the maximum return to which they are entitled. It is the intention of this act to provide for a more orderly pattern, and this in turn will have some effect on potential transportation bottlenecks at peak periods.

• (1410)

Under the legislation, the government can guarantee to a bank the repayment with interest of advances made under this program provided the producers and their organizations safeguard the government guarantee as set out in the act.

The concept of advance payments is not a new one. It has existed for some time under the Prairie Grain Advance Payments Act, which operates under the aegis of the Canadian Wheat Board for producers of wheat, oats and barley, and which has been an extremely successful program.

Our colleague, Senator McNamara, was at one time the Chief Commissioner of the Wheat Board, and he can attest to the usefulness of that program, and its very low cost to the national treasury. That act has improved the cash flow to grain farmers, particularly after the critical harvest period when there were low Wheat Board quotas during years of heavy production and difficult sales.

Western grain farmers face delivery restrictions after the harvest, but, under the Prairie Grain Advance Payments program, they can receive interest-free advances on undelivered grain. Wheat, oats and barley are sold to the Canadian Wheat Board in its designated area, and so far are the only three crops in respect of which this particular privilege can be obtained. It is now the intention of the government to extend this provision to other crops specified under the act, and to permit many other agricultural producers in the country to benefit from this kind of program.

Bill C-2 covers such items as white beans, tree fruits, cole and root crops, tobacco, soybeans, Ontario wheat, honey, maple syrup and many other basic agricultural products, and would improve the cash flow of producers, particularly in the post-harvest period.

It will provide the legislative authority for the federal government to guarantee the repayment of advance payments on

storable crops. In addition, it will guarantee the interest on such advance payments when they are made in accordance with the provisions of the act.

The program will operate in this way: Where a producer organization intends to make an advance payment to a producer out of money borrowed for that purpose from a bank, the government will guarantee the repayment of the advance, including interest which is to be charged and over which the government will have a control. In the case of producer defaults—and using the Prairie Grain Advance Payments program as an example, such defaults represent a very small percentage of the producers receiving advance payments—maximum liability, including interest, of the national treasury at any time will not exceed $200 million. Producer organizations, whether they are cooperatives or individuals, can take advantage of this legislation by organizing themselves into legally incorporated bodies and demonstrating that they produce a significant portion of a crop in the area that they represent.

In order to receive a guarantee from the government, Agriculture Canada must be satisfied that the producer organization applying for a cash advance represents a significant portion of the crop for the area in question. On this point the department will take appropriate measures to guarantee that such organizations do in fact represent a significant portion of the crop in that area. The organization must indicate that making such advance payments will facilitate orderly marketing of that crop, and must satisfy the government that it will repay the money borrowed to make advance payments. The organization must also be able to show that it is capable of administering the payment and collection of advances, and of discharging its obligations to the bank and the government. Advance payments will be issued by eligible farm organizations for a period not exceeding a 12-month crop year, but due to the storable life of particular crops the period of the advance may be less than 12 months.

Producers are required to apply for an advance, and must provide the required information regarding the quantity and condition of the crop in store. They must also provide a written undertaking to the organization to repay the advance by selling that portion of the crop to which the advance applies to a named buyer or buyers, and authorizing such buyer or buyers to deduct from the amount payable to the producer the rate per unit prescribed for that crop in the crop year in which the advance was made.

The maximum amount to be advanced under this measure in any crop year to one eligible producer is $15,000, which is the same as is provided for in Prairie Grain Advance Payments Act. Where a producer is a family farm corporation, a partnership, or a cooperative having two or more shareholders, partners or members who are 18 years of age or over, and are principally engaged in the farming operation, and who undertake to be jointly liable for the amount of the advance, then the maximum of the advance eligible for the guarantee is $30,000 where there are two such shareholders, partners, or members and $45,000—which is the ultimate maximum—where there are three or more. In all cases the amount of an advance payment possible under this bill cannot exceed one-half of the unit market price payable for that crop in that crop year. For example, if Ontario wheat is selling at $3.50 a bushel, then the payment can be up to $1.75 a bushel.

This bill covers all possibilities of producer default but, if the experience of the Prairie Grain Advance Payments program is an indication, such defaults really represent only a very small percentage of the producers receiving advance payments. In the event of defaults, the maximum government liability, including interest, at any time will not exceed $200 million.

Producers who make application for such advances must store the portion of the crop on which an advance payment is made either on their own premises, on another farm, or commercially, but they must in all cases do so in their own names.

A producer cannot receive an advance if he is in arrears or default in respect of a previous advance. A producer is deemed to be in default if he has not repaid any part of his advance within 20 days of being advised in writing that he must discharge his undertaking by delivery of the crop in question. Producers may repay an advance in cash, in lieu of delivery of the crop, but are subject to interest charges on the advance from the date the advance was made. The reason for this provision is that the purpose of the advance is to ensure orderly marketing, and to provide interest-free cash to a producer. Hence it is tied to the delivery of the crop.

Administrative costs of the advance payments scheme will be carried largely by the participating producer organizations, as is the case in the Prairie Grain Advance Payments program. However, federal control and administration will be the responsibility of the Grains and Special Crops Division of Agriculture Canada. The department estimates that the proposed Advance Payment for Crops Act will cost from $3 million to $5 million in its first year of operation. It is anticipated that before the regulations are written, formal discussions will be held with interested farm organizations to work out the details of administrative arrangements, and to determine what is a significant portion of a crop and what should be the criteria designating the size of an area.

● (1420)

The logic behind Bill C-2 is not new in Canadian agriculture. The measure is an extension of an advance-payments program that has substantially benefited the producers of wheat, oats and barley in western Canada—the region in which the Canadian Wheat Board operates—and it should ease the cash flow to farmers of other storable crops when they need that advance most.

This legislation would help round out other programs in agriculture to provide stability to the farming community. There are great risks, as we all know, in farming. The weather and markets are things that are not under government control. This kind of program, providing for an advance on a produced and designated crop, with some very clear limits as to delivery

and providing for an averaging-out of delivery through the year, will be a further step in providing stability to the farming community.

Senator Macdonald: Honourable senators, I wonder if I may ask the honourable senator a question? As I understand it, the government guarantees the loan to the producer organizations. Does the individual producer have to make application through the producer organization, or can he apply directly to a bank?

Senator Molgat: It is my understanding that the producer makes his application to the organization in question and gets the advance from that organization, which then obtains its money either from its own funds, if it has funds, or from a bank, and that the government guarantees the loan from the bank to the organization, not to the producer.

On motion of Senator Macdonald, debate adjourned.

PENSION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill C-11, to amend the Pension Act.

He said: Honourable senators, Bill C-11 simply amends one section of the Pension Act, namely, section 75, which has to do with the Pension Review Board. Perhaps a little background information will help put the amendments of Bill C-11 in better perspective and, at the same time, enable readers of *Hansard* to have a better understanding of the procedure for adjudication of veterans' pensions.

The Pension Act, which came into existence following World War I, governs the adjudication of disability pensions for Canadian veterans. It established the Canadian Pension Commission for that purpose.

Following World War II, complaints were voiced by veterans, individually and through their organizations, about the way the adjudicative machinery under the act was operating, and the manner in which the commission was interpreting certain sections of the act, particularly the section designed to ensure that in cases where the evidence was not conclusive the veteran would receive the benefit of the doubt.

The specific complaints about the machinery for adjudicating veterans' claims for pensions had to do mainly with the procedures adopted by the commission. These were as follows: the initial claim was considered by the commission, and if the decision was unfavourable the veteran could request a second, third or fourth hearing, as long as he provided additional evidence.

If the decision remained unfavourable and the veteran was still not satisfied, he could request an appeal board hearing. This appeal board was constituted by the commission from its members, and often included members of the commission who had already adjudicated the veteran's claim at the first, second or third hearing. Thus, the appeal board was often in the position of sitting in judgment on a decision that had already been made by one or more of its own members. This was not a very satisfactory situation, because the decision of the appeal board was both final and binding, and no further recourse was available.

There were also complaints that the Veterans' Bureau, the body constituted under the act to provide legal advice and assistance to veterans in the preparation and presentation of their claims, was actually a part of the Department of Veterans Affairs, and since in cases of appeal the department was required to provide summaries of evidence, both for and against the veteran, it was felt that the Veterans' Bureau was in a conflict of interest position.

As a result of these complaints, in 1965 the government set up a three-man commission under Mr. Justice Mervyn Woods to study the Pension Act in the light of these complaints, to receive representations from veterans and veterans organizations, and to make recommendations to the government. This commission, known as the Woods Commission, made 148 recommendations, and in 1969 the government published a white paper setting forth the recommendations they were prepared to accept. This white paper was studied by the House of Commons Committee on Veterans Affairs, and their report was tabled in the session of 1969-70.

In 1971, the government introduced Bill C-203, which constituted a massive overhaul of the Pension Act. It separated the Veterans' Bureau from the department and set it up as an independent autonomous body. It attempted to clarify the benefit of doubt clause and provided clearer guidelines for its adjudication. It provided new benefits and set forth new procedures and new machinery for the adjudication of veterans' claims. The Canadian Pension Commission still remains, and is still the first body to receive and adjudicate veterans' claims.

Up to this point the procedure remained unchanged, but in cases where a veteran's claim had been rejected by the Canadian Pension Commission, or where the veteran was not satisfied with the decision handed down, Bill C-203 provided further stages of adjudication. Bill C-203 is now the present law, and it provides for the setting up of an Entitlement Board before which the veteran can appear and state his claim in person, with the help of the pensions advocate and other witnesses, if necessary.

It must be noted that this appearance before the Entitlement Board is not automatic. It must be requested by the veteran. It should be noted, too, that the Entitlement Board is constituted by the Canadian Pension Commission in the same way as the old appeal board was constituted. Thus, it is still open to the same objection that members of the Entitlement Board are in the position of sitting in judgment of a decision that has already been made by one or more of its own members. There is this difference, however: the decision of the Entitlement Board is not final and binding, because the present act provides a final court of appeal, a completely independent body, which is the Pension Review Board. The Pension Review Board does not hear witnesses. It goes over the evidence submitted to the Pension Commission and to the Entitlement Board, and it may hear arguments and receive representations from the Veterans' Bureau on behalf of the veteran. Its

decisions are final and binding, but if new evidence can be produced which has not already been considered a case may be re-opened, or the Pension Review Board may direct the Pension Commission or the Entitlement Board to hold a further hearing.

● (1430)

It is this Pension Review Board which is the sole concern of Bill C-11, the bill we have before us. The original board was made up of a chairman and four permanent members. The number of permanent members remains the same but Bill C-11 provides for the appointment of two *ad hoc* members for terms not exceeding one year. It also extends the tenure of the permanent members from five to ten years, and provides for one of them to be appointed deputy chairman to preside over meetings and to exercise the authority of the chairman in his absence. It clarifies the provision relating to the termination of office of board members and provides for the salaries of the *ad hoc* members and deputy chairman. In addition, it provides for a member of the board to act as chairman or deputy chairman in the event of the absence or incapacity of the chairman or deputy chairman.

The *ad hoc* members are required because the Pension Commission now has a backlog of some 3,000 claims, and the number of applications to each of the three bodies is increasing rapidly. In the last three years appeals to the Pension Review Board have increased at the rate of 200 per year. The number of appeals has gone from 476 in 1973 to 1,200 in 1976. The increase in 1975 was 39 per cent over 1974, and the increase last year was 57 per cent over 1975. The Pension Review Board, with its present five members, can deal with about 500 cases per year. They already have a backlog of some 400 cases, and to reduce this number and keep abreast of the increase the *ad hoc* members and other changes are required.

About one-third of the cases dealt with by the Pension Commission are approved, and the reversal of decisions by the Entitlement Board and the Pension Review Board are roughly in the same proportion.

Apart from reviewing pension claims, another very important duty of the Pension Review Board is to interpret the Pension Act. In this connection the Pension Review Board is building up a body of jurisprudence and precedents which should be of the greatest assistance to the Pension Commission and to the Entitlement Board, and should in time reduce the number of appeals.

Canada can be justly proud of its veterans legislation, commonly referred to as the Veterans' Charter. It is by far the best in the whole world though it is still capable of improvement. The adjudication of claims by the Pension Commission needs to be speeded up, because in many cases it takes months—sometimes a year—from the time the veteran files his claim to the time that the commission hands down the initial decision. Then more months elapse while the claim is dealt with by the Entitlement Board and finally by the Pension Review Board.

Honourable senators, I should like to take this opportunity to express my personal gratitude to the members of these three bodies, and to the Veterans' Bureau, for the cooperative and sympathetic manner in which they have dealt with the many cases I have brought to their attention. I do not think a more dedicated and devoted group can be found anywhere in the world. René Jutras, Chairman of the Pension Review Board, is a very old and dear friend of mine. We were deskmates in the other place. We are fortunate in having a person of his talents and capabilities, outlook and sensitivity, as chairman of such an important organization, particularly in its initial and experimental stages. The members of all three bodies deserve our highest commendation.

Bill C-11 was dealt with quite expeditiously in the other place. It received unanimous support. Although it was referred to the Veterans Affairs Committee of the other place, little discussion took place. The purpose of the motion to refer the bill to committee seemed to be aimed more at conforming to the rules of that place as opposed to any necessity of an in-depth inquiry. However, if it is the view of any honourable senator that the bill should be examined in committee, I would be only too happy to move the appropriate motion. In the meantime, I commend the bill to honourable senators.

On motion of Senator Phillips, debate adjourned.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator McDonald:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.—(*Honourable Senator Sullivan*).

Senator Sullivan: Honourable senators, I ask that this order stand. By way of explanation, I point out that its subject is a scientific one. I am not prepared to accept what we have heard from the department. In view of my association with the scientific community, it is my intention to speak on this subject, which I will do at a later date. I trust at that time I will bring a breath of fresh air into the discussion of this so-called necessary measure.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, March 16, the debate on the consideration of the second report of the Stand-

ing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. Paul C. Lafond: Honourable senators, I have on previous occasions, both inside and outside this chamber, expressed my sadness at the lack of appointments to this side—with a small "s"—of the chamber, and I reiterate that now. Nonetheless, I am pleased to extend a very warm welcome to the four new senators—some old friends and some new ones—all of whom have already established their worthiness of appointment to this chamber through their contributions to Canada, whether at the ethnic, local, provincial or national level.

[*Translation*]

First I should like to pay tribute to the co-chairman of the committee, my seatmate Senator Forsey, whose report is under consideration. His utmost diligence and the clear-headedness and ease with which he can pinpoint tendentious issues in statutory instruments are a precious help to all members of the committee. Moreover, his quick mind often allows us to pursue in a more lively fashion the often dull task we have been given. Let there be no illusion indeed, that committee is not the most interesting of all our committees. I therefore thank Senator Forsey and I unconditionally support his invitation to the Senate to consider this report.

[*English*]

Senator Godfrey has been one of the most assiduous members of the committee. His vast knowledge of the law has been invaluable, as his contribution to this debate amply demonstrates.

I was particularly pleased to listen to Senator Lang's contribution to this debate. He, too, is extensively learned in the law, and has the added benefit of not having been tainted, as the other three of us may have been, by the tediousness of the many meetings of the committee over the last two years and the laborious production of its reports. Senator Lang gave us several illustrations of the frightening growth of legislation of this kind both in Canada and abroad. I would like, if I may, to add one to his collection by quoting Lord Hailsham in the Richard Dimbleby Lecture of the BBC last fall, entitled "Elective Dictatorship," as published in *The Listener* of October 21, 1976. He said this:

● (1440)

> Consider the scale and range of modern government. The powers of government may have been tolerable when exercised in the limited manner, say, of 1911, or even of the years between the wars. But the same powers may well have become intolerable to the ordinary man and woman in 1976, by reason of the vast mass and detail of legislation, the range of its application and the weight of taxation which goes with it.
>
> Consider two simple tests: the mass of annual legislation, and the size of the annual Budget. Before the First World War, the then Liberal government was content to pass a single slim volume of legislation in a year—and that, remember, was one of the great reforming administrations of the century. In 1911, there were not more than about 450 pages, and that was a heavy year. For 1975, there will probably be three volumes, each of about 1,000 pages, and each carrying with it an immense flow of subordinate legislation, amounting to about ten volumes of 1,000 pages each. So that when, at last, they have got around to printing it all, which they have not yet, there will be over 13,000 pages of legislation for a single year.
>
> It must be remembered, moreover, that these changes are cumulative. Even allowing for repeals and amendments, those 13,000 pages of 1975 represent a huge addition to the corpus of British law, and that had already reached an all-time high by 1974.

While we have not asked yet for a page count of the corpus of Canadian law, there is no reason to believe that we are in a better shape than they are in England.

There is a case for subordinate legislation. It has been put in a recent editorial of the *Financial Post,* but it was put this way by Sir Harold Wilson in his review of his years in government:

> Successive Governments of all parties had come to rely more and more on this kind of delegated legislation, for modern laws are inevitably complex, and detailed provisions, too complicated to be included in the principal act, have to be made by order. Moreover, as facts and requirements change, it is frequently necessary for the law to be altered to keep pace with them.

Well and good. Yet there is another aspect to it, and this was put by one of Sir Harold Wilson's own ministers, Richard Crossman, who states, in his *Diaries of a Cabinet Minister*, the following:

> I celebrated my last Legislation Committee by having a blazing row about the Hovercraft. This is one of the Bills which I've demoted from the main programme and I'd given instructions that it may only be taken if it can be got through as a completely non-contentious measure before a Second Reading Committee. Whereupon the idiotic Board of Trade drafted a Bill which simply said that Hovercraft would be regulated by Order-in-Council. The argument of the draftsman was that as we don't know how Hovercraft behave we can't give instructions about them. But we must have some instructions because the first Hovercraft is going into service across the Channel this summer and nobody yet knows whether it is to be treated according to the laws applying to sea vessels or as a land vehicle or as an aeroplane. So some real thinking has to be done about the safety and security measures which will apply to Hovercraft. Yet here was the Ministry simply saying: "We won't bother to think about it. We'll simply have an enabling Bill and leave the thinking to our convenience."

Honourable senators, I believe that this leaving of things to convenience, being the convenience of government or the convenience of civil servants, is what essentially grinds against Parliament and what Parliament has to grind back against.

Senator Lang also gave us a clear analysis of what he termed the obstructionism the committee had encountered, mostly at the hands of the Department of Justice. Honourable senators may be interested in knowing how this came about, and the position it has now reached.

Initially the committee thought that in questioning so many statutory instruments, it would be more efficient if each department of government designated an "instruments officer" with whom our counsel could establish liaison and rapport. After much prodding in some cases the departments complied, and taking naturally the line of least resistance all of them, I believe, appointed their own legal counsel as "designated instruments officers".

But, as it happens, the committee took its job seriously and its probings must have become somewhat annoying to some people. Some designated instruments officers discovered that they had a professional handicap. They could not give the committee legal opinions. And to make sure that everyone concerned was aware that they were handicapped, a proper notice was issued from headquarters acquainting them with their handicap. Soon the committee was being stonewalled on all fronts.

We then had a session or two with the Minister of Justice and his deputy at which they stood firm on their handicapped status. However, some time later the Minister of Justice formally offered a solution, which the committee had also given some thought to. The solution is the following—and I quote from a letter by the minister which is already part of the proceedings of the committee:

> I have recommended to my colleagues in Cabinet a system which I believe is practical and will result in the Committee obtaining more complete information when it has questions related to statutory instruments.
>
> I have proposed that departments and agencies nominate a senior official, perhaps at the deputy-minister level, to whom requests for explanations concerning statutory instruments would be directed. This official would then provide the requested explanations having regard to the department's policy and legal position. Naturally, in many cases there will be consultation between the department concerned and the Department of Justice. It must, however, be understood that the explanations provided, including any explanation as to the legality of the instrument, would be the sole responsibility of the responding department—

So, we will employ the new formula of by-passing the solicitor-client relationship and applying ourselves to the client, and he can deal with his own problems with his solicitor. The committee will now try this avenue. If it works, well and good. If it does not, we shall so report to you, to Parliament, and Parliament can take whatever action it may be able to take or may wish to take. I shall not go into the type of action that Parliament may take or may wish to take today, but the committee does offer a solution in section W of its report, and I commend its reading to honourable senators.

• (1450)

We have had in this debate and in the press and, indeed, in our report, a recital of the obstacles that the committee came up against, but that is not the full story. I feel the committee has accomplished some things, and even if as such it has no clout its existence has been productive, because in the process of seeking information from government we have achieved the following:

First, we have improved the availability of subordinate legislation in comprehensible form, and this is a continuing process. The publication of third subamendments now contains footnotes facilitating reference to initial regulations and intervening amendments. In some instances we have obtained the substitution of an entirely new regulation for amendment-barnacled items of subordinate legislation. This has not been easy, nor has it by any means been complete, but we like to think it is seeping into the system. The Privy Council has been generally willing to accommodate the committee's views on procedural aspects of publication in Part II of the *Canada Gazette*.

Second, the Privy Council has also agreed to publish in the future some classes of documents which have not heretofore been published.

Third, in terms of our criterion 1(b), much more attention is now being given to the statement in the preamble of statutory instruments of the enabling authority.

Fourth, the same thing applies to our criteria 3(a) and (b) concerning tabling provisions and clear statements of the time and manner of compliance with such provisions.

Fifth, obviously, in the process, we have discovered a few gross inconsistencies in substance and quite a number of inconsistencies as between the French and English texts. These have been readily corrected.

Finally, we have also received from departments many commitments for remedial action upon review of regulations and legislation.

In sum, the existence of the committee—that is, the presence of a watchdog—has already had some salutary effects on those whose responsibility it may be to initiate and to draft statutory instruments and regulations.

The committee recommends that certain legislative steps be taken to correct deficiencies which may be summarized as follows:

First, there is no system whereby all statutory instruments are published and made available to the committee charged by statute with their scrutiny. There is a system for regulations only and not for all statutory instruments, many of which are effectively hidden, are unpublished and are unknown even to the parliamentary committees to which they stand permanently referred.

Second, the definition of "statutory instrument" is obscure. The definition of "regulation," in terms of the exercise of a legislative power conferred by or under an act of Parliament, is equally obscure.

Third, there is no provision for a body to give a definitive ruling on whether a document is a statutory instrument. There is a procedure by which the Department of Justice can determine whether a statutory instrument is a regulation, but this is open to the objection that the parliamentary scrutiny committee is cut off from the decision.

The committee considers that the proper course is to amend the act to provide for a single class of statutory instruments, broadly defined. All documents in this class should be subject to uniform procedures, and any exceptions to the class, and hence to parliamentary scrutiny, should be specifically defined in the act.

The definition of "regulation-making authority" in the present act needs to be amended to make it accord with actual practice so that the committee will have disclosed to it the reasons for the coming into effect of regulations before registration.

May we ask the government to be prompt in giving attention to these matters?

As I stated earlier, the committee by itself has no clout. It has been given a mandate by both chambers of Parliament to scrutinize the regulations and other statutory instruments, and all it can do is report to both chambers.

I suggest, honourable senators, that to be effective we require the staunch support of our respective chambers. The first manifestation of that support could be the adoption of the committee's report. The report is now before us for consideration only. It is before the other place on a motion for concurrence. I suggest that the Senate should voice its adoption as well, and I invite the co-chairman from the Senate, immediately upon the conclusion of this debate, to move the formal adoption of the report, proceeding according to rule 45(1)(f).

I suggest also—and I can make suggestions only to this chamber, not to the other place—that the Senate and its committees, when considering legislation, be much more vigorous and tenacious than has been the case up to the present in rejecting the practice of indiscriminately legislating by regulation and in insisting that the regulations be known before a bill is passed.

I purposely refrained from referring to the $1 items in appropriations, because that matter has recently been debated here at length. I fully concur in the report's statement on this subject.

It seems to me, however, honourable senators, that there is nothing to prevent the Senate and its committees from attempting to bring about some degree of pre-application of the criteria which, as approved by the Senate, guide the special joint committee in its *post facto* scrutiny of the regulations and other statutory instruments.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 28, 1977

The Senate met at 2 p.m., Honourable Maurice Bourget, P.C., Speaker *pro tem* in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Anti-Inflation Board to the Governor General in Council, pursuant to section 12(3) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, regarding suppliers of commodities or services in (a) the logging industry and the wood industries, (b) the food retailing industry, the food wholesaling industry and the bakery products industries, and (c) the metal fabricating industries (except machinery and transportation equipment industries) who carry on business in the Province of British Columbia, dated April 12, 1977.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The Corporation of the Town of Fergus and the group of its policemen, represented by the Fergus Police Association. Order dated April 27, 1977.

Copies of correspondence between the Prime Minister of Canada and the Premiers of the Province of Alberta, Quebec, Ontario and Nova Scotia concerning foreign ownership of land.

Copies of letters between the Premier of Alberta and the Prime Minister of Canada, dated October 14, 1976 and October 26, 1976, respectively, on economic development opportunities in Japan.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, May 3, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give you a brief summary of the work we can expect in the Senate and its committees next week. I shall deal first with the committees.

The Standing Senate Committee on National Finance will meet on Tuesday at 2.30 p.m. to continue its inquiry into the estimates of the Department of Public Works.

On Wednesday there will be a meeting of the Standing Senate Committee on Agriculture on the beef industry at 9 a.m. The Banking, Trade and Commerce Committee is scheduled to sit at 9.30 a.m. on the subject matter of Bill C-16, and at 3.30 p.m. there will be a meeting of the National Finance Committee to consider the 1977-78 main estimates. The Standing Rules and Orders Committee and the Science Policy Committee will meet when the Senate rises.

On Thursday the National Finance Committee will hold another meeting on the Department of Public Works estimates at 9.30 a.m., and the Internal Economy Committee will meet *in camera* at 11 a.m. and the Agriculture Committee will continue with its inquiry into the beef industry at 3.30 p.m. or when the Senate rises.

In the Senate we shall proceed with the items now on the Order Paper. In addition it is expected that Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act, will be passed by the Commons this week, so that we shall have it when we return on Tuesday next. The purpose of this bill is to extend, from the 1st day of July, 1977, to the 31st day of March, 1978, the period during which banks to which the Bank Act or the Quebec Savings Banks Act applies may carry on the business of banking.

The Hon. the Speaker *pro tem:* It is your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

IMMIGRATION

PERSONS LIVING IN CANADA UNDER DEPORTATION ORDERS OR CONTRARY TO COURT RULINGS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on April 26 Senator Ewasew made an inquiry with respect to a report made by a public servant by the name of Boris Domazet. I am referring to page 640 of Senate *Hansard.*

The Honourable Senator Ewasew stated that the report had been distributed at that time to a certain number of members of Parliament, and had received considerable attention in the press. His request was that the report be tabled in the Senate. I have now ascertained that the report is, really, a document authored by a private citizen, an individual known as Mr. Domazet. The report was sent in the form of a letter, with attachments, to a private member of Parliament. It was not tabled in the other chamber, and I can only suggest to honourable senators who may be interested in this particular letter that they contact the member of Parliament in question, in the other place, who may have additional copies available. It is in no sense an official document.

Senator Grosart: Who is the member?

Senator Perrault: I understand that it is Mr. Gray.

Senator Ewasew: The document in question authored by Mr. Domazet was brought to my attention simply because I know, after nine to ten years' experience with the Advisory Council on Manpower and Immigration, of the autocratic procedures sometimes activated by those in the Citizenship Section of that department; so much so that I felt that Domazet's objection should be made available to this house, if not formally then through the individual senators interested, seeing that he wrote the document, not as a private citizen but as a senior member of the Department of Citizenship and Immigration, who has since been suspended for having written it. That is why I should like to have a copy of what I understand he circulated, according to the press reports, to 20 members of Parliament.

Senator Perrault: Honourable senators, this is a precedent which has great ramifications. This report was authored by this individual. It is true that he is a former employee of one government department. I do not think it is appropriate to table a letter of this kind in the Senate. Certainly, that was not the inclination of the members of the other place. I can only repeat that those senators who are interested may wish to obtain a copy of that report, if copies are still available, either from Mr. Domazet directly or from the member of Parliament in the other place who apparently gave it to the press. I therefore think that the government properly resists the circulation and tabling of the document.

Senator Ewasew: The member of Parliament in question was Mr. Gray?

Senator Perrault: I understand that the member of Parliament who circulated the material is the Honourable Herb Gray. I can only pass along information which has been given to me.

Senator Ewasew: Honourable senators, I will now continue this privately, and I will contact Mr. Gray.

ENERGY

ACQUISITION OF OIL SUPPLIES FROM MEXICO—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question concerning a visit to Mexico by the Secretary of State for External Affairs, the Honourable Don Jamieson. Press reports indicate that Mr. Jamieson is engaged in negotiating the acquisition of oil supplies from new Mexican production. Could the government leader tell us whether this is, in fact, the case, and, if so, (a) what quantity of oil will be imported into Canada from Mexico; (b) what will be the role of private companies in acquiring this oil, as they are the only refiners in this country; and (c) will Petro-Canada have a role in this matter?

Senator Perrault: Because of the detailed nature of the inquiry, I will take that question as notice.

Senator Flynn: What else is new?

ADVANCE PAYMENTS FOR CROPS BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Molgat for the second reading of Bill C-2, to facilitate the making of advance payments for crops.

Hon. John M. Macdonald: Honourable senators, I am sure that we all listened with a great deal of attention yesterday to the speech given by the sponsor of the bill. Senator Molgat, in moving the motion for the second reading of the bill, provided us with a very comprehensive and concise statement, with the result that there is not a great deal left to say about the bill itself. I do not propose this afternoon to embark on an in-depth study; rather, I will make a few observations regarding the bill.

• (1410)

As Senator Molgat mentioned, the purpose of the bill is to assist producers of storable crops in all parts of Canada in marketing such crops in a much more orderly manner than has been the case to date. As most of us are aware, a farmer usually goes into debt to finance the production of a crop and is anxious to repay that debt as soon as possible. The result, of course, is that crops move on to the market in great supply at one time. In a situation such as that, of course, the price to the producer drops; later, when supplies become scarce, the price to the consumer increases. It is the middleman, of course, who reaps the benefit of increased prices, not the producer. For that reason it has become necessary to find a better method of marketing such crops, and in that respect a precedent was set for the marketing of wheat, oats and barley under the Prairie Grain Advance Payments Act. Bill C-2 constitutes an extension of that concept to include storable crops in all parts of Canada.

It is evident that such a method would be far superior to the present situation. The producer would be able to obtain a loan, guaranteed in a certain way, and could then discharge the debt incurred as a result of the production of a given crop, thereby allowing him to market his crop over a period of time. This would result in a much more orderly marketing system with relatively stable prices. The farmer would receive a better return on his crop and, at the same time, the consumer would not be subject to exorbitant price increases.

Bill C-2 received a favourable reception. While everyone seems to be in favour of the principle, there has been some criticism of the mechanism by which this proposal is to be put into effect. As the sponsor pointed out, the government, under the proposed legislation, would guarantee any loans, within certain limits, made to individual producers by the producer organization. The money is borrowed in the first instance by the producer organization and loaned out by it to the individual producers. Clause 3 of the bill states:

> This Act applies in respect of crops grown in Canada, except such wheat, oats and barley as are grown in the designated area as defined in the Canadian Wheat Board Act.

And those, of course, are already taken care of under the Prairie Grain Advance Payments Act.

Clause 4(1) states:

> Where an organization proposes to make an advance to a producer out of money borrowed from a bank for that purpose, the Minister may, on behalf of Her Majesty, on such terms and conditions as are prescribed and subject to this Act, guarantee to the organization the repayment of that advance, including interest thereon.

Criticism has been made of the fact that a producer must belong to an organization before he can take advantage of the bill. Under the definition clause, "organization" means an organization of producers, and "producer" means a producer who has actually produced a crop. I have not been able to find anything which says than an organization could not make a loan to a non-member. Normally, we would expect that the producer would belong to an organization. There has also been criticism that producers are being forced to belong to an organization. The bill does not say that a producer must belong to an organization in order to get a loan, but it could very well be, and the organization might not give it to him unless he did belong.

Clause 5(a) of the bill reads:

> 5. The Minister may give a guarantee to an organization under this Act only if
>
> (a) he is satisfied that the producers to whom the organization proposes to make advances have produced a significant portion of the crop in question in the area represented by that organization—

What is meant by "significant portion"? There is nothing that I can find in the bill which in any way defines "significant portion". It has been suggested that this will be dealt with under the regulations.

It has been said that the government is setting up an intermediary between the lending institution and individual producers. That is true. It is setting up a producer organization, but I am not sure whether that organization must be made up of only producers, because as defined in the bill "producer" means a producer who has actually produced a crop, whereas some organizations include more than the actual producer; for example, an apple organization may include the growers, the packers, and so on.

Honourable senators, it does seem that this is a cumbersome method of making a loan. I would prefer to see the individual producer get a loan from a lending institution without going through any organization, and have the government make the guarantee to that lending institution. Why this has not been done, I do not know. I have read the proceedings of the other place fairly closely and I have not found any argument which convinces me that going through a producer organization is a better way than dealing on an individual basis.

Again, the point has been raised as to what is meant by an organization, because some of these organizations are loose associations of different people. It must be a legal organization, an organization which can sue or be sued. This is essential in that the money is going to be owed to the organization. It would be a simpler method to have a direct loan between the producer and the lending institution. In any of these matters, I believe the more simple you can keep it the better.

As provided in the bill, regulations will be made for various purposes. Now, it has been said here many times by different senators that it would be a good idea to have any regulations under a bill set out at the same time as the bill itself. Of course, the old answer has always been, "They can't actually make any regulations until the bill is passed." Well, they certainly could set out the proposed regulations, and in this way everyone would be better served than is the case now. This bill was introduced in the House of Commons on October 21 last and was debated at length there on October 27 and 28, February 16 and March 3. It was finally given third reading and passed on April 1. There were six committee hearings on December 2, 7, 8, 9, 14 and 16 and on March 3. In my opinion the matter has been discussed about as thoroughly as one could hope for. Admittedly, in the House of Commons committee the discussion ranged over more than just the bill, because they did go into agriculture generally. Because the bill has to do with agriculture, I expect that the very knowledgeable chairman of our Agriculture Committee will wish to make a few remarks on it, and I assume he will want it referred to his committee. I look forward to hearing from him on the subject.

● (1420)

Honourable senators, I believe we should support the bill and give it a try, at least. It may not be the best measure that can be devised, but it is better to have this than to have none at all. In any event, if it does not work we can amend it at a future date.

There is one other point. In my study of this bill, which relates to agriculture in general, I found in looking at the index in the latest revised Statutes of Canada that over 30 acts relate to agriculture. It is a cumbersome process to look up the various sections for those acts; indeed, it is difficult to find them. For that reason I would suggest that, if it is possible, there be a consolidation of those acts so that it will be simpler and easier in future to see just what acts apply to agriculture and to find them without too much difficulty when dealing with amending statutes.

In conclusion, honourable senators, may I say that I think we should pass this bill because it will certainly be helpful, and, as I mentioned, if the need arises we can make amendments to it in the future.

Senator Ewasew: Honourable senators, I should just like to make an observation or two with regard to the discourse just made by my confrere, Senator Macdonald. I, too, have gone through this material and I have come to the conclusion that, per se, the only reason for interposing an organization between the producer borrowing the money and the financial institution lending the producer the money, which is guaranteed by the government, is to ensure that there is sufficient collateral. One can only deduce this, but I feel that this is put in to permit the individual producer to borrow money who would otherwise not have the kind of collateral or financial backing to borrow

money on his own. In that connection, if you look at clause 4 you will see that it is the organization to which the producer has to belong which proposes to make an advance to the producer. In other words, it is the organization which is taking the financial risk. It is the one really doing the borrowing and it then goes on to make the money available to the producer. I agree that it would be better to simplify it and have the loan made directly to the producer. However, I then have a question with respect to clause 3. I was going to ask the question yesterday, but the adjournment of the debate was moved. Clause 3 says that the act applies in respect of crops, and then makes an exception of wheat, oats and barley. Senator Macdonald (Cape Breton) indicated why that is so. That removes the greater part of the western provinces from the bill. It is necessary to go back to the definition of "crops," under which mainly grains, oilseeds and root crops are left. That is perhaps why the eastern and maritime provinces are more likely to benefit from this bill. It is mainly to their advantage.

The bill appears on the face of it to be cumbersome in that the producer has to belong to an organization that can be sued and can sue, which may be of benefit because otherwise a small producer may not be able to obtain a loan.

Senator Connolly (Ottawa West): I should like to ask a question of the sponsor of the bill (Senator Molgat) or Senator Macdonald (Cape Breton), which perhaps could be answered at a later stage. I wondered whether the producers' organization that is interposed between the actual borrower and the financial institution lending the money will supply any services in connection with the loan, such as inspection services, and also whether a charge is to be made for those services. If that information is not available now, perhaps it could be given at the committee stage.

Senator Molgat: Honourable senators, I can reply to the first part of the question. The bill does not impose any obligation on the producers' organization to provide a service. However, because they are interested in the loan and are supplying at least a partial guarantee, an obligation of sorts is imposed to protect their own interests. This is based on the original act dealing with prairie farm grain advances, in which it was handled through grain companies, who were in a sense the issuing agent, because farmers delivered their grain there. The Canadian Wheat Board was involved as the body controlling the sale of grain, so there was in essence a type of service provided, because they ensured that the grain was in fact there and was properly stored. Beyond that there is no obligation.

The honourable senator also asked if there is a charge for the service. I do not believe there is one. The bill does not say anything about it, to my knowledge. I am not sure whether the failure of the bill to say anything about it would allow them to make a charge. I will check that. My impression is that there would be no charge.

On motion of Senator Argue, debate adjourned.

• (1430)

LABOUR RELATIONS

EFFECTS ON THE ECONOMY—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marchand, P.C., calling the attention of the Senate to certain fundamental problems which preoccupy Canadians, namely, problems of labour relations in the country and certain related problems of economic order.—(*Honourable Senator McElman*).

Senator McElman: Honourable senators, I should draw your attention to the fact that this inquiry is standing in my name because of my responsibilities, during Senator Petten's absence, as acting whip unpaid. If any honourable senator wishes to pursue this debate, he should proceed.

Senator Phillips: And if he does not want to pursue it?

The Hon. the Acting Speaker (Senator Deschatelets): As no other honourable senator wishes to speak, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, May 3, at 8 p.m.

THE SENATE

Tuesday, May 3, 1977

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

Prayers.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of The St. Lawrence Seaway Authority for the fiscal year ending March 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-896, dated March 30, 1977, approving same.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The Corporation of the City of Brantford and its employee group composed of its Fire Chief and Deputy Fire Chief. Order dated April 29, 1977.

Report of the Department of the Environment for the fiscal year ended March 31, 1976, pursuant to section 7 of the Department of the Environment Act, Part I of Chapter 42, Statutes of Canada, 1970-71-72.

PRAIRIE PROVINCES

DROUGHT CONDITIONS—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question concerning the worsening drought conditions being reported from the prairie provinces. There is a real concern on the part of prairie farmers about ground water and dust conditions, and the prospects at the moment are among the worst since the 1930s.

I ask the Leader of the Government:

(a) What are the prospective conditions for grain growing and agricultural crops in the prairie provinces?

(b) What is the current situation with respect to water?

(c) Is there any estimate at this time of a possible reduction in grain quantities in the 1977 crop year? If such a reduction in crop prospects is on the horizon, what might this do to grain prices?

• (2010)

Senator Smith (Colchester): Mr. Whelan is going to pray for rain, I think.

Senator Perrault: Honourable senators, I appreciate the fact that Senator Austin provided prior notice of this inquiry, in the form of a letter, so I have replies to some of his questions. These are important questions for all Canadians.

His first question was: What are the prospective conditions for grain growing and agricultural crops in the prairie provinces?

At the moment, summer fallow crops are expected to be near normal. This could deteriorate, but with the present level of moisture we can expect the yield to be near normal. Stubble crop yields will be 50 per cent to 60 per cent from normal.

The honourable senator's second question was: What is the situation with respect to water, and is there any estimate as to a possible reduction in grain quantities in the 1977 crop year?

Water conditions, particularly in the southern part of the prairies and northwestern part of Ontario, are very low. Any rains, unless a complete torrential downpour, will not fill in streams and reservoirs. The water situation, as far as livestock is concerned, is serious at this moment for ranchers who have cattle out on the range, and if they are dependent on dugouts or shallow wells for water they could have problems. Shallow wells are 100 to 200 feet deep.

We may have to have some emergency or contingency plans to either take cattle to water or, if possible, to pipe water to them where they are being pastured. If they must be taken to water, feed will have to be taken also. The cabinet is considering what emergency plans might be put in place, in cooperation with the provinces.

The situation is also serious for communities on shallow wells, where they are also experiencing difficulty.

The third question was: Are there parallel situations existing in the United States? Yes, particularly in states bordering Canada.

The fourth question was: If reduced crops induce hay and normal animal food such as corn, what will ranchers do with respect to production of beef cattle?

There is little corn grown in western Canada, and practically none for cattle fodder. Provincial governments are requesting producers to plant oats for grain feed if their hay production looks as if it may be inadequate for winter feeding. Oats grow well in northern Canada.

Lastly, the honourable senator asked: Can we predict what ranchers will do with respect to the production of beef cattle, and what is the prospect for prices in these commodities for the Canadian consumer?

The government would not want to see the ranchers lose their basic breeding herds, and will be considering measures to ensure that there will be no particular glut on the market.

Senator Flynn: What are the prospects for rain?

Senator Langlois: Let us pray.

Senator Perrault: I have no report on the precipitation situation from Environment Canada, but I think all of us should hope and pray for rain in those areas that are affected by this drought condition.

Senator Smith (Colchester): I should like to ask the Leader of the Government if the only policy of the government in this very serious crisis is to pray for rain.

Senator Flynn: They always pray.

Senator Perrault: Perhaps, as has been said, people and government should work as if everything depended on them, and pray as though everything depended upon God!

Senator Smith (Colchester): Does the Leader of the Government not know that it is only the prayers of the righteous that avail?

Senator Walker: Also, faith without good works is dead.

ROYAL EMBLEMS

REMOVAL OF CROWN FROM GOVERNOR GENERAL'S PRIVATE RAILWAY CARS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have a reply to another question. The Honourable Senator Forsey asked—

Senator Flynn: About the painting of rail cars.

Senator Perrault: Yes. The honourable Leader of the Opposition possesses total recall. The question was: I should like to ask whether there is any truth in the story, of which I was credibly informed this morning, that the Crown on the side of the Governor General's private railway cars has been painted out or painted over.

The answer to that question is: Transport Canada was advised November 4, 1976, that His Excellency the Governor General would not be using the cars during the remaining years of his term. No savings could be made by laying up the cars and it was decided instead to make the cars available for users numbering eight or more.

It was considered inappropriate under the circumstances to leave the Crown on the car and, while the cars were next in Montreal for maintenance, the Crown was painted over for this interim period only.

ADVANCE PAYMENTS FOR CROPS BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Goldenberg, for the second reading of the Bill C-2, intituled: "An Act to facilitate the making of advance payments for crops".—(*Honourable Senator Argue*).

Senator Perrault: Honourable senators, with respect to the first item on the Orders of the Day I would say that I had a conversation this afternoon with the Honourable Senator Argue, who has been delayed in western Canada and is not able to be present this evening. Senator Argue urges that we proceed with the second reading debate on Bill C-2.

Senator Flynn: Do you mean to put the question?

Senator Molgat: No, the question has been put. I would be closing the debate if I proceed now.

The Hon. the Speaker: I would inform the Senate that if the Honourable Senator Molgat speaks now his speech will have the effect of closing the debate on second reading of Bill C-2.

Hon. Gildas L. Molgat: Honourable senators, first of all, I thank those honourable senators who participated in this debate. I shall endeavour to cover some of the points that were raised.

Senator Macdonald, in speaking on the bill, adequately covered some of the problem areas—and I recognize them as being problem areas. He mentioned in particular the definition of "significant portion of the crop" and how that should be determined. While recognizing that this would be included in the regulations, he made the point that honourable senators on many occasions have objected to bills which leave matters to be dealt with by way of regulation.

The difficulty in the present situation is that it is not easy to foretell at this time how much use will be made of the legislation, and what the producer organizations themselves might wish to have included in the regulations. It is understood—and I repeat this point, which I made in my introductory speech—that it is definitely the intention of the department to have discussions with producer groups prior to bringing the regulations into force. They will have an opportunity to voice their own views with respect to "significant portion" and any other matters in the regulations. That is a commitment on the part of the department, and I am satisfied that it will be carried out. In the circumstances, because of uncertainty as to the type of regulations necessary, I believe it is the best manner in which to proceed.

A further question was asked by Senator Connolly (Ottawa West) who, in the first part, asked whether there was to be any service provided by the producer organization. It is my understanding that there is no obligation to provide service, but it

must be the organization that borrows the money and advances it to the producer. The second part of Senator Connolly's question had reference to charges. There is nothing in the bill providing for any charges by the producer organization to the producer who seeks an advance. I am advised, however, that while the Prairie Grain Advance Payments Act, which has been on the statute books for some time, does not provide specifically for any charge, it is understood that the elevator companies may levy a small charge—I believe the maximum is $5—if they wish to do so, to cover their cost of completing the documentation required for the advance itself.

• (2020)

There does not appear to be any clear pattern on the part of the elevator companies so far as that charge is concerned. I am advised that while some do charge it, others do not. There is certainly no obligation to do so under the act. It would appear that in most instances there is no charge. Presumably, the same rules would apply under this bill. If there were to be a charge, it would be a minimal one, and certainly there is no obligation to make such a charge. The purpose of Bill C-2 is to provide interest-free advances on storable crops. That being so, it would surely not provide at the same time for a substantial charge in respect of such advances.

Although the experience under the Prairie Grain Advance Payments Act was not raised specifically during the course of the debate, it might be useful if I were to outline some of the history. The Prairie Grain Advance Payments Act, of course, has been exceedingly successful. As proof, one need only look at the figures, particularly in the first year of operation. At that time there were 190,000 permit book holders in the area covered by the Canadian Wheat Board, 122,000 of whom applied for advance payments under the act. It was obvious from the response that the Prairie Grain Advance Payments Act was badly needed, and that it filled a vacuum in providing cash advances to farmers at a time of substantial difficulty in marketing their crops because of world grain conditions. It is interesting to note, too, that the amount of default has been very small indeed. Advances in that first year totalled more than $272 million, covering a total crop value of $853 million, and the default on those advances amounted to only $734,000.

In the year 1974-75, which is the latest year for which figures are available, out of 159,000 permit book holders, only 14,000 applied for advances. Some $46 million was advanced in that year to prairie grain farmers under the interest-free provisions of that act. Again, the number of defaults remained low.

The Prairie Grain Advance Payments Act became law some nine years ago, and has proved successful. It has satisfied a serious need in the area covered by the Canadian Wheat Board. This new law, which extends to other crops and to all of Canada, will, I am sure, meet needs in the same way when marketing conditions may be difficult for certain crops, or in the peak season when the transportation system is unable to cope with the sudden increase of produce on the market.

Honourable senators, I am pleased that there has been general support expressed by those who have spoken on second reading. It is my hope that the bill will be referred to the Standing Senate Committee on Agriculture, where officials of the Department of Agriculture will be available to go into further details.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Molgat, bill referred to the Standing Senate Committee on Agriculture.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—DEBATE ADJOURNED

The Senate resumed from Wednesday, April 27, the debate on the motion of Senator Buckwold that the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

Hon. Joseph A. Sullivan: Honourable senators, it is not in any perfunctory manner that I wish to express to you my sincere thanks for your indulgence in allowing me to postpone this debate so that I might more adequately present my views on this subject.

Before coming to the main theme of my presentation, I should like to take this opportunity of thanking the Leader of the Government and my own deputy leader, Senator Grosart, for their kind remarks pertaining to myself a week ago. To you, Madam Speaker, I offer my warm respects and to all the new senators I also offer my felicitations. As the ranks of the government have been so badly depleted they need to be reinforced.

Having said that I will be very explicit and brief. I will define one word, the word "mutation." In biology we mean by that a permanent transmissible change in the characteristics of an offspring from those of its parent.

• (2030)

As one who has been personally engaged in experimental medical research for years on both rats and dogs and on rhesus monkeys, I was astounded when I heard and read the dogmatic conclusions of the Department of National Health and Welfare, which they arrived at as a result of simple experiments on rats, of what they propose to do to the Canadian population. Immediately, the Federal Drug Administration in Washington followed suit. Why? Because of a law on their books which has not been changed since 1958.

I wish to congratulate Senator Buckwold on a most able presentation, and an accumulation of medical references that do him credit. But I was also in agreement with my colleague, Senator Grosart, when in no uncertain terms he refuted Senator Buckwold's attempt—and this is the only mistake I find in Senator Buckwold's presentation—his attempt to chastise the

credibility of the scientific community. I refute that attempt. As a matter of fact, the scientific community neither asked for nor sought this type of investigation. Probably, if they had wished to carry it out they would not have been able to do so because the funds of the Medical Research Council have been so badly depleted.

Senator McDonald, in my opinion, gave a most able presentation. He left no question of how he felt or what he meant. I can differ with him only in the regard that the problem, as I stated before, has been blown out of all proportion and does not need to be referred to a committee at the present time.

Perhaps you read this headline in the *Globe and Mail* this morning: "No Longer a Cancer Worry, Cyclamates may return to the Shelves." They banned them eight years ago, but now they will be putting them back on the shelves very shortly, as they are in Washington.

Senator McDonald, I am much more interested in the disease of hundreds of thousands of pancreases than I am with the problem of obesity, which is a manifestation of one of two causes: either a glandular dysplasia cause or overeating. The latter can be overcome by discipline.

One experimental group using rats has "proved" that saccharin is dangerous to humans. But years of use by humans has indicated no one documented instance of harmful effects on humans.

I have had a great deal to do with experimental research. I am a little surprised that Dr. Morrison and his co-workers did not give adequate credit to the two men at McMaster University with whom they consulted in this particular regard. But I am not surprised that they did not consult the man who is probably the foremost authority on the result of additives and their effects on the human body and on the development of cancer, Dr. Bruce of the Princess Margaret Institute. Dr. Bruce states:

> An additive such as saccharin has never been proved to be mutagenic which is an indication of being of or a carcinogenic change.

I also bring to the honourable senators' attention a paper by Irving I. Kessler, Director of the Research Group of Johns Hopkins University, on his investigation of the effect of saccharin. I have received a reprint from him personally, a courtesy which has been expended to me by many others. His paper is entitled: "Non-Nutritive sweeteners and Human Bladder Cancer: Preliminary findings." I will read only the abstract.

> The non-nutritive sweeteners, saccharin and cyclamate, were not associated with the risk of human bladder cancer in a controlled investigation. The prior intake of such sweeteners in any and all forms was not greater or more prolonged among 209 recently diagnosed bladder cancer patients than among 209 otherwise similar patients without bladder disease. These findings were unaffected by case-control differences in diabetic histories—

In a personal note to me he further states:

> The data in this paper refer to preliminary findings on the first 418 patients in our study. The total number of subjects (1,038) included 519 bladder cancer cases and 519 demographically similar controls.
>
> The as yet unpublished findings in the 1,038 subjects appear to be about as negative with respect to the effect of artificial sweeteners as in the preliminary report. We have not yet completed our examination of the separate effects of cyclamate and saccharin. However, if either were positively associated with bladder cancer, the present findings should have revealed this. In fact, they have not.

That was Johns Hopkins University speaking. In his findings, Dr. Kessler made specific reference to the work of Dr. B. Armstrong and Dr. R. Doll in England, and pointed out that they "found no evidence of a break in the continuity of the time trends in bladder cancer mortality among Britons corresponding to the introduction or use of saccharin through 1972."

Personally, I am very much more interested in and concerned about the dire consequences of the hundreds of thousands of diseased pancreases of people with diabetes than I am with the questionable development of a carcinogenic change in the bladder of rats. Senator McDonald, you have your diabetes and I have my bladder condition, but I have a greater concern for your pancreas than for this so-called dogmatic statement of the production of a questionable lesion in the bladder of rats.

According to the April 1977 issue of the *Science* journal—and I hope that some of our departmental officials are here—the American Cancer Society, at its meeting in Sarasota, joined the fracas over saccharin and cast its lot with those who want the artificial sweetener to stay.

Part of the report reads as follows:

> "As a major voluntary health agency whose primary responsibility is cancer, the American Cancer Society is vitally concerned with the general health and well-being of the public. Saccharin is of great value in dietetic food, used to help control diabetes and obesity, which afflict tens of millions of Americans and pose more immediate danger than the possible carcinogenicity of saccharin. Banning saccharin may cause great harm to many citizens while protecting a theoretical few," society president R. Lee Clark declared at the American Cancer Society annual writers' seminar here. Acknowledging that the Food and Drug Administration acted "properly" under the law in proposing to ban saccharin, Clark, who is head of the M.D. Anderson Hospital and Tumor Institute in Houston and a member of the President's Cancer Panel, went on to say: "The Delaney Amendment has served the public well but, as more sophisticated and quantitative technology becomes available, issues of dosage, cost-benefit, risk-benefit, and the predictability of animal data to potential impact in people must be further and better evaluated." Clark emphasized that "there is no evidence that saccharin causes cancer in humans."

Honourable senators, that is why at the present moment we are not ready, with the scientific information we have at hand, to refer this problem to a committee, which would result in considerable expense to the taxpayer. Look at what was in the *Globe and Mail* this morning.

There is at present no direct evidence that saccharin causes cancer in humans. A former federal drug administrator, Commissioner Alexander M. Schmidt, recently stated:

> Our scientific capacities to detect chemical residues have in many cases outstripped our scientific ability to interpret their meaning.

● (2040)

Similarly, there are questions about the interpretation of the Canadian data and their applicability to man.

The Office of Technology Assessment in the United States has stated:

> We badly need the kind of careful, objective and balanced assessment which this body has agreed to undertake.

Specifically, they have been asked to:

1. Determine the validity of applying data from animal experiments to human beings.

2. Evaluate and quantify, if possible, the potential risk that saccharin poses to human beings.

3. Assess the potential benefits of saccharin, especially to diabetics, persons with heart disease, obesity, or other medical problems.

4. Report on the potential availability of alternative artificial sweeteners.

Some of these findings can be predicted. On the first point it will be said that we cannot be certain that something that causes tumours in rats will cause tumours in man, but that it is reasonable to make the extrapolation. Assuming the rat data do apply to people, the opinion of statisticians will be that while the risk cannot be quantified it can be said to be small but real.

What reviews have been made of the matter suggest that while it is not necessary for the care of patients with diabetes or other disorders, saccharin or some form of artificial sweetener certainly has some value in making life more tolerable from a dietary point of view. I do not mean that after two drinks of Scotch you should have dinner and put saccharin in your coffee. In addition, saccharin is used as an additive in many prescription drugs which, pharmacologists say, would have to be "reconstituted" were the sweetener to be prohibited. This is most important.

As to the alternatives to saccharin, it is safe to say that none is available right now. The Department of National Health and Welfare in Canada, and the FDA in the United States, must review the information they have received, and only after that can they force saccharin products off the shelves. As one scientific writer has stated, "Both these departments have opened a Pandora's box and fallen into a fine kettle of fish." But not by accident.

There are several aspects of this governmental banning of saccharin that are disturbing. In particular, the way that the government has managed this matter leaves much to be desired. Either the Canadian government has realized a major scientific discovery, or it is going to be the laughingstock of the scientific world. There is very real reason to believe that the latter may prove to be the case.

I wonder why the Government of Canada has not followed the normal practice on such scientific matters by having the results of its research published in a scientific publication, thereby subjecting it to scientific review, analysis and criticism before taking such definitive and severe action?

I wonder why the Minister of National Health and Welfare in his press release indicated that he had consulted the Canadian Medical Association, the Canadian Dental Association, the Canadian Diabetic Association and other professional and scientific groups, only to have the statement repudiated by the Canadian Dental Association. Indeed, we have learned through questioning by the opposition in the other place that there was no consultation in the true sense of the word, but that these groups were simply called in a few days before the government's announcement and briefed on findings and intended governmental action.

I am informed that the President of the Canadian Medical Association has been asked to seek expert consultation to review the scientific evidence for the banning of saccharin so that he may report appropriately to the near future annual meeting of the CMA on this matter. Think of that.

I wonder why the assistant deputy minister who heads the Health Protection Branch of the Department of National Health and Welfare appears to have been appointed as an official spokesman for government policy on this matter. I note that he appeared on the CBC television program *Front Page Challenge* to defend the government's action, which, at least, has major political overtones to it.

Honourable senators, there is very little in the way of scientific, documented literature available on the subject. I believe that the government research officers should have published the results of their research and had it subjected to scientific review prior to such severe action being taken. It is impossible for us to discuss such a highly technical subject in any meaningful manner until such time as the experiments and the data have been subjected to scientific review. I suggest that in the interim the status of Canada's scientific community is in serious jeopardy. In these circumstances, I cannot help but suggest that the action taken by the government has been premature and precipitate, and is an over-reaction based on unsubstantiated and inadequate scientific review.

I wish to conclude with the opinions of two of the outstanding scientists in the world. They happen to be Canadians. First, Dr. Kenneth Furgusson, former director of the Connaught Laboratories, when the Connaught Laboratories were the Connaught Laboratories, states:

> It is amazing to me that such a final and serious verdict should be perpetrated on 22 million Canadians or those that use saccharin as a result of an experiment on rats.

Secondly, Dr. Charles Best, the very distinguished co-Nobel Laureate, the co-discoverer of insulin with the late Sir Frederick Banting, has said:

> I do not accept the conclusion that as a result of this experiment diabetics should discontinue using saccharin, and much further work has to be done.

As a matter of fact, he advocates that they continue to do so.

Honourable senators, thank you for your attention and patience. I love a scientific paper. In view of all this scientific evidence, this particular problem should not be referred to a committee until further epidemiological studies have been concluded.

On motion of Senator Petten, debate adjourned.

THE SENATE

APPOINTMENT OF SENATORS—DEBATE ADJOURNED

Hon. Jacques Flynn rose pursuant to notice of April 27:

> That he will call the attention of the Senate to the question of the appointment of senators.

[*Translation*]

He said: Honourable senators, if I have felt it necessary to draw the attention of the Senate to the question of the appointment of senators, and I mean more specifically the appointment of Progressive Conservative senators, it is because of certain recent statements made by the Prime Minister and the government leader in this house.

So far I have commented on this question in a general way only without making reference to the conversations and the correspondence that took place with them. I did so for very simple reasons.

First, traditionally, appointments to the Senate have always been the prerogative of the Prime Minister. Although he may consult his cabinet colleagues he has the last word.

Second, it has been the tradition also for the Prime Minister to invite supporters of the government in power to sit here.

Third, I admit that in practice the opposition could not and cannot demand anything in that respect, except perhaps to argue that there must be a certain balance in the representation of parties in this house and in that respect the official opposition must be able to carry out its responsibilities.

So if I raise this question I want to make it clear that it is not in the sole interest of the Progressive Conservative Party that I do so, but in the interest of the Senate.

Because in more than 40 years the Liberal Party has been in power for over 34 years, and the Conservative Party for a little less than six years, that tradition has resulted in an evident imbalance in favour of the Liberal Party. Suffice to recall that in 1957 when the Diefenbaker government came to power there were only five Conservative senators against 78 Liberals plus one independent Liberal and two independents. There were 16 vacancies. Mr. St. Laurent had invited a Conservative friend of his, John T. Hackett, to sit here. It will also be remembered how furious the Liberals were that he did not fill the 16 vacancies at that time before calling the 1957 election. It is certain that Mr. St. Laurent was already concerned over that imbalance and that is one of the reasons which led him not to fill those vacancies.

With the advent of the Progressive Conservative government, the imbalance was partially corrected up to 1963 when Mr. Pearson became Prime Minister.

At that time, the distribution of parties in the Senate was as follows: 36 Progressive Conservatives, one independent Progressive Conservative, 59 Liberals, two Independent members and three vacancies.

As you know, the present distribution is as follows: 15 Progressive Conservatives, 74 Liberals, two independent members, one Social Credit Party member, one independent Liberal and 11 vacancies.

I believe it is recognized that the present distribution of seats in this chamber is inadequate, even though it is not as alarming as it was back in 1957. At the present time, the Senate assumes more responsibilities than before, especially through the work carried out by its various committees.

This is why public opinion is more concerned by the policy that the Prime Minister follows or should follow when appointing senators.

● (2050)

[*English*]

Honourable senators, the Prime Minister and the Government Leader in the Senate have made recent statements which seem to indicate that the only reason the opposition forces have dwindled so in the Senate is that the official opposition refuses to conform to certain simple rules set down by the Prime Minister pertaining to the replacement of Tory senators by Tories. Therefore, I think the time has come to shed some light on this matter and bring into the public arena a discussion which has gone on privately for some seven years.

Because references have been made by the Prime Minister and the Leader of the Government in the Senate to discussions and correspondence with me, I feel I am at liberty to recall the details of such conversations and to quote from the correspondence.

The first discussion I had with the Prime Minister on the subject of replacing Tory senators with Tory appointments was in October 1970, at the Governor General's Ball preceding the opening of the 1970-72 session. At that time, Senators Aseltine, Gladstone, Hollett, J. J. MacDonald and Pearson were thinking of retiring but were interested in knowing if there was any hope of their being replaced by Tories. The Prime Minister's comment to me at that time was that he was prepared to summon some Tories to replace Conservative senators who retired. He was not very specific but suggested that he would certainly do something.

Well, the senators I have mentioned retired: Senators Aseltine, Gladstone, Hollett and Pearson on March 31, 1971, and

Senator MacDonald on April 19, 1971. I mention the cases of these senators because they fulfilled the "voluntary retirement" prerequisite set down by the Prime Minister if he were to replace Conservative senators with Conservative appointees. The senators had been appointed for life. None of them had to retire. Their retirements were, therefore, voluntary. But, as you know, none of these senators were replaced by a P.C. senator.

Yet, in 1974, on October 2, when the Prime Minister participated in the Throne Speech debate, he had this to say concerning the Senate and appointments:

> Hon. members opposite talk about partisan appointments. This is a serious matter which I have already had the opportunity to discuss several years ago with the authorities of opposition parties, and I had then suggested, and I repeat my suggestion today, that if indeed the senators of the Progressive Conservative party, of the Tory party, who wish to retire from the upper chamber, refrain from doing so because they do not want to be replaced by Liberal senators, I repeat what I told several years ago to Senator Flynn, who, if I am not mistaken, represents the opposition party in the Senate—

I interject here to say that I have for some time now.

> —that, for my part, I would readily appoint Progressive Conservatives to replace the Progressive Conservatives who voluntarily retire from the upper chamber. I am well aware, Mr. Speaker, that some of them accept my suggestion, but there were many more when I first made this offer several years ago, and if the official opposition party continues to act so speedily, they may be even fewer in four years.

By his own admission, the Prime Minister was repeating what he had said to me in 1970. But he did not explain why, in the four years between 1970 and 1974, he had not replaced with Tories the Conservative senators who had voluntarily retired from the Senate.

After the Prime Minister's 1974 statement about replacing those senators of ours who would voluntarily retire, I had a talk with Senator Perrault about this, which conversation I later summarized in a letter to him dated November 15, 1974. I explained in that letter that if the Prime Minister's promise meant that one of our senators had to retire before a Progressive Conservative replacement could be appointed, that indicated that our number was never to rise beyond what is was at that time, namely, 17. I did not mention it to him, but it was also clear that our number would further decline if the assurance did not apply to those who might die in office. I also pointed out that that would afford us very little help, and reminded him of those who had voluntarily retired between 1970 and 1974, and who were not replaced by Tories as promised.

Senator Perrault's reply was not swift in coming. It arrived three months later in February of 1975. The gist of it was that the government was only prepared to replace those Conservative senators who voluntarily retired. There was no question of increasing the number of Tories beyond 17, where it stood at that point. Here I underline again the fact that this maximum was illusory because of possible further vacancies created by death. Senator Perrault also told us that if we expected Tories to be replaced by Tories, we would have to supply lists of names. He wrote:

● (2100)

> The P.M. is prepared to do so—

That is, replace Tory senators with Tory appointees.

> —on the basis that if a list of five candidates to succeed any sitting Progressive Conservative is submitted to the P.M. and the P.M. indicates that at least one of such candidates is acceptable, then the Government would feel itself under an obligation to appoint an acceptable candidate from the submitted list within a reasonable time after the resignation or intervening death of the Senator in question.

You note now that mention is made of replacement in cases of vacancies created by death, contrary to the Prime Minister's statement of October 2, 1974, in the House of Commons. The letter went on:

> If one of ours retired or died without such a list having been submitted, the P.M. would not feel bound to replace him with a Tory.

Four months later, in July 1975, Senator Perrault wrote to me again, repeating that:

> If the P.M., prior to a particular vacancy occurring, has not received from the Leader of your Party a list of candidates from which the P.M. has decided that at least one is acceptable to him, then the Government has stated that it will not be obliged to protect any such vacancy in your Party's ranks in the Senate for an appointment from your Party.

Note again that there is no distinction here between vacancies created by death and vacancies created by retirement, and that there is no reference to voluntary retirement.

Two days later I replied to the July 15 letter of Senator Perrault, underlining, once again, that it was unfortunate that the Prime Minister should be prepared to guarantee only the status quo and not provide us with a greater number in the Senate. I agreed that it was fair of the Prime Minister, in the case of resignation, to expect that we might supply him with a list of five possible replacements prior to the senator's actually resigning. But, with regard to those of ours who might die in office, I had this to say:

> The case of vacancies created by death, however, presents a serious problem. Any one of us might die at any time. What therefore we are being asked to do to ensure that our number not fall below seventeen, is to supply the P.M. now—

And I underlined the word "now".

> —with a list of five possible replacements for each Progressive Conservative senator.
>
> This is totally impractical.

What it meant, since none of us knows when he is going to die, is that to make sure Tories were replaced by Tories we would have to supply lists for every Tory in the Senate, whether he were in his 70s or in his 50s, whether he had two or twenty years to go.

I suggested that, in the case of death, the Leader of the Opposition in the House of Commons be given one month after the senator's death to come up with a list of possible replacements.

Senator McElman: Or give a guarantee not to die.

Senator Flynn: Of course, that would be a solution.

That suggestion was not considered worthy by the Prime Minister. His reply came in October of 1975 in the form of a curt one-paragraph letter from Senator Perrault, which said:

> The Government has given careful consideration to the proposal regarding the appointment of Progressive Conservative senators to fill vacancies created in your ranks through death. At this time, the Government is not in a position to guarantee a minimum of seventeen Progressive Conservative senators or any other number. A system is proposed, however, by which Progressive Conservative senators who wish to resign can be assured of successors from Progressive Conservative ranks. In other words, the offer, at this time, applies to voluntary retirement.

So as of October 1975, the offer of replacement applied only to those who retired voluntarily and no longer to those who died in office, and the minimum of 17 was gone.

More recently, in January of this year, to be exact—the government leader made some public statements which gave rise to some question marks. In a Canadian Press article on January 19, 1977, the following paragraphs come at the end of the story:

> Senator Perrault said the Government is willing to increase opposition representation in the Senate so that one-quarter to one-third are opposition members.
>
> This would mean early appointment of perhaps six Conservatives to fill vacancies—but Opposition Leader Joe Clark has not suggested any names, he said.

Senator Perrault: That is a press report.

Senator Flynn: I agree. I do not say the press always reports correctly. I am just putting the facts on the record so as to clarify the situation as much as I can.

An article by Paul Jackson on Alberta Senate appointments, at about the same time, quotes an official of the Prime Minister's Office as saying:

> While the Alberta situation may not quite fit into the guidelines suggested months ago by Mr. Trudeau, anyone can make a representation to the P.M. urging that a certain person be seriously considered for appointment to the Senate. Considering that Mr. Clark is from Alberta and that the vacancy has been there for almost six years, one can assume that the Prime Minister would very seriously consider a recommendation by Mr. Clark.

Let me start with Senator Perrault's statement about the government's desire to raise our number to between one-quarter and one-third of the Chamber. This is a completely new approach, bearing in mind the position taken in the 1975 correspondence, which said that the policy was only to replace Conservative senators who retire voluntarily. Then the government leader was quite clear that the Prime Minister had no intention of raising our number but only maintaining it, and only if vacancies did not occur as a result of death, a factor which is difficult to control, you will have to admit.

Let me deal with the statement by the official in the Prime Minister's Office referred to by Paul Jackson. The vacancy referred to had been created in 1971 by Senator Gladstone's resignation. There had been no question at that time of the submission of a list of names by the Leader of the Opposition. That requirement of presubmission of names only came about in 1975. But if the Prime Minister wanted lists of names for those Tory senators who voluntarily retired in 1971 and 1972 and who were never replaced, why did he not just ask for them?

More recently still, the leader of our party inquired of the Prime Minister if he had any intention of replacing Senator Fred Blois, who retired last October, with a Tory. The Prime Minister referred to the two conditions set down previously—voluntary retirement, a condition posed in 1970, and a presubmission of names before the resignation, a condition posed in 1975. There not having been a presubmission of names in the case of Senator Blois, even though it was a voluntary retirement, the Prime Minister apparently does not feel compelled to replace Senator Blois with a Tory. The fact is that there had been no presubmission of names in the case of Senator Welch. Yet he was replaced by Senator Ike Smith, and for that we are very grateful.

• (2110)

Hon. Senators: Hear, hear.

Senator Flynn: So, with all these apparent contradictions facing us, I decided to write anew to the government leader in the Senate. On March 2 of this year, I asked:

> (a) Is it the P.M.'s intention to replace with P.C. supporters only those P.C. senators who retire voluntarily?

I asked this because of Senator Perrault's assertion in January of this year that the Prime Minister really wanted to raise opposition ranks to one-third of the Senate.

> (b) What precisely is meant by voluntary retirement?

The term was first used by the Prime Minister in 1970. It suddenly dawned on me that perhaps the Prime Minister had his own very personal explanation of what the term meant. I had taken it for granted that it meant any retirement that was voluntary—that is, where one was not forced by law or by the angel of death to retire. As I see it, any senator appointed for life who retires does so voluntarily. But it could be argued that a life senator who retires at 75, because he has given notice that he would be retiring upon reaching that age, was not retiring voluntarily. On the other hand, a senator appointed until he reaches the age of 75, would retire voluntarily if he

did so one day before reaching that age, but would not if he waited until he reached that age.

I also wanted to know, since it had not been required in the case of Senator Smith's appointment, if the presubmission of names was still a requirement. I suggested, in addition, that if the Prime Minister were really interested in giving us appointments, he might very simply indicate where there were vacancies and that Mr. Clark would supply him, within 30 days, with a list of names from which to choose a candidate for that area.

I have not yet received a reply from Senator Perrault, but I think my questions were answered in part in a letter dated March 18 to Mr. Clark from the Prime Minister. This is not a confidential letter, by the way. In it, the Prime Minister repeats that the first condition for a Tory senator to be replaced by a Tory is "voluntary retirement," which he explains as "retirement before it is forced by the mandatory age limit of 75, or by death." Death resurfaces again, although it was previously ruled out as an occasion for P.C. replacement. This definition of voluntary retirement is still very obscure.

Now, the Prime Minister in that letter to Joe Clark, mentioned a second condition which resembles that set down in 1975, but which is not quite the same. He says the second requirement is: "That notice be given prior to the actual resignation." He does not say that notice must be given prior to death. He makes no mention here of the presubmission of a list of names which was the requirement set down in 1975. He does, however, insist in the letter that these two requirements:

> . . . are the same ones that I had conveyed orally to both Mr. Stanfield, then Leader of the Opposition, and to Mr. Flynn, during the life of the 1968-72 Parliament, some time around 1969 or 1970, I think.

Well, there are two problems here. First, the second requirement in his letter to Joe Clark differs from that set down in 1975. He talks simply of notice and makes no mention of a presubmission of names. Secondly, I remember very well that in 1970 there was but one condition and that was "retirement"—not even voluntary—probably because in the Prime Minister's mind, for life senators it did not apply. The second condition came only in 1975, and that was in the form of a presubmitted list of names, not simple notice.

As if that letter had not served to confuse matters sufficiently well, the Prime Minister held a press conference on April 21 last, at which time he said in reply to a question about Senate appointments:

> You will recall that I made an offer to Mr. Stanfield when he was Leader of the Opposition in 1969 or 1970, which was then confirmed in writing, and which was also made verbally to his house leader in the Senate, Senator Flynn, followed by confirmation in writing by our then Leader in the Senate. This offer was to assure the Tories that when any of their senators retired, except if he was forced to retire by an act of God or an act of Parliament, I would be happy to replace that senator with a Tory senator. I have done that in some circumstances; that is how Senator Smith was named to the Senate.

Again, we are very grateful for that. The Prime Minister's answer continues:

> You might ask the Tories why they did not take up that offer and at least ensure that their own senators when they die are all replaced by Tories, which is an offer I have made to them. When they decide to retire voluntarily, I will replace them.

What am I to make of that? It appears that on April 21, 1977, the requirements are no longer what they were between 1975 and March 18, 1977.

Senator Choquette: What if they die suddenly?

Senator Flynn: Suddenly, or otherwise, the problem is the same.

Now, we are faced again with the prerequisite of voluntary retirement. But once more the Prime Minister alluded to the replacement in cases of vacancies created by death. Possibly a slip of the tongue. We were under the impression that had been dropped in 1975.

That the retirement condition was made to me verbally in 1970, I have already admitted. But that was the only condition and unless he can show me the correspondence, I will have to inform the Prime Minister that this condition was not, as he stated in the press conference, "Confirmed in writing by our then Leader in the Senate." Senator Martin never wrote to me on this subject. I occasionally spoke to Senator Martin about it. But you will not be surprised to learn, he never committed himself on the subject.

Senator Choquette: On any subject.

Senator Flynn: The whole matter, you will have to admit, honourable senators, has been made needlessly complex by the Prime Minister.

Confusion and inconsistency have characterized the whole question. If the Prime Minister insists upon prerequisites, and I don't think he should, then let him set them straight, once and for all, and let him spell out precisely what they mean so that there will be no misunderstanding. My hope also is that from now on Senator Perrault will say the same things as the Prime Minister says, or vice versa.

This house has reached the point where the opposition, for want of members, can hardly function adequately. The two-party system operates in name only in the upper chamber. Yet, the Prime Minister has given us only two appointments since he took over the government in 1968. On the other hand, he has appointed something like 43 Grits. I do not mind; I think he has made good appointments, even if he has made eight of them during approximately the last four months. All those I have been able to meet appear to be very nice people. However, though I have not seen any of them at work, I doubt they would be superior to Senator Smith (Colchester) and Senator Asselin, the two that Prime Minister Trudeau gave us.

• (2120)

I think I have provided honourable senators with sufficient detail to convince them that the Prime Minister's performance in the area of Senate appointments has been confusing and inconsistent. To repeat, if he is really interested in appointing Tories to this chamber, there is nothing to stop him from doing so.

[*Translation*]

Honourable senators, I have come to a very simple conclusion. If the Prime Minister really wants to have balanced representation of the parties in the Senate, and more particularly if he wants the official opposition to be able to play its role efficiently, not only need he not put conditions on reinforcing the ranks of the official opposition or simply, the opposition, he must not do so: when the time comes he need only exercise his traditional prerogative of consulting in advance the Leader of the Opposition, if he feels it might be helpful to do so.

You will have noticed that I put before you, objectively and very serenely, only the elements of the problems, the facts, and that without peevishness. Once again, I am not seeking the good of the Progressive Conservative Party but that of the Senate which I am eager to see function as ably as possible.

I chose to deal with the topic through an inquiry to allow the Leader of the Government, as well as all my colleagues, to express their views if they see fit. As for me, when this debate ends, I intend to abstain from discussing the subject, as long as I have not had concrete proof that the Prime Minister really intends to invite an adequate representation of the official opposition, or simply the opposition, to sit in the Senate. As far as I am concerned, it is primarily and exclusively his problem. It is up to him to act. If he does not do so, it will then be up to the tribunal of public sentiment to pass judgment on him.

[*English*]

Senator Perrault: Honourable senators, I think we all appreciate the remarks which have been made this evening by Senator Flynn outlining a problem which not only affects the official opposition in the Senate but the viability of the Senate itself. As it is my intention to reply to the honourable senator's statement, I move the adjournment of the debate.

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 4, 1977

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

Prayers.

HEALTH, WELFARE AND SCIENCE

NON-RESTRICTED USE OF CYCLAMATES—QUESTION

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government whether the government concurs in the view that the substances known as cyclamates should not have been restricted in their use by any departments of government in years gone by?

Senator Perrault: Honourable senators, it may be helpful to have a statement given to the chamber in that regard. I do not possess sufficient scientific knowledge to offer an opinion that would be worth very much. However, I shall endeavour to have a statement prepared which will provide the government's position on this matter.

Senator Smith (Colchester): I thank the Honourable Leader of the Government. I would not presume to ask him whether his assessment of his opinion in that respect would be the same as in other matters.

Senator Perrault: I appreciate your counsel in this regard, Senator Smith.

Senator Flynn: It is a question.

Senator Perrault: And your ideas will be given careful consideration.

NATIONAL UNITY

PROPOSED DEBATE—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government whether he proposes that this chamber have a debate on national unity at the same time as the House of Commons might have such a debate.

Senator Perrault: Honourable senators, it is anticipated that there may be such a debate in this chamber. Whether it is to be coincident with the debate in the other place is now under consideration.

Senator Flynn: As the role of this house is one of sober second thought, does the leader not think it would be preferable for us to follow so that we might be able to correct some of the exaggerations, errors, or omissions of the other place?

[*Translation*]

Senator Bosa: Honourable senators, I should like to put a question to the Leader of the Government.

[*English*]

As Chairman of the Canadian Consultative Council on Multi-Culturalism, I think one of the most compelling objectives we have is national unity. I should like to ask the Leader of the Government if he would be a little more specific as to when this chamber might debate this most important subject.

Senator Perrault: By way of reply I can say only that there have been numerous meetings and consultations involving members of this chamber and the other place, and the Leader of the Government in this house, to discuss the entire question of national unity and how senators and members of the other place may participate effectively in attempting to foster national unity and in determining the views of Canadians on this subject.

A number of senators support the idea of having a special Senate committee on this subject or on regional aspirations. Indeed, the Leader of the Opposition, as I stated the other day, has been most helpful in providing his counsel and guidance in that regard. Another view has been expressed that a joint committee of the two houses would be an effective way of proceeding with a study of national unity and related questions.

● (1410)

Discussions are being held at the present time, and I hope that within a few days it will be possible to make a statement on the subject in this chamber. Indeed, a resolution may come before this chamber, or a joint resolution before both chambers, with respect to action that may be taken.

[*Translation*]

Senator Asselin: May I ask a question which is supplementary to the question which has just been asked by my honourable friend.

Is the Leader of the Government aware of the fact that in 1970-71 a joint committee of the Senate and the House of Commons examined the possible changes on the constitutional level and that this committee travelled across Canada for nearly a year? As I have just said, this committee included senators and House of Commons representatives. It reported to the House of Commons and made interesting constitutional proposals. I wonder why the Government of Canada did not examine this extremely important report itself or have it considered by the House of Commons and the Senate, and why it was left on the shelf while we must come back to the same formula today and have a committee of the Senate and of the House of Commons do this job. Then the job was done in 1971 and the report was tabled in 1972 and left on the shelf, and the government of Canada did not take it into consideration at all.

[*English*]

Senator Perrault: I am aware that this committee met, and a distinguished committee it was, made up of representatives of all political parties. Indeed, the Honourable Senator Molgat made a distinguished contribution as chairman of that committee, as I recall, for most of its life.

Hon. Senators: Hear, hear.

Senator Perrault: The report and views of that committee are being studied very seriously in the context of present events. However, I think that the terms of reference of a proposed Senate committee, or a proposed joint committee of the two houses, would be somewhat different from the terms of reference of that previous committee, which directed its efforts towards a discussion of major constitutional changes.

Senator Asselin: This new committee would be dealing with the same matter.

Senator Perrault: At the present time I am not able to divulge to the chamber what possible new terms of reference for the committee are involved, but I do not believe that the intention would be to duplicate the excellent and distinguished work done by that previous committee.

Senator Manning: When the Leader of the Government is considering this matter, would he give special thought to the wisdom of having a very broad debate on the subject in this chamber before anything in the way of terms of reference, or even a course of procedure, such as a committee of this house or a joint committee, is decided upon? I think there is wisdom in that course, because once terms of reference are set or a committee is appointed it to some extent circumscribes the broad scope of the subject that is of concern to all of us. It seems to me that it would be helpful to the government and to this chamber if the initial step were a general discussion in this house, in which honourable senators could express their considered viewpoints on courses of action that might be helpful, prior to any terms of reference being agreed upon for a course of specific and detailed study at a later date.

Senator Perrault: The honourable senator has advanced a very relevant idea. Clearly a major debate of this kind is in order, whether it is held in connection with a resolution that may come before the Senate or whether another setting can be evolved for such a debate. In any case, unquestionably it is important to have the kind of wide-ranging debate suggested by the honourable senator.

That, I believe, is the consensus of honourable senators, regardless of party affiliation here. I think we all wish to be certain that the terms of reference developed for such a committee, either a Senate committee or a joint committee, will usefully serve the nation at this particular time in its history.

Senator Smith (Colchester): Pursuing the same line of thought, honourable senators, I wonder if I might ask the Leader of the Government this question. If by any chance Senator Manning's suggestion is not accepted—I sincerely hope it will be—will there be an opportunity for at least a broad range of discussion? All Canadians are concerned with this matter, not merely those who happen to sit on one side or other of the Speaker's chair.

Senator Perrault: I agree with the honourable senator. I appreciate the expression of his viewpoint, he having served as leader of a provincial government, and Senator Manning having done the same in the great province of Alberta. I would be prepared to sit down this week with the Leader of the Opposition and discuss the possibility of scheduling such a debate and its format, because it involves us all, regardless of our affiliation. I would be prepared to do that.

Senator Fournier (de Lanaudière): Honourable senators, if I may be permitted to express my opinion with respect to this subject, it is, very simply, that we should mind our own business. What is happening in the province of Quebec concerns only the people of the province of Quebec.

Some Hon. Senators: No, no.

Senator Fournier (de Lanaudière): They will decide upon their fate, and I do not wonder about the manner in which they will decide; they will be on the level. The vast majority of people in Quebec are not in favour of separatism. If we ever have a real problem of separatism in Canada, it will not come from Quebec. Take my word; we will be on the level. Let us take care of our own affairs; let us mind our own business and carry on with the business of the country. That is all we have to do.

Senator Flynn: The debate has not started yet, I suggest.

Senator Perrault: In any case, there may be some merit in honourable senators from various regions of Canada expressing their views with respect to national unity, which does not relate only to the relations of any one province with Confederation. All regions of Canada have their own aspirations and problems. As I have said, the question of a debate is one which I would quite willingly discuss with the Leader of the Opposition.

PENSION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, April 27, the debate on the motion of Senator Carter for the second reading of Bill C-11, to amend the Pension Act.

Hon. Orville H. Phillips: Honourable senators, the sponsor of Bill C-11 stated that it simply amends one section of the Pension Act. This is the disappointing aspect of this bill—it makes very minor amendments to the Pension Act. The operation and effectiveness of the Canadian Pension Commission and veterans' legislation need a complete and thorough review.

In the background material which Senator Carter was kind enough to provide he mentioned the "benefit of the doubt" clause. After 60 years, the "benefit of the doubt" clause is as vague and as meaningless as a Liberal campaign promise. In fact, it is very similar to a Liberal campaign promise, in that it is brought out every four or five years, dusted off, then put

back in the archives. The principle of the benefit of the doubt is well established in our courts. An accused person is assured of the benefit of the doubt by the judge. Surely an applicant for a veteran's pension is entitled to the same protection as an accused before the courts.

● (1420)

Later on I shall present figures to illustrate why I feel that the Canadian Pension Commission is not extending the benefits of the act. If the Pension Commission functioned as intended by Parliament, we would not need the Pension Review Board. The idea that the Pension Commission can delay a final decision and ignore the benefit of the doubt by saying there is always one avenue left open—the Pension Review Board—is erroneous.

Last year approximately 1,000 veterans applied for disability pension. The Canadian Pension Commission has a backlog of 3,000 cases waiting to be heard. There is at least one year's wait before a veteran's case can be heard. The case of a welfare applicant receives immediate attention, yet a veteran must wait a year, and then 90 per cent of the applications must go through a second stage, namely, the Entitlement Board of the Pension Review Board.

I am sure many honourable senators have supported applications to the Canadian Pension Commission. I recall one case that was considered for seven and a half years before a favourable decision was given. Veterans are dying at the rate of approximately 22,000 per year. Since the last major revision of the Pension Act in 1971, 100,000 veterans have died, yet the number of appeals to the Pension Review Board is increasing. There were 476 appeals in 1973, and 1,200 in 1976. We must ask ourselves, honourable senators, if the system is working.

One of the reasons for the increased number of appeals is the adversary system practised by the Pension Commission. The Treasury Board and the Department of Labour are attempting to remove the adversary principle in labour relations. I suggest they should begin in the Canadian Pension Commission.

The present attitude adopted by the Pension Commission must be altered and corrected, and there is only one way to do that—there must be new personnel on the Canadian Pension Commission. The attitude of the present members is so firmly entrenched that they are like the leopard and cannot change their spots. I have often said it would be easier to get a religious dogma changed than to get a change of heart in the Pension Commission.

The most entrenched group in the Pension Commission are the medical officers. There are 22 medical officers at headquarters, and 24 medical officers in the various regional offices. An applicant for a disability pension is examined by the medical officer in his regional office, and the file then comes to Ottawa where it is reviewed by a medical officer who, despite the fact that he has not seen the patient, makes the final recommendation. He can either agree or disagree entirely with the regional medical officer who saw the patient, or he may reduce the recommendation of the regional medical officer.

While the regional medical officer in Regina, for example, may make a recommendation for an 80 per cent disability pension, the medical officer at headquarters has the authority to reduce it to the national average, and often does. He may reduce it by 40 per cent to bring it in line with the national average. To my mind, it is entirely wrong to have that authority residing with the medical officer at headquarters. The recommendation which should be considered by the Pension Commission is that of the regional medical officer who examined the veteran.

The commissioners should be freed from unnecessary detail, such as reviewing the disposition of unpaid pensions, so as to allow them more time to adequately study applications. In the event of the death of a pension recipient, the matter is reviewed to determine whether or not the pension cheque payable for the month in which the veteran died was earned. I am familiar with the case of a veteran living in northern Ontario who was the recipient of a monthly pension of $128. The only surviving member of that veteran's family was a daughter who lived in Toronto. On the day following that veteran's death, the pension cheque arrived and, on the advice of her lawyer, the daughter deposited the cheque to the credit of the veteran's bank account. Approximately four months later she was notified by the bank that the Pension Commission had stopped payment on the cheque, and that she owed the bank $128. The commission subsequently sent three, possibly four, people to interview the daughter to determine what had been spent in the month in which the veteran died. I am sure the commission spent the equivalent of a year's pension reviewing that one payment. About 18 months following the veteran's death, the final payment was cleared.

The number of applications received for disability pensions last year totalled 1,011, of which 653 were denied; 128, or 10 per cent, were approved; and 212, or 20 per cent, were partially approved.

The evidence presented to the committee of the other place on Bill C-11 indicated that one-third of the applications were granted by the Pension Commission, one-third by the Entitlement Board, and 30 per cent by the Pension Review Board. To say that 30 per cent of the applications were granted by the Canadian Pension Commission is misleading. In fact, the number of pensions granted, being 128 out of 1,011, represented only 10 per cent; 20 per cent of the applications resulted in partial pensions only.

No figures are available in respect of the percentage of disability allowed for pension purposes in those cases where the decisions were partially in favour of the applicants, but statistics are available in respect of the various categories of pension granted to veterans. As honourable senators are aware, there are 20 different categories. The four bottom categories represent 62 per cent of the pensions granted. In the case of World War II veterans, category 20, which is the lowest, represents approximately 16 per cent of the disability pensions granted; category 19 represents 23.2 per cent; catego-

ry 18, 10 per cent; and category 17, 12.4 per cent. It is interesting to note that the pensions granted to members of the regular forces are almost identical to those granted to veterans who served in wartime.

• (1430)

Any discussion of veterans legislation would not be complete without mentioning the so-called 48 per cent clause. Eighty-five per cent of our pensioners received less than a 48 per cent benefit, and the result has been that 85 per cent of veterans' pensions cease with the death of the veteran. The survivors who cared for them, and who suffered many of the hardships that they did in their lifetime, have their pensions cut off. I know of no other group of federal pensioners who are treated in the same way.

I ask: Is our veterans legislation really the best in the world if only 10 per cent of those widows who were most helpful to the veteran are considered after his death? I do not think it is, and I feel this is a matter that has to be corrected, and corrected as soon as possible.

Senator Carter suggested there is no particular need for this bill to go to committee. I agree, if we are only going to consider the appointment of a deputy chairman and two *ad hoc* members, and the increase in tenure from five years to 10 years. In fact the tenor of this bill really does nothing more than entrench the resident Liberals, as I like to term many members of the Pension Commission and the Pension Review Board.

Honourable senators, I was rather annoyed to see a Canadian Press article headed: "Passing of Bill C-11 provides a better break for the veterans." I fail to see a break for any veteran, except possibly the individual who will be appointed deputy chairman. I shall look forward in the next 10 years to hearing of a veteran who has received any benefit from Bill C-11.

Senator Macdonald: Honourable senators, may I just add one word to substantiate what Senator Phillips has been saying? I wish that the pensions and allowances payable to veterans were treated in the same way as those paid under the old age security legislation. As you know, if a person who is receiving old age pension dies, then the pension for the whole of the month in which he dies is payable to someone—either his heir or someone who has been taking care of him. This is not the case with respect to veterans' pensions and allowances. They cease on the day the veteran dies, and to get the remainder of the pension or allowance for that month—and in some extraordinary circumstances this is possible—it is necessary to fill out a large form in duplicate or triplicate, and the person so applying has to show that he or she is poverty stricken before the appropriate amount for the balance of the month is paid.

In mentioning this, honourable senators, I should like to suggest that consideration should be given to paying veterans' pensions and allowances in exactly the same way as old age pensions are paid.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Carter speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Smith (Colchester): Honourable senators, I wonder if Senator Carter, in closing this debate, would devote his attention particularly to the manner in which, and the extent to which, this bill is going to benefit the veteran who might be eligible to receive a pension.

Senator Carter: Honourable senators, I should like to thank Senator Phillips, Senator Macdonald and Senator Smith (Colchester) for their fine interventions in this debate. Senator Phillips raised some valid points, with which I am very much in agreement. However, before replying to Senator Phillips' remarks, perhaps I should deal with the question posed by Senator Smith in which, if I understood him correctly, he asked what benefit Bill C-11 will grant to veterans.

By itself Bill C-11 will not grant any specific benefits to veterans, because it is a bill that has to do with procedure and not with the allocation of benefits *per se*. The benefit that veterans will derive from Bill C-11, I hope, will be in respect of something mentioned by Senator Phillips. It will lessen the delay that a veteran has to endure now, while waiting for his pension, from the time he submits his application until a final decision is handed down.

Senator Phillips stated that the Pension Commission needs a thorough review, but I would point out to honourable senators that this thorough review was made, as I said in my introduction of the bill, a few years ago. Perhaps the system is not working as well as we had hoped—and certainly it is not working as well as I personally had hoped—because our great desire at that time was that the new machinery would lessen the time that veterans had to wait for their pensions. That has not materialized to any great extent, but I do not know what changes can be made to overcome this difficulty, because the machinery we have now in the Pension Act, which consists of the Pension Commission itself, the Entitlement Board, and finally the Pension Review Board, is the very machinery requested by the veterans themselves. It was fully endorsed by the veterans, and all the veterans' organizations, so any failure that we have is more or less due to the human element in the machinery, rather than to the machinery itself.

Like Senator Phillips, I deplore the long wait—sometimes a year, sometimes more than a year—that veterans have to experience in getting their pensions, but I would ask him, if Canadian mainland veterans have a grievance in this respect, to consider how much greater the grievance is that the veterans in my province have. The veterans in Newfoundland first have to make their application to the British authorities in London, and then wait a year or more before the British authorities hand down a decision, before they can apply to the Canadian Pension Commission. Although the terms of union between Newfoundland and Canada expressly state that a Newfoundland veteran is to be treated as though he had served in the Canadian forces, as far as the pension machinery is concerned he is treated very differently. Instead of having to

wait one year, he very often has to wait two or more years. I understand very well how Senator Phillips feels about it, and I can tell him that I feel a lot worse.

● (1440)

Senator Phillips referred to the small number of pensioners who are successful on their first application. He said that there were 1,000 pension applications last year, and only 128 were given favourable consideration. That is a small proportion, but I think that we must keep in perspective the fact that the 1,000 cases that were dealt with last year were those of veterans who served 35, 40 or, in some cases, 50 years ago, and who have only now begun to apply for pension. It is very difficult at this late date to find conclusive proof that the disability the veteran now claims pension for is related to his war service. The Pension Act expressly says that entitlement can only be granted if the disability is related to, or aggravated by, his military service, or is a direct result of a disability for which he is already pensioned. That embraces most of the cases dealt with last year. I think that explains why there was such a small number of successful applicants.

Then I must point out to honourable senators that, while there were 128 successful applicants last year, of those of the remainder who appealed to the Entitlement Board about one-third were successful. The Entitlement Board is performing a very useful service. Of those rejected by the Entitlement Board and who appealed to the final authority, the Pension Review Board, again one-third were successful.

When you take into consideration the time that has elapsed since the veteran served and the amount of documentation—and possibly no documentation in many cases; not even a complaint for a number of years about the disability—it is very difficult to establish that link. Personally, I do not think the medical officers can be greatly faulted on that score. Like Senator Phillips, I would like every veteran to be a successful applicant and get his pension but, to be fair, I must point out the key difficulty of providing the evidence that will link the veteran's disability, for which he is claiming a pension, to his actual military service that took place 30 or 40 years ago, when very often there is no supporting medical evidence in the file of the veteran. That is why I think that overhauling the machinery would not accomplish much improvement, and changing the medical officers would not produce the results we want. The new medical officers would still have to come to grips with this problem, and it all boils down to human judgment.

I agree with what Senator Phillips and Senator Macdonald said about the cessation of a pension when a veteran passes away. I, too, would like to see effect given to Senator Macdonald's recommendation of at least a month's extension to the widow. I would also like to see the pension put on a proportionate basis. At the present time, if a veteran's disability is assessed at 48 per cent, his pension is paid at the nearest 5 per cent, which in this case is 50 per cent. If his disability is assessed at 47 per cent, then he receives a 45 per cent pension, and his widow loses out. The widow of a veteran receiving a 48 per cent pension receives a pension as a matter of right. The widow of a pensioner receiving a 47 per cent pension does not receive a pension as a matter of right; the pension dies with the veteran.

Again, to be fair, it must be pointed out that this does not necessarily mean the widow of a veteran who had a 47 per cent pension does not receive a pension. The difference is that she does not receive it automatically and as a matter of right. She has to apply to the Pension Commission and her case is decided on its merits. In making the decision, I think the Pension Commission does take into account the financial circumstances in which the widow is placed. A wealthy widow of a veteran who had a 47 per cent pension would likely not be granted a pension by the Pension Commission, but the widow of a veteran who had a 48 per cent pension would receive a pension regardless of her financial circumstances. The widow of a veteran who had a 47 per cent pension, who is not successful in her application to the Pension Commission, is, of course, eligible to apply to the War Veterans Allowance Board and, instead of a widow's pension, she may get a widow's allowance, based on a means test.

It is my contention that the Veterans' Charter—and I am not talking about the Pension Act itself, but about the whole body of legislation included in the Veterans' Charter—is the best in the world. I still think that contention is justified.

I am not quite clear as to whether or not Senator Phillips wants this bill to go to committee. I think a case could be made for its reference to committee. It was so referred by the other place, although there was not much discussion of it in committee. My view is that it could be maintained that there is a relationship between the Pension Review Board mentioned in section 75 and the other provisions of the act because the number of cases that come before the Pension Review Board depends on the number of cases that come before the Pension Commission and the manner in which they are disposed of. A case can also be made that section 75 in itself deals only with the Pension Review Board, but if Senator Phillips or any honourable senator wishes to pursue a broader examination, I shall be only too happy to move the necessary motion.

● (1450)

Senator Phillips: Based on the interpretation that Senator Carter has just given us, which is the interpretation I wanted to hear, I should like to see the bill go to committee.

Senator Smith (Colchester): Honourable senators, I wonder if Senator Carter would be kind enough to allow me to ask him one or two questions about the bill.

Senator Carter: I shall be glad to answer any questions I can.

Senator Smith (Colchester): My first question is: For what reason is it contended that the extension of the terms of the chairman, the deputy chairman and the other members of the Pension Review Board from five to ten years will help the veteran, or anyone except the ladies or gentlemen concerned?

Senator Carter: I think that should be obvious. As I pointed out in my introduction of the bill, and again when I concluded the debate, the bill was overhauled only a few years ago, at

which time a new body, the Pension Review Board, was created. It had never existed before. The tenure of the members of that Board was set at five years, more or less by way of experiment. We have now had four or five years' experience with it, and we find that it would result in more continuity if there were a longer term of office, and if two extra members were appointed to the Pension Review Board so that it could divide itself into committees in order to deal with these matters more expeditiously.

As I pointed out to Senator Phillips, there is no direct benefit to the veterans in extending the term of office of the members of the Pension Review Board, except that we hope doing so will shorten the time the veteran will have to wait for a decision on his pension.

Senator Smith (Colchester): I thank the honourable senator for his endeavour to enlighten me. I am sorry, but I have not been able to see that light in the fullness with which he hoped I would. I do not find the idea of continuity necessarily good, unless what has been happening in the past has been good. What I am really asking is: What guarantee is there, or what reason is there for us to believe that what has been happening in the past has been good enough for us to continue the tenure of these persons, rather than seek new persons in order to bring new ideas and new concepts to the offices.

Senator Carter: The answer to that is that it takes a member of the Board at least two years to become familiar with the act and the precedents, and to acquire the experience that enables him to serve on the Board efficiently. If he has only three years left after that, then his expertise is lost. If, on the other hand, his tenure is extended to ten years, then not only do we retain the expertise, but we have the further benefit of the continued build-up of experience over that tenure.

Senator Smith (Colchester): Would the honourable senator not agree that that depends entirely on whether the lessons learned are sufficiently good; and would he not agree that it might be of salutary benefit to dispense with the services of people whose work is unsatisfactory?

Senator Carter: I am not Solomon. I do not know what the honourable senator means by "good". Is a decision good when it is in accord with his own opinion, and bad when it is not? If that is what he means, that is a poor basis for judging whether a decision is good or bad.

Senator Smith (Colchester): I compliment the honourable senator on his ingenuity. However, I should like to ask him whether the difficulty of correlating medical reports of service, which took place some 40 years ago, with present disability is not something which deserves the careful consideration of the legislature and the Pension Commission. Surely that argument ought not to be put forward as an excuse for failing to do justice to a veteran who, because of his own courage and determination to get along on his own in the past, has not devoted sufficient attention to creating records for future use.

Senator Carter: That is a common complaint and it does have some validity. Veterans, like the rest of us, are human, and some of them swing the lead and still build up their records. Every time they have a toothache they run to the M.O. and get some documentation for it, and thus build up a voluminous record. On the other hand, another veteran may not take any action at all and, therefore, does not build up any record, and, finally, when it comes time to apply for a pension he finds himself handicapped because he has no documentation. That is a fact of life, but I do not see how anyone can remedy it. We are referring to something which happened 40 or 50 years ago.

If a veteran was in A-1 condition when he was admitted into any of the services, but upon his discharge was not in that same condition, then I would take the stand that the difference must be concluded to be the result of his military service and he should be eligible at that point. However, that is not written into the act, and the Pension Commission is bound by what is in the act. Perhaps what you are really asking for is a change in the philosophy of the Pension Act itself.

Senator Smith (Colchester): Would it not be reasonable to ask the honourable senator, when we are asked to amend the act by extending the tenure of the members of the Pension Review Board, to consider the philosophy and what might benefit those who are deserving of our careful consideration?

Senator Carter: I do not think I can add much to what I have already said. I do not determine the policy. If you want to examine the policy, the proper place to do so is in committee.

Senator Smith (Colchester): Well, the honourable gentleman is asking us to approve on second reading the principle of the bill. Surely, the principle of the bill concerns policy. However, if the honourable gentleman confesses his inadequacy to deal with the matter, I accept that.

Senator Walker: No offence!

Senator Grosart: Honourable senators, may I ask a question? Did I correctly hear the sponsor of the bill say that it takes two years for a member of the Pension Review Board to familiarize himself with the act and the precedents? Did I hear that correctly?

Senator Carter: What I said, I said extemporaneously. I did not have notes. However, I did say that it takes at least two years for a member to familiarize himself with the act and the precedents which have been built up and with the procedures involved. There are various factors to be taken into consideration when adjudicating a veteran's pension. There is much to be learned, and it must be learned by experience. It cannot be learned from a textbook.

Senator Flynn: Until then, his decisions are rather inadequate.

Senator Smith (Queens-Shelburne): Not at all.

Senator Flynn: Does he make decisions in the meantime?

Senator Smith (Queens-Shelburne): Come off it!

Senator Croll: Let's get on with it.

Senator Flynn: Well, explain that, Senator Smith. Come on!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Carter, bill referred to the Standing Senate Committee on Health, Welfare and Science.

● (1500)

COMPETITION POLICY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY LEGISLATION

Hon. Salter A. Hayden moved pursuant to notice of May 3:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and report upon the subject matter of the Bill C-42, intituled: "An Act to amend the Combines Investigation Act and to amend the Bank Act and other Acts in relation thereto or in consequence thereof," the subject matter of which was referred to the Standing Senate Committee of the House of Commons on Finance, Trade and Economic Affairs on Friday, 25th March, 1977, or any matter relating thereto; and
>
> That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

He said: Honourable senators, I think a few words of explanation would be in order. The reason for making this motion at this time arises because of the course of action that was taken in the other place.

On March 25 of this year, Bill C-42 was at the stage of second reading, and was on the Orders of the Day for that day. The first motion that was made by the government house leader—and I ask honourable senators to note this—was:

> That the subject matter of Bill C-42, an act to amend the Combines Investigation Act, and to amend the Bank Act and other acts in relation thereto or in consequence thereof, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

It appeared from the debate that followed that this matter had been discussed with the leaders of the various parties represented in the Commons, because they all spoke favourably of this disposition of the matter. Thereupon, the question having been raised about what would happen to Bill C-42 and its position on the Order Paper, the report in the *Votes and Proceedings* of the House of Commons for that day says as follows:

> After debate thereon—

That is, on the motion I have read.

> —the question being put on the motion, it was agreed to.
>
> Accordingly, the Order was discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Finance, Trade and Economic Affairs.

Following that, advertisements appeared in various newspapers indicating that this Commons committee was proposing to conduct hearings, setting a date for registration of a desire or intention to appear, and also setting a time for the filing of briefs, and then indicating that the hearings would take place, starting at the beginning of June of this year and terminating at the end of that month.

The minister made a statement in which he said that the amendments he is proposing will be submitted to this committee, that the representations that will have been heard by the committee will be translated into a report, and that with all this material a new bill will be tabled in the next session, which is expected to commence in October of this year.

Before I go on, I should like to call Senator Grosart's attention to the wording of the resolution in the Commons. I have not been able to find any other occasion upon which the subject matter of a pending piece of legislation has been referred by the Commons to one of its committees, although we have adopted this procedure here for many years.

If I may continue, it appeared to me then that we should meet actively to study the subject matter of this bill and hear representations. As a matter of fact, without any authority from the Senate, we have been receiving requests from outside interests saying that they would like to appear. Of course, we have not been able to do anything about it. It seems very important that this bill should be studied by the committee, because a year and a half ago we did deal with phase one of the competition bill, which made certain amendments to the Combines Investigation Act.

In the course of the report, which honourable senators can read, we raised certain issues, such as civil remedies and items of that kind, whereupon the then minister said, "Well, when phase two, which deals with mergers and monopolies, comes before you, you will have the opportunity to discuss and raise the same issues, such as civil remedies, et cetera. Therefore, you will have another chance. It is not as though you are foreclosing for all time your interest and your position on these issues that you have raised." On that basis, and after further discussion, we reported the bill without amendment.

These things are outstanding. This is a very important bill, and I think that on behalf of the Senate an examination should be made of the subject matter of Bill C-42, and a report made at this time. To some extent, there may be different viewpoints that will have to be resolved. In any event, the subject matter is very important. The opportunity to have hearings and an examination at this stage before a new bill is drafted is a limited one in time. Therefore, it would mean the committee would have to get to work almost at once in order to study the bill, hear evidence and prepare a report. For that reason I have brought forward this motion.

● (1510)

Senator Flynn: Honourable senators, the situation described by Senator Hayden is rather unusual, because, as I understand it, Bill C-42 has been withdrawn. So, are we to consider the bill that has been withdrawn to be a white paper? We do not

know in what manner it is to be replaced. However, we should be made aware of what we are to consider this bill which has been withdrawn, the government having announced that it will redraft it. It is a strange situation, to say the least.

My second point is that, apparently, the House of Commons committee will deal with this bill, even though it has been withdrawn. How do they look upon it? Do they consider it a white paper?

Senator Hayden: May I answer your first question—

Senator Flynn: I have another point, if Senator Hayden will permit me. If I am correct, the Commons committee will deal with the bill, although it has been withdrawn, and we will deal with the same subject matter at the same time. Does that mean that we will hear the same witnesses? And how will it be determined what we will do in the Senate committee as compared to what is done in the Commons committee? In my opinion, the situation is rather complex and I would like the honourable senator to attempt to shed a little light on it.

Senator Hayden: My interpretation of what has taken place is that Bill C-42 has been reduced to the status of a white paper by the action which has been taken and—

Senator Flynn: A weak white paper.

Senator Hayden: —it is ordinary procedure for us to study the subject matter of a white paper.

Senator Flynn: A fading white paper.

Senator Hayden: So, I see no reason for concern in that regard. The committee, as appears from the notes which I read from the *Votes and Proceedings* of March 25, does indicate that it is proceeding to deal with Bill C-42. It must be on the basis that it is in the nature of a white paper, because it is no longer on the order paper as a bill.

I notice, also, that in the course of the debate, before the vote was taken and after the Speaker had commented, "The procedure is a little extraordinary, but if it is simply to allay a concern of the hon. member perhaps the minister might answer," the Minister of Consumer and Corporate Affairs said:

> Mr. Speaker, I welcome a chance to allay that particular apprehension. In the discussions I indicated we would provide a list of persons and organizations who in the past years have expressed interest, but I think the committee would probably want to issue a more general invitation.

So, obviously they are proceeding on the basis that it is a white paper. It is the only basis on which they can proceed.

Senator Flynn: It is interesting, however, that we are in an even more difficult situation than when we face a white paper. This is so because, since the minister decided to withdraw the bill, it has not been indicated that it is the intention of the minister or his department to introduce the same type of legislation. They may well have other very different ideas in mind. It seems to me that, at least, we should begin studying this bill with the minister explaining the changes he intends making when he introduces a new bill, or even a real white paper.

Senator Hayden: There may be, and undoubtedly are, points in the bill, which is now reduced to a white paper—

Senator Flynn: Even less than that, I suggest.

Senator Hayden: —that should be considered at this stage. So far as I see the point, we have in this chamber at times approved resolutions in which we have referred the subject matter of a white paper, including the authority to study any legislation proposed to implement the proposals contained in the white paper, to a committee. So in the past we have taken authority to do two things, and the situation as I see it now is a parallel to that situation, because there is no bill. Therefore, what we are looking and—

Senator Flynn: There is no white paper, either.

Senator Hayden: We are looking at something which was a bill and which has had its status changed to that of a white paper. I do not know what else we could call it.

Senator Flynn: I do not contest the possible usefulness of either study. I am just attempting to obtain a clear indication as to what the committee will do. If it considers the no-longer-existing bill a white paper, in my mind that is not sufficient. The mere withdrawal of the bill indicates that the department and the minister have new views, so we would be operating in the dark. That is why I suggest that it would not be sufficient to take the bill as some form of white paper. We would have to start with a general statement by department officials or the minister as to the direction they now intend to take with regard to the bill which will be introduced to replace Bill C-42, in order that we know where we are going. If the minister or the department have abandoned the idea of this bill, we will be operating in a no-man's land.

Senator Hayden: If you assume, as I think you do, that the present position of the matter is that C-42 is tantamount to a white paper—

Senator Flynn: Not exactly; I do not think so.

Senator Hayden: Not exactly, but give it another name.

Senator Flynn: That is what I was attempting to suggest. How would you describe it—a green paper; a red paper?

Senator Hicks: An off-white paper.

Senator Choquette: Am I correct in assuming that in the past—

Senator Hayden: May I continue answering Senator Flynn?

Senator Choquette: I am sorry.

Senator Hayden: If it is not a white paper, it is proposals for legislation—

Senator Flynn: It is a former white paper.

Senator Hayden: We are in that position at the present time with respect to the White Paper on the Revision of Canadian Banking Legislation, because there will be a bill at some stage implementing what has been proposed. So do not call it a

white paper, if that offends your sense of propriety—call it "proposals"—but whatever you call it, this is the subject matter to which my motion refers. If you wish to ascertain what the subject matter is, it is to be found in Bill C-42; it is to be found in various treatises and brochures which have been issued along the way by the government in connection with this matter. Therefore, in my view, there is an element that should be studied at this time so that we are in line with the present thinking and proposals of the government. As to what other proposals and views we will have, I do not know, but at least we can prepare ourselves with respect to what we know.

Senator Choquette: Am I wrong in assuming that when we referred the subject matter of a bill to committee it was tantamount to giving it the six months' hoist and in effect, killing it? That has been my experience during the few years I have been here.

● (1520)

Senator Hayden: I would say there is no danger of killing the bill.

Senator Flynn: You cannot kill something which is dead.

Senator Hayden: The bill has been withdrawn. The bill, as a bill in the course of its procedure through Parliament, has disappeared. It has been withdrawn from the order paper. Therefore it is in the position of possible pending bills, and there may be a number of them. So far as shutting off any discussion on this subject matter, a new bill can be introduced at a later date. Nothing the Senate does will impede or hold up consideration of the bills concerned, or the submission of a new bill if the government decides to introduce one. We will draw certain conclusions and make a report. Those conclusions will be acceptable, or they will not. We will report to the Senate, and the Senate will follow a course of action.

Senator Walker: Honourable senators, obviously there is no bill before the house and obviously there is not at the present time a white paper. But I agree with my honourable friend that there is no reason whatever why this motion should not pass so that we can consider the subject matter of the former bill. Is not that correct? If so, I agree with the honourable senator's submission.

Senator Flynn: In any event, my questions can very well be put in committee when it commences its study. I was concerned as to exactly how we would operate. However, I think I can do that more efficiently in committee when the committee meets to determine its method of operation.

Senator Hayden: Honourable senators, as to how the committee will operate, all I can say is that I am only the chairman. The Leader of the Opposition is a member of the committee, as is Senator Walker, Senator Beaubien and Senator Haig. All members of the committee will have to settle on the procedure to be followed. As I mentioned, there have already been inquiries from people who would like to be heard in relation to the subject matter of Bill C-42.

Senator Flynn: I wish to say that I have never heard a greater understatement than that Senator Hayden is only the chairman of the committee.

Senator Deschatelets: Could Senator Hayden advise whether the committee in the other place has completed its examination of this subject matter?

Senator Hayden: No. Bill C-42 was at the stage on the order paper where it was up for second reading and reference to a committee. It was not referred to committee. It was not proceeded with on second reading. There was a motion by the government house leader in the Commons referring the subject matter of the bill to a Commons standing committee. That was passed, and the government house leader in the Commons then made a motion that the bill be withdrawn from the order paper. They had to tidy up the order paper. They did not want to leave it sitting there at the stage of standing for second reading. I believe the matter was raised by Mr. Knowles who pointed out the difficulty of leaving on the order paper an item which could not be proceeded with because the subject matter had been referred to committee. The motion was then put that the bill be withdrawn from the order paper. Therefore, they have cleaned up their order paper.

Senator Deschatelets: Then the committee has not yet met?

Senator Hayden: No.

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

Motion agreed to.

STANDING COMMITTEES

NOTICE OF MEETINGS

Senator Langlois: Honourable senators, before I move adjournment of the Senate, I should like to remind honourable senators that two committees will meet after the house rises. The Committee on Standing Rules and Orders will meet in room 263-S, and the Standing Senate Committee on National Finance will meet in room 256-S to examine the main estimates for the fiscal year ending March 31, 1978.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 5, 1977

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

Prayers.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Anti-Inflation Board, dated April 21, 1977, to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of proposed changes in compensation plan between the Otis Elevator Company Limited and their Plant Hourly Employees, represented by the United Steelworkers of America, local 7062.

Copies of Report on the operations of the Office of the Administrator under the Anti-Inflation Act covering the period from 31 December 1975 to 31 March 1977, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76.

Report of Eldorado Nuclear Limited and its subsidiary, Eldorado Aviation Limited, including their accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT APPROVING SALARY REVISIONS TABLED

Senator Laird: Honourable senators, I have the honour to table a schedule of authorized salary revisions for certain Senate positions, effective April 1, 1977, as approved by the Standing Committee on Internal Economy, Budgets and Administration, at its meeting of Thursday, May 5, 1977.

REPORTS OF COMMITTEE BUDGETS TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

The Standing Senate Committee on Health, Welfare and Science.

The Special Senate Committee on Science Policy.

(For texts of reports, see today's *Minutes of the Proceedings of the Senate.*)

ADVANCE PAYMENTS FOR CROPS BILL

REPORT OF COMMITTEE

Senator McDonald, Acting Chairman of the Standing Senate Committee on Agriculture, reported that the committee had considered Bill C-2, to facilitate the making of advance payments for crops, and had directed that the bill be reported without amendment.

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

Senator McDonald moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, May 10, 1977, at 8 o'clock in the evening.

Before the question is put I should like, as usual, to give a brief summary of the work of the Senate for the coming week. Dealing first with committee meetings, on Tuesday next the Standing Senate Committee on Foreign Affairs will meet at 2.30 p.m. to hear witnesses with respect to its inquiry into relations between Canada and the United States, and at 3.30

p.m. the Standing Senate Committee on Health, Welfare and Science will meet to consider Bill C-11, an act to amend the Pension Act.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet in camera at 9.30 a.m. to consider the White Paper on Canadian Banking Legislation.

On Thursday the Standing Senate Committee on Foreign Affairs will meet at 9.30 a.m. to continue its study of Canada-United States relations; the Standing Senate Committee on Agriculture will meet at 9.30 a.m., and at 3.30 p.m. or when the Senate rises, to hear witnesses in connection with its inquiry into the beef industry; and at 3.30 p.m. there will be a meeting of the Joint Committee on Regulations and other Statutory Instruments.

The Senate will proceed with second reading of Bill C-9, which came to us today from the Commons, and the other items now on the order paper.

Motion agreed to.

● (1410)

FINANCIAL ADMINISTRATION ACT

CROWN CORPORATIONS NOT SUBJECT TO AUDIT—QUESTION

Senator Grosart: Honourable senators, I wish to direct a question to the Leader of the Government. Would he inform the Senate of the names of those crown corporations which, under the Financial Administration Act, are not subject to audit by the Auditor General of Canada? Of course, I do not expect that information today.

Senator Perrault: Honourable senators, I shall be pleased to take that question as notice, and attempt to provide the information at the earliest opportunity.

Senator Flynn: Perhaps you could add the reasons for their not being subject to it.

PRAIRIE PROVINCES

DROUGHT CONDITIONS

Senator Buckwold: Honourable senators, this week Senator Austin asked a question about drought conditions prevalent in the prairie provinces. This led to some comments and I quote Senator Smith (Colchester), who said:

> I should like to ask the Leader of the Government if the only policy of the government in this very serious crisis is to pray for rain.

A little later he asked:

> Does the Leader of the Government not know that it is only the prayers of the righteous that avail?

I am pleased to report, after communication with Saskatchewan this morning, that a most delightful rain is falling now—

Hon. Senators: Hear, hear.

Senator Buckwold: —on those parched prairies. It is a really marvellous rain all across the province. My question, I suppose, is now directed to Senator Smith—

Senator Flynn: On a point of order. You cannot put a question to a member of the house other than the Leader of the Government. You can, however, put a question to yourself and reply; and that you have done.

Senator Buckwold: Then I will point out that the prayers which have been referred to have been answered, and, therefore, by Senator Smith's definition, the leader and the government he represents must be considered to be righteous and deserving, and—to paraphrase Senator Walker—faith must have been accompanied by good works.

Senator Langlois: Saskatchewan is close to God.

Senator Smith (Colchester): I intend to ask a question on another subject, but before doing so I should like to acknowledge the logic of the honourable senator's comment, but also to say that if the rain fell only upon Saskatchewan the prayers have as yet only been half answered. Therefore, I suppose at the moment all one can claim is that the prayerful attitude has been only half useful, and we look forward either to more righteousness or a better policy.

An Hon. Senator: More prayers.

Senator Smith (Colchester): More useful prayers. I can add that perhaps there were other prayers, which more readily conform to the definition of prayers of the righteous, which were answered.

Senator Perrault: In connection with Senator Buckwold's earlier remarks, I should like to add that it is gratifying that the prayers and supplications of honourable senators have been answered so swiftly. It suggests that this chamber has some very good connections in the universe, which makes me think we should pursue that line of communication more frequently.

Senator Walker: May I interject to add that so far the rain has fallen only on Tory Saskatchewan and Tory Alberta.

Senator Perrault: I must say that a cabinet minister from Winnipeg reported today to his colleagues that there are two inches of water in his basement. Surely this constitutes an embarrassment of riches.

FISHERIES

VIOLATIONS OF COASTAL JURISDICTION—QUESTION

Senator Smith (Colchester): Honourable senators, with reference to the extension of Canada's offshore jurisdiction to 200 miles, I should like to inquire of the Leader of the Government whether any foreign ships have been found fishing within that limit without proper authority and, if so, where, when, what ships, what nationality, and what action has been taken in relation to each.

Senator Perrault: Because of the details which have been requested, I should like to take the question as notice.

CANADIAN BROADCASTING CORPORATION

SALARY OF FORMER CBC EMPLOYEE—QUESTION ANSWERED

Senator Perrault: Honourable senators, I rise to inform the Senate of a reply I have received from the Canadian Broadcasting Corporation to a question posed by Senator Riley, the question being whether it is true that a present member of the Péquiste government in Quebec was earning more money than the President of the CBC when she was an employee of the CBC and an avowed separatist.

I am informed by the Canadian Broadcasting Corporation as follows:

> It has not been customary to require the CBC to disclose such details of its internal management and administration as the amounts paid to performers as fees. The background of this custom is described in detail in the reply to the question asked of the CBC on December 16, 1976 by the Honourable Senator Norrie.

I regret, honourable senators, that I am unable to be more helpful at this time. It may be that the management of the CBC should be questioned more closely with respect to this policy when they next appear before a Senate committee.

Senator Flynn: Had the reply been a simple yes it would not have divulged anything.

ACCOUNTABILITY TO PARLIAMENT

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government, in light of the reply just given, whether he is satisfied that that is a proper way for the CBC to account to the representatives of the public, namely, Parliament, in respect of the expenditure of public funds?

Senator Perrault: I think there should be a better system of accountability. I think it is in the public interest to have additional details with respect to the operations of any corporation spending large amounts of public money. Without suggesting in any way that there be any unfair restriction on the freedom of this public corporation, I think Parliament should ask to be provided with more detail with respect to its operations. Perhaps that is a subject we should take up with CBC's management when they next appear before one of our committees.

Senator Flynn: In any event, we are saving money now.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been granted to revert to Motions:

Senator Grosart, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Yuzyk be substituted for that of the Honourable Senator Bélisle on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Alan A. Macnaughton moved the second reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

He said: Honourable senators, Bill C-39 would amend section 6 of the Bank Act and of the Quebec Savings Banks Act in order to permit the banks chartered under those acts to carry on business until March 31, 1978. As these acts now read, the powers of the banks to do business would lapse on July 1, 1977. Without this action by Parliament, the banks would not have legislative authority to carry on operations after that date.

● (1420)

This bill is necessary because it is now evident that it is not possible to introduce and have passed by Parliament before July 1 of this year the government's proposals for the decennial revision of the Bank Act and related legislation. It is obvious that the development and the drafting of this legislation is taking longer than was originally envisaged.

The extension of the Bank Act has precedents. In the first half of this century, the act was extended three times, in 1911, 1912 and 1933, and in the period from June 1964 to July 1967 it was extended five times. The delay at that latter time was due, in part, to the time it took to receive the Report of the Royal Commission on Banking and Finance and to give the public and the government time to digest its recommendations.

On this occasion, the decennial revision process is taking longer than was originally envisaged, for three reasons. The first is the extent of consultations encouraged by the issuance of a white paper; the second is the size and complexity of the task; and the third is the extent of other pressures on the small group of legislative draftsmen in the Department of Justice.

As long ago as September 1974, the then Minister of Finance invited submissions on the decennial revision. These submissions, which were asked for by the fall of 1975, came in through that autumn and the winter of 1975-76. As you may recall, the Minister of Finance issued a white paper in August 1976, setting out the government's major proposals for change in our banking legislation, to enable interested parties to discuss these proposals before the legislation was prepared.

Briefs were again encouraged, to be received by October 15, 1976. In fact, the minister continued to receive briefs after that date because of the importance of the issues at stake and the desire to take full advantage of the views and experience of Canadians wishing to be heard. Throughout this whole period, government representatives have had a number of meetings with those seeking direct discussion, including the provincial governments, representatives of the credit unions, caisses populaires, trust companies, loan companies and finance companies, investment dealers, the banks themselves—including foreign banks—and others. While this process has been time-consuming, it has been very worthwhile. As honourable senators know,

this process of consultation has continued in the Standing Senate Committee on Banking, Trade and Commerce.

Those of you who have read the white paper, the published submissions that have been sent to the minister and to the Senate, and the record of the Banking, Trade and Commerce Committee hearings, will understand the extent and complexity of this decennial revision. Any restructuring of the legal framework within which our major financial institutions operate is a serious business, and a process that cannot be hurried unduly. There will be ample time, after the introduction of the government's detailed proposals, to discuss their substance.

At this time I would simply stress the extent and complexity of the task the government faces in preparing this legislation. A substantial part of the drafting task is the restructuring of the Bank Act to incorporate in it, insofar as possible, the relevant parts of the Canada Business Corporations Act. This is a large task. It is further complicated by the fact that the French version of the Canada Business Corporations Act, by virtue of a discussion in a committee of the other place, is currently under revision, and the final version will impact heavily on the French version of the banking legislation.

Finally, because of the complex and specialized nature of some of the proposed banking legislation, and the fact that this legislation is only amended every decade, there are few people in the Department of Justice who have the experience to undertake this drafting. They have over the past several months been hard pressed by a heavy load of important legislation, and have not been able to give the Bank Act the time and attention that would have been required to bring the proposed amendments forward at this time.

This bill will extend the decennial period by nine months. The government's intention in introducing it is to help ensure that Parliament will have ample time, after its introduction, to give the amending legislation the time and attention it deserves.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until Tuesday, May 10, at 8 p.m.

THE SENATE

Tuesday, May 10, 1977

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

Prayers.

MARITIME CODE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

UNEMPLOYMENT INSURANCE ENTITLEMENTS ADJUSTMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-52, to provide for the consideration of certain unemployment insurance entitlements.

Bill read first time.

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

Senator Perrault: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

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

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of contract between the Government of Canada and the Province of Prince Edward Island for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Copies of eleven contracts between the Government of Canada and various municipalities in the Province of Saskatchewan for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Copies of eight contracts between the Government of Canada and various municipalities in the Province of Nova Scotia for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Report of the Canadian Turkey Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1976, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting Computers and Related Telecommunications Equipment, Reference No. 150 (English and French texts) together with a copy of the transcript of evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter T-1, R.S.C., 1970.

Revised Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1976, pursuant to section 22 of the Department of Regional Economic Expansion Act, Chapter R-4, R.S.C., 1970.

Copies of the Report of the Mackenzie Valley Pipeline Inquiry (Volume I) entitled "Northern Frontier, Northern Homeland", dated April 15, 1977 (The Honourable Mr. Justice Thomas R. Berger, Commissioner).

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between the St. Boniface School Division No. 4 and the group of its executive employees. Order dated May 6, 1977.

PENSION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-11, to amend the Pension Act, and had directed that the bill be reported without amendment.

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

Senator Carter moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (2010)

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lucier be substituted for that of the Honourable Senator Lamontagne on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit while the Senate is sitting on Thursday next, 12th May, 1977, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, before the question is put I should like to inform the Senate that the intention is for this committee to sit at 3.30 or after the Senate rises. The purpose of this motion is to permit notices of this meeting to be sent out as soon as possible.

Motion agreed to.

ROYAL COMMISSION ON CONCENTRATION OF CORPORATE POWER

RESIGNATION OF CHAIRMAN—QUESTION

Senator Benidickson: Honourable senators, having learned with profound personal sorrow of the illness of Mr. Robert Bryce, a long-time outstanding public servant, obliging him to resign as chairman and only full-time commissioner of the Royal Commission on Concentration of Corporate Power, may I ask the Leader of the Government this question: What steps does the government propose to take, at least in part, to rectify this deplorable situation?

Senator Perrault: Honourable senators, I will take that question as notice and provide a reply as soon as possible.

MACKENZIE VALLEY PIPELINE INQUIRY

VOLUME ONE OF REPORT—QUESTION AND ANSWER

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question regarding the Berger Commission Report which he tabled this evening. Would the government leader encourage the Standing Senate Committee on Transport and Communications to receive that report and hear submissions from people in the private sector with respect to its impact on the Canadian economy and community?

Senator Perrault: Honourable senators, the proposal will certainly be given consideration by the government. I can say that the report is under study now by the government. As honourable senators are aware, it addresses a broad range of environmental, social and economic issues, with particular reference to the native people of the north. The report is being given careful and serious examination by the government as it weighs impending decisions with regard to northern pipelines. No decision can be taken by the government until it receives the conclusions of the National Energy Board, now expected in early July. In addition, we look foward to receiving the second volume of Mr. Justice Berger's report during the summer. However, the proposal advanced this evening to broaden the nature of parliamentary inquiry into this important matter will be considered carefully.

Senator Flynn: Would the Leader of the Government agree that if Senator Austin wishes to give notice of an inquiry he can do so?

Senator Perrault: Without doubt.

HEALTH, WELFARE AND SCIENCE

NON-RESTRICTED USE OF CYCLAMATES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on May 4 the Honourable Senator Smith (Colchester), asked "whether the government concurs in the view that the substances known as cyclamates should not have been restricted in their use by any departments of government in years gone by?"

The reply is as follows:

The government does not concur in the view that the substances known as cyclamates should not have been restricted in their use by any department of government in years gone by.

In Canada, action was taken in 1969 to restrict the use of cyclamates to tabletop sweeteners, with a requirement that the label state the product should be taken on the advice of a physician. The United States government completely banned the use of cyclamates a few days before the Canadian action was announced. Both countries acted in the interest of prudence, as a result of studies suggesting that cyclamates produced bladder cancer in experimental animals.

Since 1969, a great deal of additional information has become available on the safety of cyclamate, as a result both of significant advances in the methodology of safety

testing, and intensive interest in the safety of artificial sweeteners. These recent studies have not confirmed the earlier suspicions that cyclamates are carcinogenic. However, several investigations have found that cyclamates do cause another problem: atrophy of the testicles in male rats. Studies are now under way which may permit a final assessment of the overall safety of cyclamates. In the meantime, the status of cyclamate remains unchanged, and its marketing, other than under the restricted conditions mentioned above, is not permitted.

ADVANCE PAYMENTS FOR CROPS BILL

THIRD READING

Senator Molgat moved the third reading of Bill C-2, to facilitate the making of advance payments for crops.

Motion agreed to and bill read third time and passed.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

The Senate resumed from Thursday, May 5, the debate on the motion of Senator Macnaughton for the second reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, the sponsor of the bill, Senator Macnaughton, explained thoroughly the purpose of this bill and the results it will have. Because neither the government nor Parliament can meet the deadline of June 30 or July 1, 1977, the date on which the current act respecting banks and saving banks expires, it, or rather those two acts, must of necessity be extended further to allow the government, once again, and Parliament to introduce new legislation in this regard.

The government tabled a white paper, if I remember correctly, in 1976, about a year ago. As you know, a committee of the House of Commons, as well as a committee chaired by Senator Hayden, worked on that white paper and received briefs of all sorts. In fact, unless I am mistaken, our committee is just about to submit a report on the briefs and the work done to date.

In any event, this bill would extend the application of the existing act till March 31, 1978; that is, for an additional nine months after the date set in the act, namely, June 30, 1977.

It may be interesting to note that the wording submitted by the Minister of Finance proposed a rather complicated system. It provided for the extension of the Bank Act and the Quebec Savings Banks Act as follows:

> If Parliament sits on at least 20 days during the month of December 1977, the bank may carry on the business of banking until the first day of January 1978.

that is, on the whole, for six months, and

> if Parliament does not sit on at least 20 days during the month of December 1977, the bank may carry on the business of banking until the sixtieth sitting day of Parliament next thereafter, and no longer.

that is until, say, March 1, 1978. This was very complicated and following a suggestion made by the opposition in the House of Commons, the present wording was adopted and it simply extends both acts until March 31, 1978.

The only relevant question is whether this will be enough to enable the government to make a decision and to put forward legislation based substantially on the white paper which has already been tabled or on some considerations based on the recommendations of the committee chaired by Senator Hayden or the committee in the other place for example.

For the rest, the white paper proposes, of course, substantial amendments. There is no doubt about that and I think it would be prudent and wise to refrain from making a hasty decision in this matter. We should extend the act once again until March 31, 1978, because Parliament will probably be asked to further extend this act. That is the sole purpose of the bill before us. No other principle is involved. It does not give rise to any other difficulty and there is no objection to its passage.

[*English*]

On motion of Senator Benidickson, debate adjourned.

• (2020)

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Maurice Bourget moved the second reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

[*Translation*]

He said: Honourable senators, we have today before the Senate for consideration on second reading the James Bay and Northern Quebec Native Claims Settlement Bill. The purpose of Bill C-9 is to approve, give effect to and declare valid the agreement between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, the Société d'énergie de la Baie James, the Société de développement de la Baie James, the Commission hydro-électrique de Québec and the Government of Canada, and certain other related agreements to which the Government of Canada is a party.

[*English*]

The James Bay and Northern Quebec agreement was the result of a long and what was an often difficult process of planning, discussion and negotiation between the Crees and

the Inuit of northern Quebec and the federal and provincial governments. I should like to describe that process briefly, because it is a tribute to the dedication and sense of purpose of all those who have been involved in fashioning the agreement and preparing the legislation now before us.

The federal government's role and participation in events leading to the signing of this agreement concerning James Bay stems from the legislative jurisdiction with respect to Indians and lands reserved for Indians assigned to the Parliament of Canada by the British North America Act, 1867. Part of that responsibility was to provide protection to the Indian people in their traditional occupancy and use of lands. The James Bay and Northern Quebec agreement demonstrates clearly the federal government's recognition of its obligations towards the Indians and Inuit of northern Quebec. As a comprehensive claims settlement the agreement acknowledges the traditional use and occupancy of the lands by the Indians and Inuit of that territory.

Actually, both the federal and provincial governments had certain obligations with respect to the settlement of native claims in the territory. The terms of the Quebec Boundaries Extension Act of 1912, which transferred the area north of the Eastmain River from the Northwest Territories to the jurisdiction of Quebec, provided that the province would recognize native rights in that area and pay compensation for the surrender of such rights in the same manner as the Government of Canada had previously done in other areas.

[*Translation*]

However, the obligations under the Quebec Boundaries Extension Act remained unheeded until 1971, at which time the Dorion provincial commission recommended the signing of an agreement recognizing the rights of the native people in the area. In the spring of the same year, the Quebec government announced its intention to develop the hydroelectric resources of James Bay and created the Société de développement de la Baie James. These new developments caused the Crees to express their concern about their territorial land rights, which resulted in periodical meetings between Indian Affairs officials, Cree representatives and the provincial officials concerned.

Some time later, an environmental task force including provincial and federal representatives was established to study the ecological impact of the project, and the federal government began to provide funds to the Association des Indiens du Québec to enable it to inform the native people in the territory of the proposed development.

During those two years, the main effort was aimed at convincing the provincial government to take notice of the problems raised by the native people. Since this approach failed to produce the anticipated results, the Indians and the Inuit went to court in order to obtain an injunction and put a stop to the James Bay project, with the assistance of $5.5 million from the federal government in the form of subsidies and loans.

Negotiations finally began early in 1974 on the basis of a Quebec government offer in keeping with the suggestions made a few months before by the Department of Indian Affairs and Northern Development. The federal government was satisfied with this offer because it contained the elements thought essential for a satisfactory settlement along the lines of government policy concerning native claims.

● (2030)

[*English*]

This policy, which was announced in August 1973, acknowledged the government's willingness to negotiate with the Indian and Inuit representatives on the basis of claims that related to the loss of traditional use and occupancy of lands in those areas of Canada where Indian title had never been extinguished by treaty or superseded by law. The policy recognized that these claims, which it called "comprehensive," were not only for money or land but involved the possible loss of a way of life, or required at least major adjustments, for which the native people concerned should be compensated. While it committed the federal government to a key role in any claims negotiations, the policy emphasized that settlements could only be satisfactorily reached if the province or territory concerned participated along with the federal government in the negotiation, settlement and compensation process.

In northern Quebec, the main concern of the Crees and Inuit was not to obtain monetary compensation but, rather, to preserve their traditional culture and lifestyle while at the same time gaining an effective voice in controlling matters which affect their daily lives in the territory.

The James Bay and Northern Quebec agreement, which was signed on November 11, 1975, answered the needs of the Crees and Inuit, fulfilled the federal government's commitment to seek a just settlement of their claim, and enabled Quebec to continue to meet its particular responsibilities toward the citizens of the province as a whole.

This is, perhaps, the most important aspect of the James Bay and Northern Quebec agreement—that it is designed for accommodation. It represents, in my view, an honest attempt by all signatory parties to accommodate particular needs and fulfill particular obligations in a manner satisfactory to all concerned. It is regarded by the participants as a good settlement—not a model for others, for which it is not meant, but one to be defended in terms of the mutual satisfaction and benefits it brings to those who signed it.

In signing the agreement, the Crees and Inuit are sure that their needs will be met with respect to the usage and occupancy of lands, special hunting, fishing and trapping arrangements, health and social services, education, the administration of justice, economic development opportunities, protection of the environment, and local and regional autonomy. The agreement will result in greater control by the native people of their own affairs, and increased native participation in all aspects of the administration of the Territory.

In the words of Billy Diamond, whom I salute tonight since he is in the gallery, Chief of the Grand Council of the Crees of

Quebec, "The James Bay Crees have put themselves in an autonomous and independent position, not only to face the Governments of Canada and of Quebec, but also to face the society which they will have to participate in, not as spectators, but as participators and decision-makers of the future".

[*Translation*]

Monetary compensation totalling $225 million over a 20-year period will be paid to corporations controlled and managed by Crees and Inuit for the benefit of all James Bay and Northern Quebec natives. The federal government is committed to pay $32.75 million, and the provincial government will pay $42.25 million. An additional $75 million, guaranteed by the Quebec government, will be paid by the James Bay Power Corporation as royalties on hydroelectric revenues. Finally, the Quebec government will pay native peoples $75 million in the form of bonds, in lieu of Quebec's original proposal for royalties on mining revenues in the territory. The agreement also provides for tax exemption in respect of all monetary compensation.

Beyond those special rights and benefits, the agreement ensures that Crees and Inuit will continue in the rights and privileges set forth in the Indian Act in cases, of course, where it is applicable, as well as the benefits provided for in any other special statutes that may arise from the agreement. Crees and Inuit will also remain entitled to federal and provincial general programs available to Canadian and Quebec Indians and Inuit.

The Crees and Inuit in turn have agreed to forego their territorial claims and accept the continuation of James Bay hydroelectric developments, in consideration of the benefits accruing from the agreement. As for Quebec, it made some amendments to the hydroelectric development project because of native concerns. They will also take remedial action to minimize as much as possible the harm caused by the project to the native way of life. The cost of such remedial action to the James Bay Corporation alone will total some $30 million.

[*English*]

I have said that the agreement is designed specifically to accommodate needs and wishes in a way that will be of benefit to all parties. I think it is very important at this juncture to point out that it is also designed to permit accommodation for those native groups who were not party to it, but who may have interests in the territory. It assures them of the opportunity to obtain certain rights and benefits which otherwise they might not have.

● (2040)

Under section 2.14 of the agreement, Quebec

> —undertakes to negotiate with other Indians or Inuit who are not entitled to participate in the compensation and benefits of the present agreement, in respect to any claims which such Indians or Inuit may have with respect to the Territory.

In the view of the federal government, section 2.14 protects non-signatory native groups. I stress that point because if honourable senators have read the debates of the House of Commons, or discussions that took place in the committee meetings, they will know that this clause has been raised very often. That is the reason why I stress that in the view of the federal government, section 2.14 protects non-signatory native groups who can establish valid claims to land in the territory. It constitutes a legal obligation which the province has stated it fully intends to honour.

In his inaugural address before the National Assembly on March 8, Premier Lévesque confirmed this intention by the following statement:

[*Translation*]

> Negotiations will continue with the other Indian nations to reach in those other cases satisfactory agreements.

[*English*]

Quebec's participation in the negotiations with the Naskapis of Schefferville, which are now nearing completion—and today I was told that an agreement will be signed in the near future—is a concrete example of that province's willingness to negotiate, pursuant to section 2.14, with native groups not party to the agreement.

I believe that the James Bay and Northern Quebec agreement represents a major development in the relationship between governments and native people. Previous to the agreement and Bill C-9, the traditional, unspecified rights which native people had in the territory had never been clarified in Canadian law, and had never been sanctioned or protected by treaties or laws. This uncertainty and vagueness will disappear upon giving legal status, acceptable in our courts of law, to the well-defined rights and benefits contained in the agreement which will be given effect to by Bill C-9.

As an added safeguard to ensure that the rights of the Crees and Inuit in the territory are protected, the bill provides for an annual process of reporting on the implementation of the act until the end of the compensation period—that is, from 1978 to 1998. Clause 5 of the bill is an important one because it provides the members of the Senate, as well as those of the House of Commons, with the opportunity to discuss and vote on any amendment to the agreement which might be proposed in the years ahead. This process will enable the Senate to make sure that the rights of the native people who are party to this agreement will in no way be diminished as a result of such amendments.

[*Translation*]

I am convinced, honourable senators, that this is a good agreement because it was concluded as a result of lengthy and careful negotiations which really aimed at meeting the special needs of the Cree and Northern Quebec Inuit. In the evidence heard by the Standing Committee on Indian Affairs and Northern Development, the native people who are parties to the agreement have indicated their satisfaction as regards this agreement.

But the agreement will take effect only when the legislation is sanctioned by Parliament and provincial legislatures. Actually, last July the Quebec legislature passed a bill similar to Bill C-9, Bill 32. Until the federal legislation, that is to say Bill

C-9 which is now before us, is adopted, all the provisions of the James Bay and Northern Quebec agreements will not be fully implemented and the Cree and Inuit will not benefit fully from the advantages provided to them under this agreement.

Therefore, to conclude, honourable senators, I commend this legislation to your attention so that we can refer it to committee, which I believe will be the Committee on Legal and Constitutional Affairs. In my opinion, there is a legal aspect—I am not a lawyer—but I understand that those in the legal profession feel there is an important legal aspect in this legislation. Well, honourable senators, I wish to thank you for your kind attention and—

Senator Flynn: Federal, provincial?

Senator Bourget: Yes. Many honourable senators may have read or looked at the agreement under debate. They will realize that I have not dealt with too many aspects of the agreement because I found it a bit complicated. Under those circumstances, we should rather wait for the committee stage, where the minister or departmental experts will be present and they will be in a better position to give more enlightened answers than those which, in all humbleness, I, for one, could give tonight.

Senator Asselin: Honourable senators, after listening to the bright speech of my colleague, Senator Bourget, I do not feel prepared tonight to make all the comments that would be relevant to the presentation of this legislation before this chamber. Of course, there are very important aspects which have not been dealt with, as Senator Bourget said, such as legal aspects which will have to be scrutinized and considered in light of evidence brought by knowledgeable experts in constitutional law. Therefore, if no other senator wishes to rise, I move that the debate be adjourned to Wednesday, May 18.

[*English*]

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator—

[*Translation*]

Senator Bourget: Madam Speaker, if I may interrupt you, I do not know if Senator Adams intends to participate in the debate this week, but I do not think he will object to the adjournment motion proposed by Senator Asselin.

[*English*]

I am just asking Senator Adams if he has any objection to Senator Asselin's adjourning the debate until Wednesday of next week, because he told me a few minutes ago that he may participate this week. Owing to the fact that the proposed adjournment is to next week, I suppose there is no objection.

[*Translation*]

Senator Asselin: Honourable senators, I move the adjournment of the debate until next week because the House of Commons studied this bill for months before making a decision. It would seem reasonable for us on this side of the house, there being so few of us, to take at least a few days to study the bill in order to make a positive contribution to this debate.

Senator Bourget: I for one have no objection. I think that Senator Asselin is certainly entitled to move the adjournment of the debate until Wednesday of next week. I think that Senator Adams will also agree.

[*English*]

On motion of Senator Asselin, debate adjourned.

• (2050)

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY BAN ON USE OF SACCHARIN—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator McDonald:
>
> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to the Honourable Senator Stanbury.

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

Hon. Senators: Agreed.

Hon. Richard J. Stanbury: Honourable senators, I think we are all grateful to the Honourable Senator Buckwold for bringing our attention to the very topical question of government regulation of saccharin in our country. Other senators have brought their own professional expertise or their layman's interest to bear on the subject in several interesting addresses that we have heard in this house. I think the ventilation of this question in a committee of the Senate can do nothing but good. It may disclose some fault or inadequacy in the procedures of an important government agency, or it may serve to increase the already substantial confidence the Canadian public has in agencies of government which are dedicated to their protection.

It is important at the beginning, I think, of such consideration to recognize the climate in which such agencies work these days. It was only a few years ago that mercury was found in the streams and lakes, that phosphates came along in detergents to change the biological environment, that people began to suspect that food additives which had made our drinks more colourful and our bread more fresh might be having some serious effects on the health of those of us who consumed the end product. Then it became fashionable for so-called experts to discover on almost a weekly basis that one food item or another was good for us or bad for us. Each such discovery was followed the next week by an equally certain discovery by an equally qualified expert that the first discovery was nonsense.

It became clear that sanity was only going to be restored to the question of safety or danger in any particular substance when governments took the responsibility for making these

judgments. The food and drug laboratories of the United States and Canada began to announce their findings on the best evidence available to them after careful research. Of course, in almost every case the research was inadequate in scientific terms, and admittedly so, because most of the substances studied were of quite recent origin or of recent common usage. Unless the item was clearly poisonous or had an immediate effect on the human chemistry, it might take thirty or forty years of controlled experiments with human beings to be absolutely and scientifically sure. But most of these products are in everyday use by a great proportion of the public. To wait for scientific certainty would be to invite a major disaster. So government agencies had to find a quicker alternative.

For ethical and technical reasons it is extremely difficult to carry out direct human tests with suspected cancer-producing agents. In such circumstance science provides another approved procedure, which is to carry out the necessary studies with animals and to extrapolate the results to predict what will happen when the chemical involved is given to man. Because of the physical difference between man and animals, the difference in susceptibility to cancer-producing agents and the increased sensitivity of some human beings as compared to others, you have to be particularly careful to provide for a very high safety factor.

Many cancer experts, in fact, believe it to be extremely difficult, if not impossible, to set safety factors for cancer-producing agents. They believe that no amount of a cancer-producing chemical is safe. Others believe that a minimum safety factor must be in the order of 5,000 to 10,000. That is, if we determine the maximum level of chemical which does not produce cancer in animals we would permit only 1/5,000th or 1/10,000th of that amount in the human diet. I know it sounds a little ridiculous. In the case of the saccharin experiments the rats were given, on the basis of proportionate body weight, 800 times the saccharin which a human being would swallow in one 12-ounce bottle of diet pop. It is not very likely that any human being would drink 800 bottles of diet pop in a day. Besides, no case of human cancer attributable to saccharin has ever been identified. But the trouble is that the animal experiments, long before reaching the minimum safety factor science prescribes, found cancers in the bladders of some of the males of the first generation but much more commonly in the bladders of the males of the second generation.

While saccharin has been known since 1879, it is only within the last six or eight years that it has come into common use in relatively large quantities in diet drinks and diet foods as a replacement for cyclamates, and so on. It takes forty years for this kind of tumor to develop—a long time to wait to find out whether or not we have a national disaster on our hands.

As a layman I can, of course, make no assessment of the adequacy of the scientific work. I can only take note of the fact that an international panel of pathologists has reviewed the evidence and it was their consensus diagnosis upon which the government action was based. However, as a layman, I can assess the criteria upon which the public policy decision is based. Some of the press and individual comments would lead you to believe that there are no such criteria, that such a decision is made irresponsibly on the basis of recommendations by unqualified scientists. Of course, that is not true. There is a system in the department for making benefit/risk decisions. All possible variables are looked at to try to be sure that decisions are made on a rational basis.

First they look at the risk, the probability of a deleterious effect in man. That is a scientific measurement depending upon (a) the scientific validity of the experiments—in this case assessed by the reviewing scientists as unequivocal—and (b) the level and frequency of human exposure to the chemical. Then they assess the loss or damage that will result from leaving well enough alone or, on the other hand, from taking restrictive action. If the prospective damage is that relatively large numbers of people may suffer from cancer, that certainly becomes an important consideration. Cancer exerts extremely deleterious effects on its victims. It is impossible to even guess at the human suffering or the economic loss involved.

Then there is an examination of benefit. Is there a question of convenience, economic gain, relief of suffering, improved nutrition or improved quality of life? The benefit of saccharin is that it makes life a little more pleasant for those who must limit their intake of sugar, and therefore helps them to abide by the strict discipline by which they must live.

Another factor is acceptability. When risk is balanced against benefit, the risk will be considered by society to be acceptable in some situations but not in others. Cultural and philosophical factors often make decisions on the use of a particular chemical more difficult; for example, tobacco and alcohol. Government agencies, and even the government itself, have done a great deal to discourage smoking, but a democratic government can simply not abolish by fiat a habit to which almost 50 per cent of the adult population is addicted. Only a tremendous ground swell of public opinion would make this possible, but even though there have been some encouraging waves there is no such ground swell. But, of course, within living memory, attempts to prohibit alcohol consumption by government decree have been tried but they failed for lack of public support, so we continue to suffer the damage and loss brought about by the use of alcohol.

● (2100)

The public reaction to a food additive is quite different. They do not expect their government to permit manufacturers to put into commonly used foods any substance which is or even might be hazardous to their children or themselves. As a matter of fact, usually the hue and cry is to have some chemical banned just on the suspicion that it might be hazardous, and governments have to take the position that they have to have some reasonable evidence that the danger really exists. The evidence of risk has to be quite substantial to incite government action if the substance is essential for human health. In the case of saccharin there is no suggestion that it is essential. It is very useful to some people but by no means essential.

The combination of risk, benefit and acceptability have persuaded the government to make a number of rules to control the sale and use of saccharin. The department says that the decision was taken after consultation with the Canadian Medical Association, the Canadian Dental Association, the Canadian Diabetic Association and the Registrars of Pharmacy. In view of statements made by others there will no doubt be questions in committee as to the nature of those consultations.

The regulations take into account the needs of diabetics and others who wish to reduce their consumption of sugar for dietary reasons. They also take into account the need for a transition period for the industries involved.

Soft drinks, beverage mixes and beverage bases containing saccharin may be sold until October 1, 1977, and other foods until December 1, 1977. Saccharin may be sold anywhere until February 1, 1978, and thereafter in pharmacies without a prescription. While the sale of drugs and cosmetics containing saccharin will not be permitted after December 31, 1978, and December 31, 1979, respectively, you will notice that those dates are far enough in the future to permit an examination of each case and to permit exemptions to be given on the basis of the recommendations of medical experts.

Perhaps the most important thing to be said is that, in spite of the scare headlines, saccharin has not been banned. It is still available and will continue to be available for those who need it and for whom the risk of cancer is at least no greater than the risks they are already subjected to by existing health problems. But because of the evidence that it may be hazardous for human consumption it is being removed from the products which are commonly used by a very large proportion of the public who would otherwise consume them in ignorance of the presence of saccharin or in ignorance of the hazard of consuming it. That is surely the least that any government can do.

Having said that, I will conclude as I began. There is certainly no reason why Senator Buckwold's motion should not be adopted. There is no reason why a competent committee of the Senate should not examine the procedures which were followed, the evidence which was accepted and the criteria which were applied. The conclusions of the committee will either improve the basis for action by government in such matters, or will strengthen the confidence of the Canadian people in the apparatus through which they expect to be protected.

On motion of Senator Buckwold, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 11, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between the Elmira Public Utilities Commission and the group of its non-office employees, represented by the International Brotherhood of Electrical Workers, formerly local 2345, now local 636. Order dated May 9, 1977.

Copies of contract between the Government of Canada and the Province of New Brunswick for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

Copies of contract between the Government of Canada and the Province of Newfoundland for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English text).

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF STANDING JOINT COMMITTEE TABLED

Senator Lafond, Acting Joint Chairman of the Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, tabled the third report of the committee.

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

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

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

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

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

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, before the question is put I should like to add a word of explanation. Although the Banking Committee made substantial progress this morning on its report on the study of the white paper on Canadian Banking legislation, it is necessary for the committee to sit this afternoon to complete its agenda for the day. The committee will sit at 2.30 this afternoon in room 356-S.

Motion agreed to.

THE CANADIAN ECONOMY

UNEMPLOYMENT—QUESTION

Senator Phillips: Honourable senators, I should like to direct a question to the Leader of the Government, based on the failure of the government to introduce adequate measures to deal with the situation now facing this country in which we have over one million unemployed. The last budget provided $100 million for job creation. This equals $1.75 per week for each person unemployed. Is it the intention of the government to create jobs with this money, or to give the unemployed $1.75 per week?

Senator Perrault: The honourable senator's question really is not an interrogation in the traditional sense of the word. It is more in the nature of an inquiry. I would ask the honourable senator if I may take his question as such, to be printed on the order paper under "Inquiries." Perhaps the senator would like to initiate an inquiry and debate on the subject of unemployment.

Senator Grosart: He asked a question.

• (1410)

Senator Phillips: I will be very happy to do that when the Leader of the Government answers the inquiry now standing in my name on the order paper as to the number of people drawing unemployment insurance benefits.

Senator Flynn: Well put.

SPORTS

ORGANIZATION OF TEAM CANADA FOR FUTURE INTERNATIONAL HOCKEY TOURNAMENTS—QUESTION

Senator Molson: Honourable senators, I should like to ask the Leader of the Government a question with regard to Canada's image abroad as a result of our representation at the recent World Hockey Tournament in Vienna. When I posed a similar question to the leader on April 26, it was perhaps too soon after the first tournament game. However, since then we have all had a chance to observe what has happened to our image abroad.

I should like to ask the Leader if the Government would consider changing the method of organizing Team Canada so that this country would have better leadership and better representation in international hockey in the future. The leader of this team did not demonstrate the qualities expected of him as a sports ambassador of Canada, nor did he with the previous team.

Some Hon. Senators: Hear, hear.

Senator Molson: Although it is against our rules, if I might add a word of explanation, I should like to say that this year's team played well considering their capabilities, and I do not reflect on their playing ability in making these remarks. They played exceptionally well in at least three games against top teams, but at times throughout the tournament they acted in such a poor manner that it brought discredit to Canada. It is for this reason that I feel compelled to ask the government if we should not change the method of organizing our hockey team for future international competition.

Senator Perrault: Honourable senators, together with other senators I have been concerned about reports in the media with respect to the alleged conduct of some of Team Canada's representatives in the World Hockey Tournament which has just been completed in Vienna. However, I think we should wait for a report from team representatives, to determine whether or not there was provocation of which we are not aware. Secondly, I should point out that Team Canada finished two points out of first place and winning the gold medal, and under the circumstances played at least some of the games admirably well. All of us are aware of Senator Molson's extensive background in hockey. For this reason I shall certainly undertake to communicate to the minister responsible for sports and physical fitness the views he so eloquently expressed today.

I am sure that all of us join with the senator in hoping that at all times we can send our best possible representatives abroad, not only as far as their capabilities on the ice are concerned but their general deportment.

Senator Asselin: Perhaps we should send the Vancouver hockey team.

Senator Langlois: All we need is the Molson *expert* touch.

ROYAL CANADIAN MOUNTED POLICE

AGREEMENTS BETWEEN THE GOVERNMENT OF CANADA AND PROVINCIAL GOVERNMENTS—QUESTION

Senator Manning: Honourable senators, may I ask the Leader of the Government, with respect to the contract he tabled earlier between the Government of Canada and the Province of New Brunswick for the use or employment of the Royal Canadian Mounted Police if he could inform the house whether all provinces which previously had these agreements have now entered into new agreements, or, if not, what is the present status of those negotiations?

Senator Perrault: I must take that question as notice.

FOREIGN AFFAIRS

NEGOTIATIONS RESPECTING NUCLEAR SUPPLIES—QUESTION

Senator Grosart: Could I ask the Leader of the Government what is the current status of the negotiations between Canada and other countries with which any Canadian company has a contractual commitment for nuclear supplies, particularly West Germany, Japan and Sweden?

Senator Perrault: Honourable senators, I undertake to make a statement to the house at the earliest opportunity. I do not have that detailed information at my desk.

MACKENZIE VALLEY PIPELINE INQUIRY

VOLUME ONE OF REPORT—QUESTION AND ANSWER

Senator Austin: Honourable senators, may I ask the Leader of the Government whether, in view of the large number of comments on the Berger Report from oil companies and native communities, he has yet been able to take the position that the appropriate Senate standing committee give an opportunity to these various people to express their views?

Senator Perrault: Honourable senators, the proposal is being considered, and discussions were held today on the subject. However, may I say that it is difficult to know what shape such committee hearings would take or how much questioning would arise from the official opposition at committee hearings, in view of the fact that the Leader of the Conservative Party has expressed his outspoken support for the recommendations of the Berger Commission. I would be most interested in the views of the Leader of the Opposition on this subject.

Senator Flynn: Would you please read very carefully the statement of the leader of my party? You might then want to qualify what you have just said about it.

An Hon. Senator: "Unqualified support."

Senator Flynn: "Unqualified support" is wrong.

Senator Perrault: It is my understanding that the leader of the party represented here in the person of the Leader of the Opposition in this chamber expressed unstinting support for the Berger Report. I say this in no critical way. Perhaps the

Leader of the Opposition in this chamber may wish to clarify the position of his leader on this matter.

Senator Flynn: I am not entitled to reply to questions by Senator Austin. Besides, he never tells me in advance what he is going to ask me. He does tell you, however, and you have a political speech ready every time he puts a question. However, I am not afforded that advantage. I should be pleased to make clear, for your benefit, the position of our party on this matter. Once more I repeat that the Leader of the Government in the Senate has not correctly interpreted the statement made by the Leader of the Opposition in the other place.

Senator Perrault: I should be interested to know which one of his many statements. Which one of them?

Senator Flynn: If you don't know what you are talking about you should remain seated.

Senator Perrault: Perhaps this exchange of opinions on such an important matter could be carried on in a committee study.

Senator Flynn: It is ignorance on your part.

[*Later:*]

Senator Smith (Colchester): With reference to the question asked by Senator Austin, I wonder if I might ask the Leader of the Government, having regard to the rules and powers of the Senate, if it is not within the competence of Senator Austin or any other member of the Senate to move that the subject matter of this report be referred to an appropriate committee?

Senator Phillips: Why not make it an inquiry?

Senator Perrault: Of course, that is the standard practice.

Senator Flynn: Senator Austin would not move it without the blessing of the Leader of the Government.

Senator Austin: I should like to ask the Leader of the Government whether he would take up with the Leader of the Opposition in the Senate the desirability of the Transport and Communications Committee's holding these hearings, and I would ask Senator Flynn whether he would agree that this would be desirable?

Senator Flynn: A question cannot be put to me, but I am quite sure that I would be hurting any cause by lending it my support.

Senator Perrault: In the past I have found the Leader of the Opposition to be most cooperative in matters which would advance the interests of the Senate, and I would very much like to discuss these and other matters of mutual interest with him.

Senator Smith (Colchester): Honourable senators, I should like, then, to ask the Leader of the Government if there is any obstacle to Senator Austin's giving notice of an inquiry in the ordinary sense, under the rules of the house, in order to express his views on this matter.

ROYAL COMMISSION ON CONCENTRATION OF CORPORATE POWER

RESIGNATION OF CHAIRMAN—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked by Senator Benidickson about the illness of Mr. Robert Bryce, which has obliged him to resign as chairman and only full-time commissioner of the Royal Commission on Concentration of Corporate Power. The question was:

> What steps does the government propose to take, at least in part, to rectify this deplorable situation?

The resignation of the chairman of a royal commission is, in the view of the government, virtually without precedent. It poses a particularly difficult problem in the present case; first, because though the commission's research program is almost complete, its report is still largely unfinished; and second, because the composition of this commission has been from its outset a matter of concern in some quarters.

Anticipating that Mr. Bryce's loss at this point from the commission would further aggravate this concern, the government has discussed with the remaining commissioners, Mr. Pierre Nadeau and Mr. Robert Dickerson, various means of remedying the situation. Included amongst these were a proposal to replace Mr. Bryce and another to transfer by reference the commission's work to the Economic Council of Canada. However, in the light of the desire of the remaining commissioners to report without delay, and given the intended departure early this fall of key members of the commission's staff, it was concluded that none of these means were feasible and that Mr. Bryce should not, and probably could not, be replaced.

● (1420)

Consequently, the government has asked the remaining commissioners to carry on. The government is confident that they will take full account of the views that have been presented to them.

Other questions have been raised in other quarters with respect to Mr. Bryce's resignation and may I say on behalf of the government that it was never proposed to any of the commissioners that they be relieved of their duties; that one of the government's principal objectives throughout the discussion was to ensure that the views of the commissioners and such research papers as they wished would be published; and that at no time in the discussions with the commissioners was the subject of the government's proposed Competition Act, much less any other of the many matters more central to the commission's terms of reference, raised either by the government or the commissioners.

THE SENATE

APPOINTMENT OF SENATORS

Senator Austin: I should like to ask the Leader of the Government, in view of Senator Flynn's address in this chamber on May 3 regarding Conservative senators, whether he can

confirm that Robert Stanfield has been offered an appointment to this chamber, and has not accepted?

Senator Grosart: Order, order. Come on!

Senator Walker: You should know.

Senator Grosart: Let us have a little decency here.

Senator Flynn: It is up to the Leader of the Government to reply.

PENSION ACT

BILL TO AMEND—THIRD READING

Senator Carter moved the third reading of Bill C-11, to amend the Pension Act.

Motion agreed to and bill read third time and passed.

UNEMPLOYMENT INSURANCE ENTITLEMENTS ADJUSTMENT BILL

SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-52, to provide for the consideration of certain unemployment insurance entitlements.

He said: Honourable senators, I am indeed pleased to have the opportunity of moving the second reading of Bill C-52, to provide for the consideration of certain unemployment insurance entitlements. Bill C-52, if passed, will authorize the Unemployment Insurance Commission to reconsider those cases where claimants were disentitled as the result of the coming into force of the amendments to the Unemployment Insurance Act contained in Bill C-69, and make payments where applicable to claimants age 65 years of age and over and those eligible for the dependency rate.

First, I should like to give a brief explanation of how the requirement for this particular piece of legislation arose. Prior to the amendments to the Unemployment Insurance Act, 1971 contained in Bill C-69, claimants were eligible for benefits until reaching the age of 70 or until becoming eligible for either Canada Pension Plan or Quebec Pension Plan benefits.

The Unemployment Insurance Act also provided under certain circumstances a benefit rate of 75 per cent of average weekly insurable earnings for claimants with dependants. Bill C-69, assented to on December 20, 1975, reduced the maximum age for coverage and eligibility to 65 years of age and removed the special dependency rate. Those amendments were introduced on the basis that enrichment of federal social security programs in the intervening years had eliminated the need for such special benefits under the Unemployment Insurance Act.

As of January 4, 1976, all claims were terminated for those persons 65 years of age and over who were already receiving benefits, and that affected approximately 17,000 claimants. Similarly, as of that same date, all claimants receiving the dependency rate of 75 per cent were reduced to the general rate of 66⅔ per cent, and that affected approximately 176,000 claimants.

Some 600 claimants 65 years of age and over appealed the termination of their benefits. In addition, two claimants appealed the termination of the dependency rate. The appeals were upheld by the boards of referees, the first level of appeal under the Unemployment Insurance Act. The commission then appealed to an umpire of the Federal Court of Canada. Mr. Justice Addy of the Federal Court heard the appeals and rendered decisions in favour of the claimants.

It should be emphasized at this time that the decisions in question apply only to those who had established claims prior to January 4, 1976. Mr. Justice Addy also ruled that the amendments provided clear authority for the commission to terminate benefits to those attaining the age of 65 years of age, and to eliminate the dependency rate in respect of claims established after January 4, 1976.

● (1430)

In essence, Mr. Justice Addy held that since the wording of the pertinent clauses in Bill C-69 did not remove acquired rights, the commission should not have terminated benefits for those aged 65 years and over, or reduced benefits for those eligible for the dependency rate of benefit in the case of those who were already claimants. Based on considerations of equity, it was decided to accord the same treatment to those claimants affected by Bill C-69, but who did not appeal. Legal authority is required to reconsider and pay these claims since the Unemployment Insurance Act does not now provide the necessary legal basis for doing so.

Honourable senators, Bill C-52, which is now before us, provides the authority for the Commission to consider the claims of those affected by Bill C-69. I am informed that the Unemployment Insurance Commission is well advanced in its plans to implement the government's decision to reconsider and make payments where applicable to the approximately 17,000 individuals of 65 years of age and over, and the approximately 176,000 individuals eligible for the dependency rate of benefit. The commission, therefore, will be able to make prompt payment to eligible claimants when this bill receives royal assent.

In view of the importance of this bill, I would urge honourable senators to lend their support to its approval. I am not going to be too insistent about its rapid disposal, but I would remind honourable senators that in the other place this bill went through the three stages without interruption within a matter of a few minutes on May 9. I would also mention that arrangements are now being made to have royal assent late tomorrow afternoon to two other bills, and if this bill were assented to at that time I think it would be of some help to those claimants who have been waiting now since January 4, 1976 for these adjustments in their retirement benefits.

Hon. Orville H. Phillips: Honourable senators, Bill C-52 is necessary as a result of the 1975 budget, a budget introduced by the then Minister of Finance, the Honourable John Turner.

The main preoccupation of Grits today is to bemoan the fate of the Liberal Party. They do not discuss the economy, unemployment, inflation or any of the other numerous ills affecting Canada. Their concern is the fate of the Liberal Party. It is very interesting to hear a large number of Liberals—in fact the majority—saying that a cure lies in dumping Prime Minister Trudeau and bringing back Mr. Turner. I think this bill clearly shows that Mr. Turner was not the "whiz kid" that many pretend.

The budget of 1975 removed all those aged 65 to 70 years from unemployment insurance benefits. The budget speech described the move as one of the five major elements of the government's program for expenditure restraint. It went on to say that the cost of running the new system was proving to be rather expensive. It had cost $2.3 billion in 1974-75, and would cost over $3 billion in 1975-76.

The budget proposed five changes, some of which have been outlined by the sponsor of the bill, but it is interesting to note that the five changes all affect those less able to care for themselves. The changes would result in a saving of $3 million per year.

The then Minister of Manpower and Immigration, Mr. Andras, in introducing Bill C-69 described it as improved support for the age group of 65 to 70. We must ask ourselves, honourable senators, how Bill C-52 brings about the improved support allegedly seen by Mr. Andras.

On April 12, 1976 a question was raised in the House of Commons concerning a decision reached by the appeal board. The government indicated that they did not accept the decision of the appeal board, and they attempted to appeal to a higher court. On February 10 of this year, a further question was raised in the House of Commons, and in reply Mr. Cullen, now the minister responsible, stated that it might require a minor amendment to the present legislation. He then went on to say that the Department of Justice had advised him that in all probability an amendment would not be required. I wonder what happened to that advice, and what the alternative was that the minister had in mind on that occasion.

Senator Langlois has told us that it would be desirable to have royal assent to this bill tomorrow evening. I have no objection to its being read the second time today, and giving it third reading either today or tomorrow, depending on the wishes of the government. However, I have a number of questions and I should like to direct them to the sponsor before concluding my remarks.

My first question has to do with the procedure which is to be followed when an application is made for reinstatement of benefits. As honourable senators are aware, regulations now require an individual applying for unemployment insurance benefits to present proof of daily attempts to obtain employment. These people are now 67 years of age. They have lost two years through no fault of their own. Are we going to require them to go out and pound the streets looking for employment every day, as required by Canada Manpower?

The second question I would ask the sponsor of the bill concerns the method to be followed in notifying those affected by Bill C-52. Bill C-69 removed the rights of some 14,000 Canadians, and only 600 of them appealed. How will the others be notified?

• (1440)

My third question concerns the benefits coming to those who have died in the interval. What procedure is to be followed in such cases? Will a survivor receive the benefits to which the deceased was entitled, or will the deceased be required to make application from the grave?

A further question concerns interest to be paid on payments that were due in January 1976. In the case of overpayment of income tax, the government pays interest. Will that course be followed in this case?

Andrew Young, United States Ambassador to the United Nations, recently got himself into hot water by referring to the legitimacy of the South African government. I would not wish the sponsor of the bill or the government to consider this as recognition of the legitimacy and respectability of this government. So long as they bear that in mind, we will be happy to proceed with the bill.

Senator Langlois: Honourable senators, the course of action to be followed is very simple. Those who are entitled to claim should file an application.

I was informed this morning that there is presently in effect a procedure for enabling prompt settlement of potential claims, and that regional offices are reviewing their files to ensure that no one is overlooked. Should individuals fail to make application, there is a strong possibility that the department will be able to deal with those claims rapidly by reviewing its files in the regional offices—and this even though formal applications have not been made to the commission. As honourable senators can see, the normal procedure of the commission is being set aside in these cases, and every effort will be made to enable future claimants to receive their benefits.

The purpose of the bill is to look after those who have not appealed, those who are not in the group of 600 who have protected their rights by appealing beforehand. It is to protect the claims of those who have not as yet filed a claim. The bill is quite clear in that respect.

Senator Phillips: I am sorry for interrupting the deputy leader, but my question was: Will those people be notified of the passing of the legislation and the restoration of their rights?

Senator Langlois: Legislation is normally notified to the public through proclamation following royal assent. As I have already mentioned, the regional offices of the commission have been asked to review their files and to go after those possible claimants who, from the records, appear to be entitled to additional benefits or adjustments to their benefits. Everything possible is being done to seek out those future claimants.

With regard to those who have died, I have no direct information on this particular point but I am inclined to

believe that the estates of those who have died will be entitled to file a claim. The regional offices of the Unemployment Insurance Commission will check its files to ascertain the names of deceased persons who were entitled to these additional benefits at the time of death, and those benefits will likely be sent to their estates.

I am sorry that I overlooked the aspect of interest. I undertake to look into the matter, and will make a statement to the house at the first opportunity, probably prior to third reading.

With regard to the amount of money to be paid, the deputy minister informed me this morning that the best estimate is $20 million.

Senator Flynn: May I ask the sponsor of the bill if he can tell us when the bill, from which this provision was taken, was introduced? I understand it was part of a bill to amend the Unemployment Insurance Act. It was finally taken out to form the present bill, because of the fact that other provisions of the bill were not immediately acceptable to the house. Therefore, I should like to know when the bill from which this provision was taken was introduced.

Senator Langlois: Is the Leader of the Opposition referring to the 1971 bill?

Senator Flynn: The bill which is before the other place, and from which this amendment was taken.

Senator Langlois: The Leader of the Opposition is referring to the 1971 act. As the honourable senator will see, clause 2 of the present bill provides:

> Notwithstanding section 102 of the Unemployment Insurance Act, 1971—

Senator Flynn: When was this provision, which was part of another bill, introduced in the other place in that other bill? This is not a new bill.

Senator Langlois: I know that, but I do not have that information.

Senator Flynn: I was going to suggest—

Senator Langlois: The Leader of the Opposition wants the date the bill was introduced in the other place. Unfortunately, I do not have that information at my fingertips.

Senator Flynn: I suggest that it has been before the other place for more than four months.

Senator Langlois: I would say so.

Senator Macdonald: December 9.

Motion agreed to and bill read second time.

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

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

• (1450)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF STANDING JOINT COMMITTEE PRINTED AS APPENDIX

Leave having been given to revert to reports of Committees:

Senator Lafond: Honourable senators, I wish to remedy an omission which was made previously. Earlier today I presented the third report of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments. May I now ask that this report be printed as an appendix to the *Debates of the Senate* and in the *Minutes of the Proceedings of the Senate* of this date.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 694-7.*)

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO STUDY BAN ON USE OF SACCHARIN

The Senate resumed from yesterday the debate on the motion of Senator Buckwold that the Standing Senate Committee on Health, Welfare and Science by authorized to inquire into and report upon the proposed ban on the use of saccharin.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Buckwold speaks now, his speech will have the effect of closing the debate on the substantive motion before the house.

Senator Buckwold: Honourable senators, on March 31 of this year I had the privilege of moving the motion I am now speaking to for the last time, and I take this opportunity of thanking the many senators who participated in the debate. Senator Rowe, Senator McDonald, Senator Grosart, Senator Sullivan and Senator Stanbury all made significant contributions to a subject which, though not very important to many, is a matter of real concern to hundreds of thousands of Canadians. I want to refer particularly to the remarks of Senator Sullivan which, in my opinion, were outstanding, since not only did he give a brilliant presentation, but one based on scientific fact and a lifetime of experience in this rather complicated field of toxicology.

All the speakers agreed that this was a controversial subject, and one that was certainly worthy of committee study, with the reservation made by Senator Sullivan that he felt that further epidemiological studies should be concluded before a committee looks at the subject, although he did say in the course of his speech:

> I cannot help but suggest that the action taken by the government has been premature and precipitate, and is an over-reaction based on unsubstantiated and inadequate scientific review.

So Senator Sullivan certainly supports my contention that this matter is worthy of review although, as I say, he did have some reservations as to its timing. I pay tribute again to Senator Sullivan for a remarkable presentation.

Since I made my original proposal, and moved this motion, a significant amount of additional information has come forward. There is a growing resentment on the part of the general public, as well as on the part of the scientific community, about the subject, and a feeling that it really needs further review. I will not bore you with all the statements that have been made, because you have seen them yourselves in the press, but here is one from the Toronto *Star* of April 13 last: "Test finds saccharin not linked to cancer." The article deals with a further report by Johns Hopkins University indicating that the consumption of saccharin has no "significant effect" on the development of bladder cancer, as a result of a study on monkeys that was carried out by that institution. Another statement is:

> The federal government's ban on saccharin was probably premature, Dr. David Irving, president-elect of the Alberta Medical Association said Wednesday.

There has been a wide variety of protests across the country to the effect that further investigation is required. As a matter of fact, Senator Hayakawa, a United States senator from California, is drafting a bill designed to block the ban on saccharin announced by the American Food and Drug Administration. These are just some indications of the fact that this is a controversial subject.

Let me say that the Minister of National Health and Welfare may indeed be absolutely correct, and it is not my objective to be in any way critical. The fact is that if any of us were in the position of the minister, we would more than likely have reacted in the same way, and it could be that a study by a committee would completely support the stand taken by the minister. On the other hand, I think the department would probably welcome a detailed study of the whole situation which would clarify the situation in the minds of the general public.

I have in front of me a reprint of an article by Dr. W. Gifford-Jones, published in one of the Ottawa newspapers, who indicates:

> Yet you also have to throw a pinch of common sense even into test-tube experimentation.

It is at this point, of course, that the whole situation breaks down. When you feed rats immense quantities of saccharin and come up with a result, does that in fact prove that in a human situation the reaction would be similar? There are many people who claim otherwise. Dr. Gifford-Jones concludes by saying:

> Finally, perhaps our scientists should be more consistent in their efforts to protect us from every evil. Here they are recommending a ban on saccharin without proof it has been linked to one human case of cancer while thousands of people are killing themselves with uncontrolled use of alcohol and tobacco, and fish are becoming unsafe to eat because of widespread dumping of chemicals into our lakes and rivers.

These are just some of the anomalies that have developed as a result of this particular situation.

We heard an excellent address yesterday by Senator Stanbury who, in my opinion, gave a first-class departmental response to this question. There is no doubt that the department is well able to justify what it has done, but we heard nothing in that response on the other side of the question, namely, the benefits, as opposed to the ill effects, for those to whom the ban on saccharin will become very important.

We heard nothing, for example, of the plight of diabetics. Diabetics—and there are tens of thousands of them—require more than just the use of the drug saccharin. The department is saying, "We are not banning saccharin. You will still be able to go to the drugstore and buy your little bottle of saccharin to put in your coffee," but that is not really the problem. The problem is the whole question of sweetening for a variety of foods that makes life much more pleasant and tolerable for people who have that particular problem. I suggest that for juvenile diabetics—and there are tens of thousands of them also—having artificially sweetened soft drinks and artificially sweetened candy and other foods is a very important aspect of the control of their blood sugar and their general intake of carbohydrates.

I believe that the problem of obesity is something that has to be reviewed, and many responsible medical people—experts in their field—are indicating that the possible risk of cancer of the bladder as a result of the intake of saccharin would never offset the damage that would be done by the increase in weight of tens of thousands of Canadians—taken collectively, it would be measured in tons—as a result of the use of sugar in many of their foods which at present are artificially sweetened.

● (1500)

In addition, I do not think we can ignore the importance of dental caries which would result from the elimination of the use of saccharin. I am thinking, for example, of chewing gum. Chewing may not be an acceptable habit, but chewing gum is certainly widely used. There is a demand for artificially sweetened chewing gum. I am sure that many of us use it. I had a package the other day, and it contained the statement: "Recommended by four out of five dentists." My dental friends tell me that one of the major causes of caries or cavities in teeth, especially the teeth of children, is the use of foods sweetened with sugar. All in all, honourable senators, it is evident that this subject is one that is worthy of review.

I was pleased to note that the minister has postponed the implementation of the ban, and authorized a short-term extension of the permitted use of saccharin. The government has agreed to allow the sale of soft drinks, beverage mixes and beverage bases containing saccharin until October 1, 1977,

and of other foods containing saccharin until December 31, 1977. This is important from the point of view of the committee study, because it meets the objection of our distinguished colleague Senator Sullivan. It gives the committee time in which to review the situation. There is not the urgency that there was perhaps a month ago, before this extension was announced. The committee will be able to take the time necessary to obtain the kind of expert witnesses required in order to perform a service for the Canadian public. I think they are entitled to that.

Honourable senators, I hope you will support this motion, and that in due course, the committee will study this matter and present a report with recommendations that can be passed on to the minister.

Senator Flynn: Would the honourable senator permit a question? If I understand correctly, he suggests that there are studies that will go on until October, anyway, and there has been a postponement of the ban in certain areas to October 1. Would he say that the committee might undertake not to make a final report before that time?

Senator Buckwold: I think I would have to leave that, Senator Flynn, to the committee itself. They may decide to do it before; they may decide to do it after. I am not in any way suggesting what their time-table should be.

Senator Flynn: Will you be suggesting what it should be in committee?

Senator Buckwold: I am not a member of that committee, but I certainly hope to attend the meetings.

Senator Flynn: I think you should be a member of the committee.

Senator Buckwold: If my Whip, or the leader, is prepared to put me on the committee, I shall be very pleased to serve. I shall keep an open mind, until we have heard the witnesses and considered their evidence, and know what the programs are, as to the date a report should be forthcoming.

Senator Flynn: I think it would help some of us to vote for the motion if we could be assured that the committee will not rush into this task, and bring in a report prematurely, but that it will undertake to wait until all of the evidence that is going to be available in five months' time, for instance, is in.

Senator Buckwold: I think I indicated in my speech that I hope this kind of procedure will be followed; that all the evidence will be heard. In fact, even if the report is delayed until after the ban, as long as that is in the interests of a more scientific report, and it is based on evidence that may be forthcoming, then certainly that is the way it should be. It should be a report that is based on the very best information available, and the time schedule should not necessarily be the deciding factor.

Senator Flynn: What about the chairman? Will he agree to wait until October to report?

Senator Langlois: He is only the chairman.

The Hon. the Speaker: It is moved by the Honourable Senator Buckwold, seconded by the Honourable Senator McDonald, that the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon the proposed ban on the use of saccharin.

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

Motion agreed to, on division.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, April 27, the debate on the consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. Jacques Flynn: Honourable senators, I would not have wanted this debate on the second report of the Standing Joint Committee on Regulations and other Statutory Instruments to end without a member of the official opposition's taking part in it, the main reason being that this report is an excellent one. It is a thoroughly scholarly effort for which the committee—and especially its distinguished and tireless co-chairmen, Mr. McCleave of the other place, and our good friend, Senator Forsey, and the staff—deserve our highest praise. This was pioneer work, with all the difficulties and frustrations usually associated with that type of effort. I know, because I was a member of the committee at the outset, but because of the requirements placed on my time by other responsibilities, it was not possible for me to continue to be a member of it for very long. The amount of work involved, and all the impediments set up by petulant bureaucrats, would have discouraged lesser men than the members of this joint committee.

The fruit of the committee's efforts is confirmation of the fact that we have reason to worry about our rights, and we have reason to be concerned about individual freedoms.

The committee's scrutinizing of some of the subordinate legislation in this country has indicated that there exist abuses of delegated authority, and that we would do well to take steps to guard against them more effectively We are warned by this report to see to it that the lines are very clearly drawn with regard to how far government bureaucrats can go in interpreting legislation through regulations. Also, we are warned to watch that those to whom we give a power do not themselves pass it on until it gets so far down the line that we lose sight of it, and thus control over it.

● (1510)

Much of the present subordinate legislation, as we had suspected, seems not to have its foundation in law. That is, it neither reflects the spirit nor the letter of the law. It is the product of the misguided efforts of over-zealous and overbearing bureaucrats. They were likely trying to interpret or flesh out the laws we enacted, and they ended up, whether con-

sciously or not, going astray. So definitely this is one area where we will have to exercise a great deal of vigilance in the future.

But we will be hampered in our work by a factor brought to light by Senator Lang when he participated in this debate. Senator Lang pointed out that there is a dangerous conflict of interest in having the same minister responsible for ensuring that the government act according to the rule of law as is responsible for advising the government on how to frustrate the spirit while acting within the letter of the law. The role of the Attorney General is that of the defence attorney trying to find loopholes and interpretations to make legal the actions of his client. When both of these functions come to be joined in one and the same person, then we have an obvious conflict of interest about which the government should do something if it wants to help us keep control over delegated authority.

But I should be more precise. The problem is not so much with the powers of the minister himself but the situation to which they give rise. As it is, the Department of Justice has two functions: they draft regulations or vet those that have been drafted by the departments. They point out to client departments what they can and cannot do according to the authority given them in the legislation. But then, acting for the Attorney General, that same group of men must find a way of legitimizing or legalizing a regulation which they may have found was not acceptable in the circumstances, if the client department insists on it.

Small wonder, then, that the Department of Justice should have told the committee in a number of instances that the confidentiality of the lawyer-client relationship prevented them from commenting on the legality of certain regulations. They were not always of that opinion. I remember well a discussion between my good friend Senator Langlois and myself after he had finally obtained a legal opinion from the Department of Justice about the validity, from a constitutional viewpoint, of a provision in a piece of legislation before the committee. When it suits them, they come across with answers; when it does not suit them they invoke the confidentiality of the lawyer-client relationship.

To get back to the difficulties encountered by the joint committee, the representatives of the Department of Justice, whose role it is to uphold the rule of law, should have replied. As agents of the Department of Justice, they had probably advised the client department that the regulation about which the committee was inquiring was *ultra vires*. But, as agents of the Attorney General, they probably found a way to get around the problem. To admit anything would have been to underline a perfectly untenable position, a blatant conflict of interest which is a very unhealthy one for the welfare of all Canadians. So they refused to reply.

A partial solution could be for the government to no longer combine the functions of Minister of Justice and Attorney General in the same person. But that is only part of the solution. This committee, I think, must have more than the authority to merely scrutinize and report. It must have the authority to call for and be given every blessed rule, regulation, instrument, order, et cetera, that was ever drafted; it must have the authority to examine the basics upon which all delegated authority is given, how it is exercised, and what effect it is having; it must have the authority to demand explanations of those who pass these regulations; and finally, Parliament must have the authority, and the opportunity, to reject regulations which it considers are not in keeping with the law upon which they are supposedly based. It is not fair to leave such matters entirely up to the courts. Nor is it fair to leave them to individual citizens who have been injured by the rule and must now seek redress before the courts. Some way must be found to deal quickly and effectively with any rule, regulation or order of the government which is found to be illegal, or a breach of natural justice, or an unusual or unexpected use of a given power. Parliament must itself police the use that is made of delegated authority.

If some are uncomfortable with the idea of a committee of Parliament keeping track of regulations on a day-to-day basis, perhaps we could create a post which in regulatory matters would be equivalent to that of the Auditor General in financial matters. I tried to find a title, and one was suggested to me by my good friend Senator Lang. It could be counsel general. This person would be charged with keeping watch over all the rules and regulations that are written, and report to a committee of Parliament any abuses of authority that he might detect.

This would give us continuous review by an objective unpoliticized authority. This might even be better than having the matter attended to directly by a committee made up of senators and members of the House of Commons. The latter two groups could become the final arbiters in a joint committee; the equivalent, in regulatory matters, of the Public Accounts Committee in matters of government spending. The report of the counsel general could be referred to this joint committee. The more I think of the idea the more I like it. A quarterly report, or even a biannual report, by a body such as this could conceivably be given enough public attention to force us legislators to look carefully at, and act quickly upon, any rules or regulations which were excessive or entirely out of order.

I think the problem of delegated authority is one that deserves very close attention. The potential for danger is great.

I have added a few suggestions to the excellent suggestions that were made by those who preceded me in this debate. I am sure that, if there is a will to do so, a method can be found to efficiently and effectively keep track of delegated authority, and see to it that it does not undermine representative authority.

For the time being, I congratulate the committee. I urge it to continue its work. Parliament is well served by this committee, but it could be better served if the committee were helped further in the ways that have been suggested.

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 690*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF COMMITTEE

WEDNESDAY, May 11, 1977

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

1. In accordance with its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, your Committee has reviewed and scrutinized the *Domestic First Class Mail Regulations*, SOR/76-552, the *Second Class Mail Regulations, amendment*, SOR/76-553, and the *Postmaster General Authority to Prescribe Fees Order*, SI/76-101.

2. Your Committee reports that, in its judgment, section 6 of the *Domestic First Class Mail Regulations*, Items 1 and 2 of Schedule A to the *Second Class Mail Regulations, amendment*, and the *Postmaster General Authority to Prescribe Fees Order* infringe criterion 4, constituting unusual and unexpected uses of section 13 of the *Financial Administration Act*, R.S.C. 1970, c. F-10, in that they invade the traditional rights of Parliament to settle by statute the rates of postage for letters of one pound or less and for Canadian newspapers and periodicals. It is also the view of your Committee that the validity of these impugned provisions is not beyond question. Detailed reasons are given in the attached statement.

3. Section 6 of the *Domestic First Class Mail Regulations* provides a new and higher scale of rates for letters posted within Canada for the period 1st September 1976 to 28th February 1977, with a basic rate of 10¢ for the first ounce, and a further and higher scale for the period commencing on 1st March 1977, with a basic rate of 12¢ for the first ounce. Each scale is expressed to apply "notwithstanding section 10 of the *Post Office Act*", which section also provides a statutory scale of rates. Section 10 was last amended by S.C. 1970-71-72, c. 53, section 5, which set a basic rate of 8¢ for the first ounce, on and after 1st January 1972.

Items 1 and 2 of Schedule A to the *Second Class Mail Regulations, amendment*, set a new scale of rates for postage on Canadian newspapers and periodicals, as defined in section 11 of the *Post Office Act* and posted in Canada on or after 1st March 1977 for delivery in Canada. These rates are expressed to apply "notwithstanding section 11 of the *Post Office Act*", which section also provides a statutory scale of rates. Section 11 was last amended by S.C. 1968-69 c. 5, section 4.

The authority for both regulations is the *Postmaster General Authority to prescribe Fees Order*, SI/76-101, made under section 13(b) of the *Financial Administration Act*.

4. The postage rates for letters of less than one pound and for defined Canadian newspapers and periodicals, posted in Canada for delivery in Canada, have hitherto been fixed by an Act of Parliament in keeping with the sensitivity of those rates as affecting all Canadians, either in their pockets or in their freedom of access to the press. Your Committee concludes from the structure of the *Post Office Act* and the close attention Parliament has always given to letter rate increases in particular that, while Parliament has been content to allow rates, other than for letters and Canadian newspapers and periodicals, to be fixed by regulation made by the Postmaster General, yet it has intended to reserve to itself any alteration in those rates. To achieve what Parliament intended to do, or not to do at its will, by regulation under the authority of an Order under section 13(b) of the *Financial Administration Act* is an unusual and unexpected use by the Crown of that particular enabling power.

5. Your Committee is particularly concerned to bring to the attention of the two Houses the fact that what has previously been a jealously guarded right has been taken away from Parliament and vested in an officer of the executive government of Canada. Parliament has been bypassed by the use, even the doubtful use, of a little known section of the *Financial Administration Act*.

6. In announcing on 21st May 1976 the postal increases achieved by these Regulations, the then Postmaster General, Mr. Mackasey, informed the House of Commons that he intended to proceed not by the introduction of legislation but by regulation and order under section 13(b) of the *Financial Administration Act*. In 1974 in a written answer to a question, another former Postmaster General, Mr. Ouellet, replied:

> "Rates of postage for domestic letter mail are set out in section 10 of the *Post Office Act*. Changes in these rates, therefore, are possible only by act of Parliament. Any proposals for amending the *Post Office Act* would be announced in the government's legislative program, at the appropriate time."[1]

Your Committee respectfully commends to the Houses this latter approach as the only one consonant with the privileges, rights and traditions of Parliament.

7. Your Committee's consideration of the statutory instruments under report, including its correspondence with the Postmaster General and his Assistant Deputy Minister, will be found in its Minutes of Proceedings and Evidence of 9th November 1976, 10th February 1977 and 17th March 1977.

STATEMENT OF REASONS

1. The *Domestic First Class Mail Regulations* and the *Second Class Mail Regulations, amendment,* are regarded by the Crown as being regulations and statutory instruments within the meaning of those terms in the *Statutory Instruments Act*. The *Postmaster General Authority to Prescribe Fees Order* is not regarded by the Crown as being a statutory

instrument. For the reasons explained in your Committee's Second Report, this point is not conceded.

2. It is necessary to explain how the Postmaster General came to make the two regulations now reported, apparently flying in the face of the *Post Office Act*. The structure of rate fixing provided for in the *Post Office Act* is that, letter mail and defined Canadian newspapers and periodicals apart, the rates are to be set by the Postmaster General, under section 6(d) of the *Post Office Act*, which empowers him to make regulations.

> "(d) establishing rates of postage on any class of mailable matter, *including letter mail*, for which a rate is not established by this Act."

The words "including letter mail" were added to this paragraph by S.C. 1970-71-72, c. 53, section 2(1). Those new words are necessarily limited by the concluding words of the paragraph to letters weighing more than one pound and do not permit the Postmaster General to make regulations overriding the express provisions of section 10 of the *Post Office Act*. It was not, therefore, under section 6 of the *Post Office Act* that the Postmaster General acted in setting either the new letter rates or the new newspaper and periodical rates, but under section 13(b) of the *Financial Administration Act*, and Order in Council SI/1976-101, *Postmaster General Authority to Prescribe Fees Order*. Under section 13 of the *Financial Administration Act*, the Governor in Council may, in certain circumstances, authorize a Minister to prescribe the fee or charge to be paid by the person to whom a service or the use of a facility is provided by Her Majesty. The terms of section 13 are as follows:

> "13. Where a service or the use of a facility is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of providing the service or the use of the facility should be borne by the person to whom it is provided, the Governor in Council, on the recommendation of the Treasury Board, may
>
> (a) subject to the provisions of any Act relating to that service or the use of that facility, by regulation prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided, or
>
> (b) notwithstanding the provisions of any Act relating to that service or the use of that facility but subject to and in accordance with such terms and conditions as may be specified by the Governor in Council, authorize the appropriate Minister to prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided."

3. The authority to act under section 13(b) was conferred upon the Postmaster General by SI/76-101, *Postmaster General Authority to Prescribe Fees Order*. That Order simply permitted the Postmaster General to set letter rates for the two periods already mentioned and rates for newspapers and periodicals from 1st March 1977 notwithstanding sections 10 and 11 respectively of the *Post Office Act*. No other terms and conditions were prescribed.

4. Your Committee has on two previous occasions encountered fee-increasing regulations made pursuant to an authority conferred by Order of the Governor in Council under section 13(b) of the *Financial Administration Act* in situations in which a statutory scale of fees had been prescribed by Parliament: SOR/73-548, *Copyright Fees Order* and SOR/73-549, *Industrial Design Fees Order*. Both these Orders covered fees charged for specific services provided on demand by and to interested individuals who wished to search records, register documents and so forth. A general function availed of by all Canadians was not involved. In view of its detailed examination of section 13(b) of the *Financial Administration Act* on the present occasion, these two Fees Orders will be re-examined as to *vires*.

5. Your Committee has caused to be examined all the other Fees Orders made pursuant to section 13 of the *Financial Administration Act* and published in the *Canada Gazette*, Part II subsequent to the 1955 Consolidation of the Regulations. The result shows that, in addition to the Copyright and Industrial Design Fees Orders, five other Fees Orders deriving authority from section 13(b) of the *Financial Administration Act* were made, but in situations in which no statutory scale of charges or rates had been prescribed by Parliament.[2] In each case the fees so prescribed were to be levied for services provided in individual cases when the persons or corporations who either requested or were provided with the services were identifiable. The Orders examined fell into the following categories:

> (a) where the Minister prescribed fees under an Order made pursuant to section 13(b) where the Governor in Council could have prescribed fees by regulation under the direct authority conferred by another Act;[3]
>
> (b) where there was no charge prescribed by statute and no specific authority in or under any Act of Parliament to set fees or charges and the service seems originally to have been provided free of charge.[4]

In both categories the services for which the charges were prescribed exist only for the benefit of persons who specifically ask for them. In neither category had Parliament prescribed a scale of charges or fees.

6. In contrast with all previous cases, including the *Copyright Fees* and *Industrial Design Fees Orders,* the Regulations dealt with in this Report have been made where

> (a) Parliament has by statute prescribed a scale of rates or charges;
>
> (b) the "service" for which the fees have purportedly been prescribed is not in any real sense provided in individual cases where the person or corporation requesting or being provided with the service is identifiable; and
>
> (c) the "service" was never provided free of charge.

In the case of the *Copyright Fees* and the *Industrial Design Fees Orders,* although Parliament had prescribed fees and the services concerned were never provided free, the services are provided in individual cases to identifiable individuals who have made a specific request for each service provided.

7. In the Regulations under report, "fees" have been prescribed that change the statutory rates for the principal postal service of the Postmaster General provided to all Canadians, and for the important newspaper and periodical post. Your Committee considers that it is at least arguable that the postal service for letters, newspapers and periodicals is not a service, or does not constitute a number of individual services, within the meaning of the word "service" in section 13 of the *Financial Administration Act*, since the postal services involved are not made available to identifiable persons or corporations who request or are provided with the service. This seems even clearer in this case, as these functions of the Postmaster General are part of what is traditionally accounted a primary and inalienable function of government. In the case of letter mail, the Postmaster General's function is also a monopoly by force of section 8 of the *Post Office Act*.

The emphasis in section 13 is on the person to whom a service is provided. This indicates that the recipient of the service is identifiable and not an anonymous member of the general public to whom a general governmental service is provided. The word "person", the definite article "the", the indefinite article "a" and the personal pronoun "whom" must be given some meaning in limiting the scope of section 13. It is true that section 26(7) of the *Interpretation Act* provides that words in the singular include the plural but that rule of construction only applies unless a contrary intention appears (*Interpretation Act*, section 3(1)). Section 13 clearly indicates that the singular words within it were deliberately used. Your Committee notes that its construction of section 13 accords with that adopted by the Auditor General of Canada. Dealing with the then section 18 of the *Financial Administration Act*, which corresponds with the present section 13 except for paragraph (b) which was added by S.C. 1968-69, c. 27, the Audit Office Guide states:

"142. . . .

The purpose of course is to vest in the Governor in Council the authority to impose charges for services rendered for the special benefit of some person or group. When that is done, regulations made are binding on departments.

143. . . . Audit interest is less in the non-application of section 18 to services where the public generally benefit . . . "

8. Your Committee considers that it is also at least arguable not only that section 13(b) of the *Financial Administration Act* is limited in its application to specific services provided to identifiable individuals, but also that it is the intent of the section that it shall apply where the service or use of the facility has hitherto been provided free of charge, or in the absence of some charge otherwise imposed. It seems to your Committee at least plausible that the opening words of section 13, with their emphasis on the opinion of the Governor in Council that the whole or part of the cost of providing the service or use of the facility should be borne by the person to whom it is provided, indicate that where there is no recovery of cost, a fee may be levied. It can hardly be said of a "service" for which a fee is already established that the whole or part of the cost of providing it or of making it available is not being borne by the person to whom it is provided. The Post Ofice is already recovering part of its cost of letter, newspaper and periodical mail. It may well be recovering all its costs of each of those particular "services" for aught that is known.

9. Your Committee also considers that the words "the provisions of any Act relating to such service or the use of that facility" in section 13(b) may well be restricted to statutory provisions that govern the making available of the service or facility, even free of charge, or the empowering of the Governor in Council to fix fees by regulation, and do not encompass express statutory provisions that set scales of rates or charges for governmental services or functions. It seems apparent that where, as in the case of the Special Services Charges Orders[5], an Act allows the Governor in Council to fix fees, an order can be made under section 13(b) of the *Financial Administration Act* empowering the Minister to fix those fees instead.

10. The Postmaster General has advised that he is satisfied that the authority vested in him by the Postmaster General Authority to Prescribe Fees Order to set at naught the expressed will of Parliament in sections 10 and 11 of the *Post Office Act* is clear; that section 13(b) of the *Financial Administration Act* can not be confined to a service provided to one person only; that once that individual limitation is removed the number of individuals to whom a service is provided (and impliedly their identification) is irrelevant; that Parliament specifically enacted section 13(b) of the *Financial Administration Act* so that the power could be used to levy higher charges notwithstanding any Act of Parliament that fixed a level of charges.

11. Your Committee finds that the Postmaster General's interpretation produces very strange results. It reduces to this: that if in conformity with any Act a fee is to be set, then the Governor in Council must set his mind and hand to the task under section 13(a) of the *Financial Administration Act*, but if a fee is to be set in abrogation of a statutory scale the task can, under section 13(b) be given to and performed by a single Minister. For the reasons given in the preceding sections of this Statement, your Committee considers it at least doubtful that section 13 lends itself to this curious result.

[1] *House of Commons Debates*, March 13, 1974, p. 466.

[2] SOR/72-265, Special Services Charges Order
SOR/76-354, Special Services Charges Order
SOR/74-589, Quarantine and Inspection Service Fees Order as amended by SOR/77-70
SOR/72-444, Animal Blood-typing Fees Regulations
SOR/76-353, Dairy Herd Inspection Fees Order

[3] SOR/72-265, Special Services Charges Order
SOR/76-354, Special Services Charges Order

[4] SOR/74-589, Quarantine and Inspection Service Fees Order as amended by SOR/77-70
SOR/72-444, Animal Blood-typing Fees Regulations
SOR/76-353, Dairy Herd Inspection Fees Order

[5] SOR/72-265, Special Services Charges Order
SOR/76-354, Special Services Charges Order

Respectfully submitted,

PAUL C. LAFOND,
Acting Joint Chairman.

THE SENATE

Thursday, May 12, 1977

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

May 12, 1977

Madam,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 12th day of May, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

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

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Senator Perrault tabled:

Auditors' report to Parliament on the accounts of the Canadian National Railway System for the year ended December 31, 1976, pursuant to section 40 of the Canadian National Railways Act, Chapter C-10, R.S.C., 1970.

Report of the Public Service Commission of Canada for the year ended December 31, 1976, pursuant to section 45 of the Public Service Employment Act, Chapter P-32, R.S.C., 1970.

Report of the Public Service Commission on Positions or Persons excluded from the operation of the Public Service Employment Act for the year ended December 31, 1976, pursuant to section 45 of the said Act, Chapter P-32, R.S.C., 1970.

NATIONAL UNITY

REGIONAL ASPIRATIONS—NOTICE OF INQUIRY

Senator Perrault: Honourable senators, I give notice that on Tuesday next, May 17, I will call the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

May I say a word of explanation, honourable senators? Concern for the future of Canada and for the future shape of Confederation is not restricted to any one section or corner of this chamber, or indeed in the other place or in any legislative assembly in this country. Hopefully, this inquiry will afford further opportunities for honourable senators to express their views on the important subject of national unity and regional aspirations, and how concerns in both areas can be met more effectively.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, May 17, 1977, at 8 o'clock in the evening.

• (1410)

Honourable senators, before the question is put I should like to give you a brief summary of the work for next week. Of course, as you know, the picture could change considerably by the time we return on Tuesday evening. I shall deal first with the committees.

The Standing Senate Committee on National Finance has scheduled a meeting for 2.30 on Tuesday afternoon to consider the estimates of the Department of Public Works.

On Wednesday at 9.30 a.m. there will be a meeting in camera of the Standing Senate Committee on Banking, Trade and Commerce on the white paper on banking legislation. Also on Wednesday, either at 3.30 p.m. or when the Senate rises, the Standing Senate Committee on National Finance will meet to deal with the 1977-78 main estimates, and there will also be a meeting of the Special Senate Committee on Science Policy.

On Thursday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to hear witnesses on the white paper on banking; the National Finance Committee will meet at the same time to deal with the estimates of the Department of Public Works, and the Joint Committee on Regulations and other Statutory Instruments will meet at 11 a.m.

In the Senate itself we shall continue with the second reading debate on Bill C-41, Bill C-9, Bill C-39, and other

items on the order paper. In addition to that we may have one or two bills from the other place as well as a bill for introduction in this chamber.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Hastings be substituted for that of the Honourable Senator Argue on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

THE ENVIRONMENT

PROTECTION OF COASTAL WATERS AND SHORELINES FROM OIL POLLUTION—QUESTION

Senator Greene: Honourable senators, I should like to address a question to the Leader of the Government in this house.

In view of the fact that within a month giant oil tankers will be bringing Prudhoe Bay oil from Valdez through Canadian territorial waters, and in view of the fact that the oil companies have publicly announced that they do not deem it economic to take such precautions as having double bottoms on such ships, and in view of the fact that the Americans, as a result of two very damaging ecological disasters on their own east coast, have strengthened their laws with respect to territorial control of oil tankers, could the Honourable Leader of the Government inform the Senate whether the Government of Canada has made orders in the Department of Transport or otherwise to govern the travel of these ships through Canadian waters and to safeguard to the best possible degree the delicate and wonderful shorelines of the sovereign and great province of British Columbia?

Senator Perrault: Honourable senators, admittedly, that is a most important question, whether it relates to the west coast, to the east coast or to any of Canada's coasts. It is my understanding that if giant tankers carrying oil do travel from Valdez to some American port they will in fact travel in international waters. However, apart from that, it may well be that the dangers to Canada's coastline would continue to exist.

Because of the importance of the question, I will take it as notice and present a fuller statement to the Senate.

Senator Grosart: Could I ask a supplementary question in view of the obvious difference in the terminology between the question and the answer? Where the question used the term "territorial waters," the Leader of the Government was careful, I think, to use the term "international waters," making the question very different from the terminology in which it was put. Would the Leader of the Government include in his answer the official Canadian definition at the present time of "territorial waters"?

Senator Perrault: Honourable senators, my understanding is that Canada's territorial waters extend to 12 miles. Our economic zone goes to 200 miles. However, I shall certainly attempt to clarify the terminology when I give a more complete reply.

Senator Smith (Colchester): Would the Leader of the Government be kind enough, when investigating this particular question, to investigate also whether there is any technical difference between the terms "territorial waters" and "territorial sea"?

Senator Perrault: I understand that there is no difference as far as the jurisdiction of Canada is concerned, but I will attempt to clarify that matter also.

Senator Williams: I have a question for the Leader of the Government further to that of Senator Greene with respect to the matter of vessels that will be plying the coast of British Columbia. The risk of danger caused by these giant oil tankers will apply particularly in the area of Juan de Fuca Strait, where there are at times nearly 2,000 commercial fishing vessels operating. In seeking the answer to the question, will he please give consideration to the safety aspect of this?

Senator Perrault: Honourable senators, I will attempt to include a reply to that question in the reply to the original question posed by the Honourable Senator Greene.

TRANSPORTATION

FERRY SERVICE BETWEEN NORTH SYDNEY, NOVA SCOTIA, AND PORT-AUX-BASQUES, NEWFOUNDLAND—QUESTION

Senator Duggan: Honourable senators, I have a question for the Leader of the Government in the Senate, as follows:

1. Can the Leader of the Government advise whether it is necessary to have a reservation to sail to Newfoundland via CN Marine ferries during the tourist season of 1977?

2. If the answer to question No. 1 is "yes," was approval for this change of policy granted by the Canadian Transport Commission to the CN Marine operating ferry service between North Sydney, Nova Scotia, and Port-aux-Basques, Newfoundland?

3. If the answer to question No. 2 is "yes," did the Canadian Transport Commission hold a hearing so that the travelling public could have an opportunity to object?

Senator Perrault: Honourable senators, I will take that question as notice.

NATIONAL GALLERY OF CANADA

ORIGINAL PAINTINGS—QUESTION

Senator Godfrey: Honourable senators, I should like to ask the Leader of the Government a question. Would the leader obtain for this house the following information:

1. How many original paintings are owned by the National Gallery of Canada?

2. Now many of those paintings are being presently exhibited at the premises of the National Gallery?

3. How many of those paintings are presently being exhibited or hung in other federal government premises?

4. How many of those paintings are presently being exhibited in places other than the National Gallery or federal government premises?

5. How many of those paintings are presently not being exhibited or hung anywhere?

6. How many of those paintings are presently being restored or are awaiting restoration?

Senator Perrault: Honourable senators, I regret that I do not have that information immediately available—

Hon. Senators: Oh, oh.

Senator Perrault: —but I will take the question as notice.

Senator Grosart: As a supplementary, would the leader also obtain information as to how many paintings owned by the National Gallery are lost or unaccounted for?

Senator Buckwold: Some of them should be lost.

PETROLEUM CORPORATIONS MONITORING BILL

FIRST READING

Senator Perrault presented Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

Bill read first time.

• (1420)

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

Senator Asselin: Honourable senators, before proceeding with the Orders of the Day, may I be allowed to call the attention of Madam Speaker, and all of you, to the presence in the gallery of distinguished visitors from Upper Volta, Mr. Abdulaye Dicko and his wife. Their visit is of particular importance with regard to relations between Canada and Upper Volta.

[*English*]

UNEMPLOYMENT INSURANCE ENTITLEMENTS ADJUSTMENT BILL

THIRD READING

Senator Langlois moved third reading of Bill C-52, to provide for the consideration of certain unemployment insurance entitlements.

Hon. Jacques Flynn: Honourable senators, when the Deputy Leader of the Government introduced this bill yesterday, in referring to claims made under certain provisions of the Unemployment Insurance Act of 1971, he said, as reported at page 688 of *Hansard*:

> As of January 4, 1976, all claims were terminated for those persons 65 years of age and over who were already receiving benefits, and that affected approximately 17,000 claimants. Similarly, as of that same date, all claimants receiving the dependency rate of 75 per cent were reduced to the general rate of 66 ⅔ per cent, and that affected approximately 176,000 claimants.

Later, on the same page, he said:

> I would also mention that arrangements are now being made to have royal assent late tomorrow afternoon to two other bills, and if this bill were assented to at that time I think it would be of some help to those claimants who have been waiting now since January 4, 1976, for these adjustments to their retirement benefits.

I wish to put on the record the fact that this bill was extracted, unless I am mistaken, from section 48 of Bill C-27, which received first reading on December 9, 1976. It was part of a bill entitled:

> An Act to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

This bill has been before the other place for some time, and I feel confident in saying that the government, by delaying the passage of this very important bill, amending a number of other bills in a substantial manner, is preventing 17,000 persons in one class and 176,000 in another from receiving their benefits.

The government was using that argument to push the passage of Bill C-27. Then it finally donned on them that if they really wanted to help these claimants they could extract this provision from Bill C-27 and use it to formulate a separate bill to remedy the problem. That is how it came about that Bill C-52 was introduced and received quick passage in the other place.

The government had been aware of this problem for quite some time. The blame for any delay in remedying it certainly should not be attributed to the House of Commons or to any party in that chamber. It must be attributed to the stubbornness of the government in refusing to formulate a special bill.

We were pleased to adopt the motion for the second reading of this bill yesterday and to consent to its passage today without the necessity of its being referred to committee. I repeat, neither house of Parliament can be blamed for any delay in the settlement of the claims in question; the blame rests solely with the government.

Senator Greene: Would the honourable senator permit a question?

Senator Flynn: Of course. From you, always.

Senator Greene: Would the honourable senator not agree that had his party in the other place not obstructed the omnibus bill in its passage, this whole matter would have been settled earlier in the year?

Senator Flynn: Surely, I didn't understand the question. Are you suggesting that if we had passed the omnibus bill without looking at it, the problem would have been solved?

Senator Greene: Had they voted on it responsibly after due debate instead of obstructing its passage in total, this step would not have been necessary.

Senator Flynn: We obstructed passage of the omnibus bill for the simple reason that there were a lot of other problems. The government was blackmailing Parliament by saying, in effect, that if Parliament did not pass the whole bill those poor people would not get what they were entitled to. That is a vicious device and one which has been used too often by the present government.

Senator Greene: I notice that the honourable senator very honestly, as is his way, used the words "we obstructed," for which I thank him.

Senator Flynn: All "obstruction" means is to block. That is the role of the opposition: to block bad legislation while seeking to improve it. I would have thought that Senator Greene would be aware of such an elementary point.

Senator Langlois: Honourable senators, when the Leader of the Opposition put this question to me yesterday he referred to the provisions of Bill C-52 as having been extracted from a bill currently before the other place. Because I was unable to ascertain to which bill my honourable friend was referring, I was unable to reply to the question. However, in looking into this matter further I discoverd that there are currently three bills respecting unemployment insurance before the other place, and those are: Bill C-400, to amend the Unemployment Insurance Act, 1971 (benefits to adopting parent); Bill C-403, to amend the Unemployment Insurance Act, 1971 (disentitlement by age or pension); and, Bill C-27, which is the bill to which my honourable friend alluded a few moments ago.

However, as I told my honourable friend before coming into the chamber, it is impossible to find in Bill C-27 provisions similar to those included in Bill C-52. So, when he makes the statement that these provisions were extracted from another bill which was delayed in the other place, he is not putting the facts properly before this house. It is very easy to blame the government for all delays in the other place. The government, however, is not the only party playing a role there. To my mind, it is not appropriate for honourable members of this chamber to criticize the manner in which the other place conducts its own business.

Senator Flynn: But you did.

Senator Langlois: I am not saying that at all. I am not criticizing. I am simply putting the facts before this chamber as should have been done by my honourable friend, who failed to do so to serve his own ends.

Senator Flynn: Well, what in your view are my own ends?

Senator Langlois: To find reason for criticism of the government where there is none.

Senator Flynn: I am sure my honourable friend will realize that I did not criticize him yesterday for not knowing the answer to a very simple and straightforward question concerning this bill.

Some Hon. Senators: Order!

Senator Langlois: Again, my honourable friend cannot take it sitting down.

● (1430)

I think I have answered the question raised by Senator Flynn quite adequately, and I shall now return to the questions asked yesterday by Senator Phillips. I have already answered his first question. His second question had to do with the benefits of those who have died in the meantime—that is, since January 4, 1976. My reply yesterday—although I gave it under the reservation that I had not checked this particular aspect of the bill with the department—was that benefits acquired before the death of these beneficiaries would be paid to their estates. I received confirmation this morning from the deputy minister that my answer was quite correct.

The other question Senator Phillips asked and which I could not answer yesterday because I had not considered the point—and I admitted this quite frankly—was as to whether or not interest would be paid to the beneficiaries who were entitled to these adjustments during that period from January 4, 1976 to the date of payment of adjustment. I was told that it has never been the practice for the Unemployment Insurance Commission to pay interest on claims of this nature. When a claim is refused, or is referred to a board of referees, and payment is made after a certain delay, there is no interest paid on that payment. The deputy minister told me this morning, and I agree with his position, that there is no authority in the bill presently before us to authorize the Unemployment Insurance Commission to pay interest on any of these claims.

Senator Grosart: Honourable senators, I would just comment on the statement made by the deputy leader. He has made such a statement before on similar occasions in respect to the criticisms from the Leader of the Opposition. It is generally to the effect that it is not in order to criticize in this chamber the conduct of business in the other chamber. I agree with this, but only if the criticism is of the House of Commons. I point out that Senator Flynn's criticism on this occasion, and on many others, has been of the government and what the government does in the House of Commons, which is a very different thing.

Motion agreed to and bill read third time and passed.

MARITIME CODE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-41, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof.

He said: Honourable senators, the duty of explaining the provisions of Bill C-41, the Maritime Code, affords me the opportunity to pay a brief tribute to one of our most senior and honoured members who has been for so long closely involved with Canadian shipping.

I refer to my desk-mate, Senator Norman Paterson, who is Canada's foremost ship owner and operator. Fifty years ago he founded N. M. Paterson and Son. During the past 20 years, this family firm has had constructed in Canada 20 ships for its own operations, which makes it one of the largest ship owners in Canada, if not the largest. It operates a fleet of 20 ships, all Canadian-built, with a total tonnage exceeding 100,000 tons.

Senator Paterson's fleet operates not only in the Great Lakes, but also in the Atlantic Ocean down to the West Indies. To mark its fiftieth year of operation, the firm has had built at Collingwood yet another ship, which was launched last June. I am sure all senators wish this truly Canadian firm, founded by a great Canadian, all the very best success in the years to come.

Honourable senators, as we commence our consideration of Bill C-41, it is interesting to note that in 1875, more than 100 years ago, the British Parliament passed into law the Unseaworthy Ships Act, one of the earlier pieces of British maritime legislation, which required that ships be marked with load lines, to limit the depth to which they could be loaded and to allow for a safe margin of freeboard.

This important measure was the result of nearly four years of courageous effort on the part of Samuel Plimsoll, a member of the British House of Commons. Appalled by the tragic loss of literally thousands of ships, he conducted a determined campaign on behalf of seamen, despite strenuous opposition. The result was the load lines that we see on both sides of our ships today, still often referred to as "Plimsoll marks".

Today, one century later, we find ourselves about to examine a far-reaching revision of our own maritime law. Up to now the Canada Shippping Act has been the major text of law governing shipping and navigation in our waters. The Canada Shipping Act was substantially based on the British Merchant Shipping Act, and both our act and the parent act have been extensively revised over the years.

Though the Canada Shipping Act has served us well in the past, and is still valid today, it has become awkward and out of date. In recent years, inquiries conducted in Canada and in Britain recommended extensive revisions of the respective acts. It was then felt that the old act would not survive another refit, and that it should be replaced with brand new legislation, which would consolidate other acts governing Canadian shipping.

Work started in 1968, and it was decided to replace the act and related statutes with a number of books of law. The first two books, dealing with general matters and the ship, are now before us today as part of Bill C-41, the Maritime Code Bill. Books to follow will enunciate the law on crew standards, cargo, cargo safety, and operational standards.

As a result of this on-going work the former Minister of Transport introduced Bill C-61 in the House of Commons in May 1975. That bill was thoroughly scrutinized by the House of Commons Standing Committee on Transportation and Communications, which reported to the House of Commons the results of its study. The legislation has been reintroduced in this session of Parliament as Bill C-41.

In presenting Bill C-41, it may be useful to summarize briefly how the Maritime Code Act is structured, and review a few of its major provisions.

The bill consists of the Maritime Code Act and three schedules, establishing the code itself as Schedule III to the bill, thereby providing a vehicle for the phasing out of the Canada Shipping Act and the phasing in of the Maritime Code.

The first two schedules merely list all the various other acts that are affected by the coming into force of this new legislation, together with the changes which will be made in those statutes. Schedule III is the Maritime Code proper, and it is designed to contain all the books of substantive law in shipping matters that will eventually replace the Canada Shipping Act and related statutes.

At this initial legislative stage Schedule III contains two such books, namely, Book I—General, and Book II—The Ship. It is envisaged that eventually there will be five such books, although the number of books is flexible, and may be increased if warranted by future necessity. As each of the 21 parts of the existing Canada Shipping Act, which are not yet repealed, is reviewed and revised, it will be transferred to the Maritime Code and placed into the appropriate book in Schedule III.

• (1440)

Book I establishes the applicability of the Maritime Code and provides for Canadian law to be extended to Canadian ships in foreign waters, and to foreign ships in Canadian waters.

In order to allow for greater public participation in the regulation-making process, provision is made for prior publication of regulations in certain specified cases and, at the minister's discretion, for public hearings.

The enforcement provisions contained in Book I have been revised substantially in comparison with those in the Canada Shipping Act. Matters related to the detention of ships have been expanded and clarified.

With respect to enforcement, the procedures relating to offences, penalties and fines have been clarified and coordinated, where necessary, with provisions of the Criminal Code. A new procedure for the service of a summons in the form of a ticket and for payment of fines by mail in the case of minor offences has been instituted.

Matters related to the detention of ships have been expanded and clarified. Arrest in civil cases has been extended to sister ships to conform with international practice, and the procedures relating to forfeiture have been set out in detail.

Turning now to Book II, its main provisions are intended to deal with the ship as a structure. In this respect, provisions concerning the national character and status of a ship have been clarified and related to Canadian registration. It is worth mentioning that under existing law, Canadian ships are British ships registered in Canada. The effect of this bill is to establish a distinct Canadian registry of shipping, and to divorce Canadian registry from British registry.

The ownership provisions of the Canada Shipping Act have been substantially changed. The primary purpose of these provisions is not to control foreign investment in Canadian shipping companies, but rather to ensure that there will always be responsible persons within Canada to answer for the actions of a Canadian ship outside Canada.

Another highlight of the code will create a centralized registry system for all Canadian vessels. The existing licensing system for smaller vessels will be eliminated, and the new registration system will provide a true title registry for vessels of all sizes. Essentially, the centralization process is designed to facilitate an effective, reliable and universal registration system, but the filing of documents can continue to take place at a regional level. In this way the best features of both the central and local registry systems will be retained.

The provisions relating to the measurement of ships have been considerably improved to take into account both the metric system and the new international rules relating to measurement of tonnage.

The bill provides for a gradual transition from the old legislation. The study program for the revision and re-organization of shipping law is on-going, and this method of revision is the most suitable as it provides a better opportunity for informed comment and debate. Each stage of legislation necessary to complete the Maritime Code will go before Parliament in the usual way so that Parliament will have full opportunity to consider the relationships between the general and the specific provisions on each occasion.

In the future, if amendments to the Maritime Code are deemed desirable, they will be considered in the light of prevailing circumstances and such amendments would present no technical difficulty.

It is the government's policy to create the necessary legislative support to give Canada a strong marine infrastructure. We are busy developing new policy options in the field of international shipping. The administrative structures of our ports are being streamlined and standardized. We are moving ahead with the construction of a Canadian ice-breaking bulk carrier for operation in the Arctic, and we are engaged with the industry and the provinces in improving our training techniques and facilities for ships' crews.

In Bill C-41 we are giving ourselves a modern tool with which to meet adequately and successfully the challenges of today's complex marine world, a tool that will allow us to exercise control over shipping activities in Canada and to continue our participation with international bodies in the formulation of safer regulations for navigation on the high seas.

Honourable senators, should this bill receive second reading in due course, I will move that it be referred to the Standing Senate Committee on Transport and Communications, for the usual detailed and careful study which is the hallmark of that committee's work.

On motion of Senator Smith (Colchester), debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide for the consideration of certain unemployment insurance entitlements.

An Act to facilitate the making of advance payments for crops.

An Act to amend the Pension Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 17, at 8 p.m.

THE SENATE

Tuesday, May 17, 1977

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

Prayers.

RAILWAY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-207, to amend the Railway Act.

Bill read first time.

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

Senator Petten moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Canadian Egg Marketing Agency for the year ended December 31, 1976, including its financial statements and the auditors' report thereon, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Copies of an Agreement, dated April 18, 1977, between the Government of Canada and the Government of British Columbia, authorizing a ferry subsidy for freight and passenger services in the waters of British Columbia.

Copies of Telex, sent March 21, 1977, from the Minister of Transport to the Premiers of the Atlantic Provinces regarding proposed amendments to Bill C-33, and the replies.

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Ekco Canada Limited and its Glaco Plant employees, represented by Local 468 of the Bakery and Confectionery Workers International Union, dated April 30, 1977.

2. Lawson Business Forms (Manitoba) Ltd. and their salaried group employees, dated April 30, 1977.

3. The Board of Commissioners of Police for the Town of Kenora and the Kenora Police Association, dated April 30, 1977.

4. The Rural Municipality of Siglunes, Ashern, Manitoba and the Secretary-Treasurer Group, dated April 30, 1977.

5. The City of Winnipeg, Manitoba and its employees represented by the Winnipeg Police Association, dated April 30, 1977.

Copies of the Report of the Grain Handling and Transportation Commission, Volume I, entitled "Grain and Rail in Western Canada", dated April 18, 1977, appointed by Orders in Council P.C. 1975-872 and P.C. 1975-1067, dated April 18, 1975 and May 9, 1975, respectively, pursuant to Part I of the Inquiries Act (Hon. Emmett M. Hall, C.C., Q.C., Chief Commissioner).

Copies of the Joint Declaration of the Downing Street Summit Conference, London, dated May 8, 1977, issued by the Office of the Prime Minister of Canada.

Copies of Final Communiqué issued following the Heads of State and Government meeting of the North Atlantic Council held at London, May 10 and 11, 1977.

Copies of a document entitled "Economic Review, May 1977", issued by the Minister of Finance.

• (2010)

FOREIGN AFFAIRS

IMPLEMENTATION OF HELSINKI AGREEMENT—QUESTION

Senator Thompson: Honourable senators, I should like to ask a question of the Honourable Leader of the Government.

In view of the pending June Belgrade conference to review the progress in the implementation of the Helsinki Agreement, what organization has been established by the government to detail such progress in Canada?

Specifically with reference to Basket III of the Agreement, what organization is to gather the required information?

Is such organization, if established, requesting reports on progress from the various Canadian national ethnic organizations from all Communist countries in Europe?

Specifically, what are the numbers on both re-unification of families and individual emigration to Canada during the two years prior to the signing of the Helsinki Agreement and each year since, listed respectively from each Communist country in eastern Europe?

Senator Perrault: Honourable senators, I must take that question as notice.

Senator Flynn: For two reasons.

Senator Perrault: Honourable senators, I have just had some disquieting information given to me, and I must give that as a reason for my hesitancy in replying.

NEGOTIATIONS RESPECTING NUCLEAR SUPPLIES—QUESTION

Senator Grosart: I wonder if I could ask the Leader of the Government if it is his intention to give a fairly immediate reply to the question I asked about the negotiations regarding certain Canadian nuclear contracts with certain other countries.

Senator Perrault: Honourable senators, I can only take that inquiry, again, as notice. I believe it deserves a full response, which I hope to make within a few days.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macnaughton, P.C., seconded by the Honourable Senator Connolly, P.C., for the second reading of the Bill C-39, intituled: "An Act to amend the Bank Act and the Quebec Savings Banks Act".—(*Honourable Senator Benidickson, P.C.*).

Senator Petten: Stand.

Senator Macnaughton: Honourable senators, this item has been on the order paper for several days now, having been postponed at the request of one honourable senator. This is a very small bill. I do not wish to push the matter, but surely we could proceed on May 19, at least.

Senator Petten: Honourable senators, I would point out that the senator in whose name this order stands is ill this evening. He assured me, however, that he will proceed with it tomorrow.

Senator Macnaughton: Well, I would like to suggest that we proceed with it on May 19, since it is impossible for me to be here tomorrow.

The Hon. the Speaker: Shall this matter then be adjourned until May 19?

Senator Petten: No, honourable senators, I am sorry. The senator in whose name this is adjourned has assured me he will speak to it tomorrow, and it can be concluded on May 19; or do I misunderstand you, Senator Macnaughton?

Senator Macnaughton: No. That is all right.

Senator Flynn: It is not an order of the Senate that this debate should be concluded on May 19?

Senator Petten: No.

FOREIGN AFFAIRS

VISIT OF DELEGATION OF CANADIAN PARLIAMENTARIANS TO MEXICO, MARCH 21 TO 28, 1977—DEBATE ADJOURNED

Hon. Gildas L. Molgat rose pursuant to notice of April 28:

> That he will call the attention of the Senate to the visit of a delegation of Canadian parliamentarians to Mexico, from 21st to 28th March, 1977.

He said: Honourable senators, before I proceed I would ask permission of the Senate to have the joint communiqué issued by the Canadian parliamentary delegation which visited Mexico from March 21 to March 28, 1977 printed as an appendix to the *Debates of the Senate* of today.

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

Hon. Senators: Agreed.

(*For text of joint communiqué see Appendix, p. 713.*)

Senator Molgat: Thank you, honourable senators, for that privilege. The communiqué gives details of the activities of this delegation, and I am sure it will be of interest.

At the outset I would say I was pleased and honoured to be selected as a member of the delegation, and as the co-leader of the delegation representing the Senate. I was accompanied by two of my honourable and very friendly colleagues, Honourable Senator Bélisle and Honourable Senator Bonnell, and their gracious ladies. There were also representatives from the House of Commons, whom I shall mention later.

Before I say anything else, I want to express—and I am sure I am doing this for all members of the delegation—our warmest thanks to the members of both houses of the Mexican Parliament; in fact to all of the Mexican people we had occasion to meet during our trip. We could not have been received in a more friendly, open and helpful manner. I really cannot find the words to describe the reception accorded our delegation. It was as a direct result of it that we had a most fruitful week's discussion with the people of Mexico.

Perhaps a bit about the history of our association with Mexico might be useful at this point. Though our diplomatic relations with Mexico go back to 1944, it was not until fairly recently that parliamentary associations developed. There have been other meetings. For example, there was the visit to Canada in 1973 of the then President of Mexico, President Echeverria, who addressed the joint houses, and the then Speaker of the Senate, the Honourable Muriel Fergusson, responded for both houses. There was a visit to Mexico in January 1976 by the Prime Minister, the Right Honourable Pierre Trudeau, and there have been meetings of ministers and deputy ministers on a regular basis over the past four or five years. However, it was not until 1975 that the first parliamentary meeting took place between Mexico and Canada, and here we have to express our thanks to the Parliament of Mexico, who took the initiative and in January 1975 invited Canadian parliamentarians for the first official visit to Mexico. At that time the leader of the delegation was the Speaker of the House of Commons, the Honourable James

Jerome, and the Senate was represented by three senators, including the Speaker, the Honourable Muriel Fergusson.

That fruitful meeting was followed in March 1976 by a visit to Canada by a Mexican delegation composed of 11 parliamentarians, five from the Senate and six from the Chamber of Deputies. They visited parts of our country but not, to my particular regret, western Canada. At least, they saw some parts of Canada, and then continued the meetings in Ottawa.

This Canadian delegation, which was in Mexico from March 21 to 28 of this year, took part in the third official parliamentary meeting between Canadians and Mexicans.

● (2020)

It is always risky to mention particular persons when expressing thanks, but I must name some. The President of the Great Commission of the Chamber of Deputies of Mexico, Representative Augusto Gomez Villanueva, chaired the majority of the meetings, and throughout was of great assistance to us. The co-chairman from the Mexican Senate was Senator Joaquin Gamboa Pascoe who participated in all the meetings and received us in the Senate chamber for a visit there, as well as at a reception and lunch.

In addition, there was a special reception for both delegations given by the newly elected President of Mexico, José Lopez Portillo, in the Presidential Palace. The President spoke to us, and expressed his great interest in closer relationships with Canada. The co-chairman of the Canadian delegation from the House of Commons, the chief government whip, Mr. Gus MacFarlane, was chosen to respond on that day on behalf of Canada, and to repeat, on behalf of the delegation and the Canadian people, an invitation which had been extended previously by Prime Minister Trudeau to the new President to visit Canada. It is our hope that he will—he certainly expressed the desire to—respond to that invitation and come to Canada at an early date.

Our thanks are extended as well to all of the people with whom we dealt—the driver of the bus, the hostesses who guided us around and all the people we met, who consistently went out of their way to help us, to assist our travels and to make life pleasant for us, and who gave us a fine view of Mexico and the Mexican people.

On this visit most of the delegates were accompanied by their wives—at, I might add for the record, the delegates' own expense. This permitted a different kind of discussion on many occasions. The conversations and relationships at dinners and luncheons provided a more varied view than would have been possible had there been only parliamentarians present. I think I can say justly that the breakfast, lunch and dinner meetings—and I might add that the Mexican group, with their great hospitality, had daily breakfasts, luncheons and dinners, where we had the opportunity to meet the delegates and other members of both houses and their wives—while not exactly working occasions were nevertheless useful occasions on which to transmit knowledge from one group to the other. So the entire program, while in some ways heavily loaded from a time standpoint, in my opinion, was very useful to both groups.

I woud also be remiss if I did not express the thanks of our delegation to those here in Canada who assisted in the preparation for the trip. I refer particularly to Mr. Peter Dobell, Director, Parliamentary Centre for Foreign Affairs, and his staff, and representatives of the Department of External Affairs who briefed us thoroughly prior to our departure. This enabled us to be in a position to speak, if not as experts then at least knowledgeably, with respect to the problems which we were expected to discuss.

Once we were in Mexico, the Canadian Ambassador, His Excellency James Langley, and his staff, and Mrs. Langley, were of constant help to us.

Senator Grosart: They were wonderful.

Senator Molgat: Yes, they certainly were, and anyone who has been on this kind of visit, I believe, appreciates the help which is extended by the Department of External Affairs and, in particular, by the ambassador on location. As a result of those briefings, we were in a much better position to have useful discussions with the Mexican delegation.

The delegation which represented Canada had a particular flavour, to which I would like to make reference because it was really representative of every part of the country. From the Senate we had representatives from the Maritimes, Ontario and Manitoba. From the House of Commons we had an equally distributed delegation, with representatives from Ontario, Quebec, Saskatchewan, Alberta, British Columbia and the Northwest Territories. It is rare to find that kind of geographical distribution. Equally interesting, as it turned out, was the ethnic representation. It was really, in a sense, a small Canada on tour, because we had represented virtually every one of the ethnic groups which make up this country. I believe this was of special interest to the Mexican delegation.

Every member of our delegation gave the utmost cooperation. Each member participated not only in the discussions on the agenda subjects but, in addition, at each of the official functions one member of the delegation was chosen to officially represent the Canadian delegation. For example, Senator Bélisle was the official spokesman for Canada at the reception and dinner held by the Secretary of State for External Affairs.

Senator Choquette: Did he speak Spanish or French?

Senator Molgat: He, as a matter of fact, spoke both French and Spanish—and English.

Senator Choquette: Good.

Hon. Senators: Hear, hear.

Senator Molgat: Senator Bonnell was the official spokesman for the delegation at the reception and lunch held by the President of the Senate of Mexico in the Senate chambers. Various representatives spoke for the delegation throughout our visit.

● (2030)

After the official meetings in Mexico City, we were given the opportunity to see other parts of Mexico. We met with the Governors of four of the Mexican states, the States of Chia-

pas, Quintana Roo, Yucatan, and Tabasco. In each case, the reception was overwhelming. Visits to some of the Mayan and Aztec ruins provided us with an opportunity to understand some of the history of Mexico. They provided us with an opportunity to appreciate the long history of that country; to appreciate the struggles through which it went in order to achieve its present high degree of development.

The subjects discussed are listed in the communiqué I mentioned at the outset of my remarks, but I will go over them briefly. They dealt with trade, tourism, exchange of workers, exchange of students, the question of fisheries—all subjects with which our two countries have a joint concern. What impressed our delegation most throughout the discussions was the keen desire on the part of the Mexican parliamentarians to work more closely with Canada. We have a golden opportunity for a fruitful association for both countries. In many respects, our countries have great similarities.

It is true that in certain areas the Mexican delegation made very clear their desire for greater trade with Canada; their feeling that there is an imbalance at this juncture; and that they are, in fact, buying a great deal more from us than we are buying from them. While the raw figures may indicate that that is so, there are, of course, some counterbalancing factors. For example, in the tourist industry Canadians spend a great deal more in Mexico than Mexicans spend in Canada. There is the fact that in respect of much of the trade, particularly in fruits and vegetables, many of the products coming to Canada are sent through American brokers and do not appear as a Canadian purchases. Such products are merely in transit through U.S. brokers. These facts were brought to their attention.

The discussions provided both delegations with the opportunity to explain to each other the conditions as they view them. Through it all there came a very clear desire on the part of the Mexican delegation for closer relations with Canada. The Mexican people are looking more and more towards a North American relationship, and as evidence of that we have meetings such as I am now talking of, the exchange visits by Prime Ministers and Presidents, and the new attitude taken by President Carter. All of these developments provide an opportunity for new approaches on the North American continent. I do not suggest that such a relationship should be at the expense of Mexico's ties with Latin America. However, I do feel that those ties can be maintained while pursuing a closer relationship with Canada.

We share the same continent; we share the same relationship with the most powerful country on earth. It is a friendly country, but nevertheless the relationship is one where obviously frictions can develop. But I think that by working together with the Mexican people we can help each other's position and strengthen the whole of the North American structure. It is by communication and more discussion that we can achieve this.

In the past, the attitude of Mexico towards the United States has probably been somewhat different from our own. This is understandable when one looks at the history of the country. But I think now there is an opportunity for a new attitude. The Canadian government, the Canadian people and Canadian companies should be looking at this opportunity for much closer cooperation with Mexico. They are in need in many areas of capital; they are in need in many areas of expertise. I think we are in a position to supply some of these needs. It is true that we have our own capital needs, and those of us who come from other than central Canada often feel that we are in need of capital development as well. However, if we look at the long-range situation in North America, and in the world, we will find that there are sound reasons for Canadian cooperation with Mexico in development.

It is true that under the laws of Mexico they insist on maintaining control through holding a minimum of 51 per cent of any industry that is developed within Mexico. They have brought in this provision consciously because they want to maintain control of their economy. But I still believe, while recognizing that Mexican law, that there is an opportunity for Canadian cooperation, for example, in the field of mining where we have the technology; in forestry where we have years of experience and where we have trained people; in fisheries where we fish in the same oceans; and in agriculture where we also have highly developed expertise in certain crops. By cooperating with the Mexican people at this time, we will be improving not only their position but our own as well.

If we fail to take this opportunity now, honourable senators, then it will be taken by others. I am not being in any way critical of investors, be they from Japan, West Germany, France, Great Britain or elsewhere, but the opportunity is there. Mexico is in need of development. It has a large labour force, much of which is underemployed. It still has large areas that are underdeveloped. It has a demand for finance and for expertise. If we are prepared to cooperate at this time and to work with them, I think that in the long run it will be to our own benefit. We will be ensuring a long-range position for Canada, which is there waiting for us. If we do not move, then I think others will.

• (2040)

Honourable senators, I want to close by simply thanking my colleagues in this chamber who were on the delegation with me, and my co-leader and the delegates from the House of Commons. It was a good delegation. We worked well together. Everyone participated, and everyone cooperated. I think the work we did during that week in Mexico was useful for both chambers of Parliament, was useful for Canada, and will, I hope, help to promote better understanding not only between Mexico and Canada but among all the nations of the world.

On motion of Senator Bélisle, debate adjourned.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE ADJOURNED

Hon. Raymond J. Perrault rose pursuant to notice of May 12:

> That he will call the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

He said: Honourable senators, in speaking to this inquiry, I know that most members of this chamber welcome this opportunity to discuss the ways in which Canada can meet more effectively the economic, cultural and political challenges which present themselves at this time, as well as the opportunity to discuss the aspirations of the various regions of this nation. There has been a good deal of comment both within and outside Parliament about the need to have this matter discussed in both chambers of Parliament. I therefore welcome the opportunity to initiate a debate which I feel will be useful for the nation.

As I stated last Thursday, concern for the future of Canada and for the future shape of Confederation is not restricted to any one section or corner of this chamber; it is not restricted to any one political party; to any one personality; or, indeed, to the other place or to any legislative chamber in this country or to any one province. There is concern throughout Canada about the future of this nation. There are few areas of complacency left in Canada as from coast to coast more Canadians ponder the future. There is a growing realization that this process, the end goal of which is to keep Canada united and strong, must not be a spectator process but must be a process of participation by not only those who serve in the elected assemblies of this country but by every citizen.

The inquiry before us is worded so that honourable senators can engage in a wide-ranging look at Confederation. That includes, of course, regional disparities, national unity and the aspirations of the regions. Surely, the Senate is an appropriate parliamentary chamber in which to launch such a debate. Senators will not need to be reminded of the historical roots of this place, for the Senate was established largely in response to appeals and requests from certain smaller provinces, which felt that a second chamber should be established to protect regional interests and aspirations. The Senate came into being in part to better articulate the needs, the desires and the problems of the regions of Canada. Surely, we senators have a unique responsibility at this time in the history of our nation. The Senate was to be a counterbalance against the possible misuse of power by a Commons selected by the overwhelming population majorities of central Canada. It is appropriate, then, that the national parliamentary dialogue about regional aspirations, disparities and unity should involve members of this chamber, and, indeed, be initiated in this chamber. It is also appropriate that this discussion in our chamber should coincide with the happy fact that all of the provinces of Canada and its territories are now represented in this chamber. Together with you I look forward to the contributions which will be made by this substantial cross-section of our nation. I feel sure that the contributions to come will be as distinctive and as challenging as the various areas of Canada themselves.

It is true that there may be some Canadians, even in the Parliament of Canada, either in the Senate or in the other place, who believe there is danger in a debate of this kind; who believe that the airing of painful problems, the articulation of differences and conflicts of opinion, can be self-defeating.

The events of November 15 last have in part prompted this inquiry. But the events in one province should not obscure from us our need to examine the question of how all of the regions of Canada fit within Confederation.

On April 18 the Prime Minister said that the challenges of our nationhood involved great dangers, but also great hopes—hopes, I suggest, for all Canadians in all of our provinces. One of our esteemed colleagues said bluntly in the chamber last week that we should mind our own business, that only the people of Quebec can decide what will happen there. With due deference to that viewpoint, however, most Canadians are concerned about national unity, whether it is threatened in the east, the west, in central Canada or in the Atlantic provinces.

In over 110 years we have come to develop a family interest in the nation's problems, and we have developed a family concern about challenges, wherever they may present themselves and whatever the circumstances. It would be unrealistic, I think, to assume that Canadians of any one province would allow themselves to be shunted to the sidelines in any situation involving the unity of the nation.

There are indications, and we have been told this a number of times, that our fellow citizens from Quebec will vote to remain as Canadians should a referendum be held. But surely such a favourable vote would be a pyrrhic victory, unless the root cause of the call for separatism, even by a minority, were examined and, hopefully, eliminated. Similarly, in western Canada, while the small vocal minority advocating western separatism may be crushed politically, nevertheless, alleged grievances should be studied in order to determine whether they actually exist—just as the historical claims of Canadians from the Atlantic provinces deserve the same kind of careful study and consideration at this time in our history.

● (2050)

The cause of federalism in Quebec, the cause of federalism in the west, the east, the maritimes and Newfoundland—any part of Canada—will not be served by ignoring the fact that Canadians, who internationally are regarded as generous, considerate and compassionate people, can occasionally act spitefully and unthinkingly toward their own. If we have learned one truth in our 110 years of existence, it is that our vast distances, our regional interests, our great, rich, varied ethnic background demand a vast measure of tolerance, understanding and patience on the part of all of us.

Speaking of distance, honourable senators may be aware of the fact that geographically the province of British Columbia is located closer to the Soviet Union than it is to Ottawa; the province of Newfoundland is closer to Britain than it is to Vancouver. This vast geographical expanse poses enormous challenges to our qualities as citizens. It asks us to be perhaps more understanding, tolerant and patient than most other nations in the world.

André Siegfried, in one of his works which I remember reading at university, wrote of the "seven Canadas", the seven geographical areas of our nation, and how we have defied all geographical logic to bring Canada into existence when all of our geographical features run north and south.

As well, we have overcome mountains of other differences in order to bring into being a nation. By any political and economic law or theorem, perhaps we should not have been able to become a nation in the first place. But here we are, a successful nation after 110 years of existence. Honourable senators, Canada's progress can be compared favourably with any other nation in the world over a similar period of time.

There are some myths about our nation, and parliamentarians are more aware of these myths, perhaps, than many other people who are not given the opportunity to travel around the country; particularly the simplistic myth that there are only two Canadas; the myth that there is a monolithic linguistic ethnic bloc known as "French Canada" centred somewhere in Montreal. And there are those who are not quite sure where Montreal is located in the province of Quebec. Then there is that other myth—the notion of another monolithic linguistic ethnic bloc known as "English Canada" centred in Toronto.

Well, both concepts are incorrect. Those who know so-called French Canada know that it is a richly varied landscape of peoples, talents, abilities and resources. More Canadians should be reminded of the fact that those Canadians who live in Quebec are descended almost entirely from 65,000 French from the western departments of France who were abandoned on the banks of the St.Lawrence by the Treaty of Paris in 1763. Cut off from contacts with France, from which they received no further reinforcements, their only hope of survival lay in their own incredible vitality. The millions of Canadians of French descent have written in the new world an astonishing page of history by any standard. Yet I wonder if this fact is totally understood or appreciated by many people in this country.

I was looking at some quotations the other day and I came across one by Voltaire. In a letter to France dated October 3, 1760, he said:

> If only I dared, I would implore you on my knees—

He was writing to a prominent figure in the Government of France.

> —to rid France for ever from the administration of Canada. By losing Canada, you lose nothing; if you want her restored to you, you restore a perpetual source of war and humiliation . . . no more.

Later he said:

> Canada is a few acres of snow and not worth a soldier's bones.

Thank heaven that the 65,000 tough, resilient and vital people of French descent did not heed that dire warning of Voltaire. Not only did they survive, but today they are writing more astonishing pages.

Who can read history and not be reminded of the fact that when Benjamin Franklin and others came to the province of Quebec from the United States and asked for the support of Canadians of French descent in the war against Britain and an American conquest of Canada, Canadians of French descent stood by Canada and refused to join in the American invasion of this country? Indeed, there would not be a Canada today had it not been for that opposition recorded in this one historical episode in the life of this country. Yet some still regard Quebec as inaccurately as Hollywood often depicts Canada: made up mostly of ice and snow, trappers, hockey players, and Mounties bursting into song at frequent intervals.

On the other side of the coin there is the stereotype of English Canada, the image of Bay Street and economic domination, and a group of people passionately dedicated to preserving nothing at all except links with London. That image is just as inaccurate. It ignores the immense and varied contribution of those whose ancestors came to Canada from the United Kingdom.

In fact, Canada is a nation of minorities. There is no such thing as an "English" monolith majority or a "French" monolith majority. For example, English-speaking Canada is made up of hundreds of minorities, sharing in common the English language spoken with disparate accents, made up of people who may converse generally in the same tongue but who hold widely differing views regarding economic and cultural development. This so-called monolithic "English" group includes the very independent-minded people of Prince Edward Island, mostly of Scottish descent, whose province was the cradle of Confederation. The so-called "English" bloc includes the people of our newest province, the province of Newfoundland. The Vikings are supposed to have come to L'Anse-au-Meadow in northern Newfoundland many centuries ago. Perhaps some of my friends from Newfoundland can set the historical date more accurately. But the residents of what was once Britain's oldest colony, the English, Irish and Scottish, had to possess just as tough qualities as Canadians of French descent in order to build homes and raise families in Newfoundland and to carve out existences for themselves. At first they came out to fish. Many years ago, Newfoundlanders tell me, one could put a basket over the side and fill it with fish in five minutes. That has changed somewhat since the foreign fleets came in.

Newfoundland, then, presents a completely different side to the so-called monolithic "English" community. And there are other sides. The other day I spoke to a farmer north of Edmonton. He said, "I protest when they say that I am part of some 'English' monolith. My parents came out from the Ukraine at the turn of the century. They were homesteaders. We are part of the Canadian family too, and we feel very much part of it—and we are proud of our cultural heritage."

So, in addition to our two founding cultures and our two founding races are hundreds of minorities. I recently reviewed the statistics regarding Canada's population. I do not wish to

burden honourable senators with details, but there are some interesting facts. Approximately 30 per cent of Canadians are of French descent, 25 per cent English, 10 per cent Scottish, 9½ per cent Irish, 6 per cent German, 3.4 per cent Italian, 2.7 per cent Ukrainian, 2 per cent Dutch, 1.5 per cent Jewish, and less than 1 per cent Welsh. There are many other races. And there are Canadians of other descent—Asian, Scandinavian, Russian, Polish, and native Indians—and all have made a great contribution to the development of Canada. We are better for their presence.

So we have this diversity of ethnic origin, this diversity of region which defies the efforts of some people to say simplistically that national unity is a "dialogue of the St. Lawrence Valley" involving principally the two main founding cultural and linguistic communities.

Sir Wilfrid Laurier spoke about the richness that Canada's cultural diversity confers. He compared it to the components of medieval cathedrals which combine to create magnificent edifices. And yet cultural diversity presents challenges to unity, not only the unity of our two founding cultures but unity which overcomes the barriers of geography and economics as well as the other races, religions and cultures which are part of Canada. Sir Wilfrid Laurier said in 1886:

> Below the island of Montreal the water that comes from the north unites with the waters that come from the western lakes, but uniting they do not mix.

● (2100)

> There they run parallel, separate, distinguishable and yet are one stream—flowing within the same banks—the mighty St. Lawrence and rolling on towards the sea bearing the commerce of our nation upon its bosom—a perfect image of our nation. We may not assimilate—we may not blend—but for all that we are still the component parts of the same country.

National unity, as Laurier suggested, does not mean the abandonment of our cultural heritage; it does not mean the creation of a Canadian melting pot where, by consensus, certain "ideal" attributes are designated and we attempt to persuade everyone to conform to those national "norms". Such a process could not be attempted in this nation.

Real democracy means the preservation of minority rights, not the imposition of majority privilege. Surely, we are seeking to assure the full flowering of both our founding cultures and their languages while, at the same time, securing the minority rights of all others, and achieving equal justice for all. The process will enrich all of us, and build a better nation.

Had the settlement of Canada been more uniform over the years, had there been an even distribution of French-speaking, English-speaking and other groups from coast to coast since Confederation, perhaps there would be fewer problems concerning unity and understanding today. But that is all past. It is history. Understandably, I think, it is very difficult to convince a native-born British Columbian whose great-grandparents came around Cape Horn by sailing ship from England, and who grew up in an environment almost devoid of the French language and in a community where more people speak Chinese than they do French, that his children today should learn French in order to become Canadian citizens in the fullest sense of the term. For some, the dialogue about the language and culture seems remote and far away—a dialogue of the St. Lawrence Valley—but there are signs that this is changing. There are others, in increasing numbers, in the west, who have taken a new interest in Quebec, who recognize that the ability to speak French and English is a positive cultural advantage of the first order. Language schools and classes in western Canada now have waiting lists, something that has never happened before in the history of this country. The desire to learn French has gripped the imaginations of thousands of people of western Canada, who are beginning to understand the importance of both founding communities being able to do business with the federal government in their own language, the importance for today's generation of youth to acquire a working knowledge of both languages.

Similarly, I suggest it is difficult for some residents of Quebec, born and raised there, to comprehend why a working knowledge of English is desirable and why a knowledge of Ontario, western Canada and the Atlantic provinces is of importance when almost all of their economic and cultural interests are centered in Quebec.

In the ultimate, the events of November 15 may be therapeutic for all of us, for, as the Prime Minister said in his speech in Winnipeg:

> This challenge to unity is the west's opportunity—

And, may I add, the east's opportunity as well.

> —the west's chance—

Yes, the east's and the west's chance.

> —to get a better deal out of Confederation, as it is for all Canadians.

With the expertise which exists in this chamber, we should be able to enunciate and spell out some proposals regarding the strengthening of Confederation.

There is certainly no better time for this self-examination. There has been a change in the country since November 15; not so much a change in attitude as a growing determination by a vast majority of decent, fair-minded Canadians to make themselves heard. There never has been an army—a platoon or two, perhaps, but never an army—of bigots in Canada. There has been, rather, a handful of "snipers" who have commanded attention by the very fact that their views have been a departure from the norm—the sane, sensible norm. I invite honourable senators to examine the letters-to-the-editor pages in newspapers across Canada today. Listen to the open line shows. People of goodwill and generosity of spirit are demanding to be heard.

In recent weeks we have been bombarded with arguments about the financial cost of Confederation. On this point, I recall the leaders of the minuscule western separatist movement coming up with some figures a few months ago purporting to prove that it cost every British Columbian $258 a year to remain in Confederation. Even if that figure were correct—

and that is in dispute—it would amount to 70 cents a day. This was their argument to get British Columbia to opt out of Confederation—the 70-cent solution. They were, in effect, saying, "Keep the 70 cents a day in your pocket. Forget about a century of cooperation. Forget the fact that our ancestors founded a nation free of class prejudice and religious persecution. The computer print-out has spoken." Needless to say, British Columbians have not been impressed by the cause of western separatism.

I was in Calgary, Alberta, making a speech at noon yesterday, and I have to tell you that they do not seem very impressed by western separatism there either. Indeed, in a recent poll taken of public attitudes towards Quebec's remaining in or out of Confederation, the province of Alberta, I understand, had the highest percentage of people who said, "We want them to stay in." So much for accusations of Alberta separatism, and the stories that we hear about the allegedly selfish "blue-eyed Arabs" of western Canada.

And so, honourable senators, I hope that this debate will range beyond the slide-rule calculation of Confederation costs, and that it will do more than just articulate attitudes. The discussion will, for example, be an opportunity for senators to focus on constitutional revision. Too often the perennial question of constitutional reform is lofted on high, and we focus on one aspect only, namely, the division of powers between Parliament and the provinces. But let us take this opportunity to examine the role of many federal institutions as they relate to the regions—the House of Commons, the Senate, the Supreme Court, the departments of government, the crown corporations and the rest. Many senators have great expertise in these areas, and could contribute in this way to the national dialogue in the course of this debate.

Quebec maintains that the federal institutions are unresponsive to the linguistic and cultural aspirations of Quebec, and are not able to deal with them. In the west there is a feeling that due to sheer physical distance from Ottawa federal institutions are unresponsive to the needs of westerners. Some maritimers and westerners believe that federal institutions are weighted in favour of central Canada. We can and should, therefore, examine the question of whether our federal bodies are properly servicing regional concerns. While the problems of regional disparity and the desire for recognition of distinct regional concerns have remained basically unchanged throughout our history, the necessity to confront them and find solutions is now both immediate and unavoidable.

The issue of national unity must be approached with an understanding that the political, social and cultural underpinnings which formed the basis for the original constitutional agreement have changed in ways which could not have been anticipated at the time the original bargain was struck, and to say this implies no criticism of the Fathers of Confederation, who showed such remarkable foresight.

Advances in transportation and communications, and the changes brought to our country through massive immigration, have irrevocably and positively changed the nature of our country to the point where we are required to rethink the basis of our union. The election of a government dedicated to the separation of any province from the rest of the country is as much a challenge to all Canadians to try to place their regional desires in the context of the federal state, as it is a political challenge to governments.

The patriation of the Constitution is a good vehicle around which Canadians can and should focus their thinking in an attempt to re-rationalize their concept of their country. The issues raised by patriation are not suited to limited, in-house discussions involving only governments here in Ottawa. Not only have governments shown themselves, at times, to be incapable of arriving at solutions using their own devices, but I believe that the inclusion of a broader range of opinions and suggestions through the participation of large numbers of people is very desirable.

We can and should examine the question of whether our federal bodies are properly servicing regional concerns. The problems of regional disparity and the need for recognition of distinct regional concerns are as old as the nation itself, but now the need to confront these problems is pressing.

As a body formed to protect regional interests, we have an obligation here at some point, I think, to examine the questions of immigration, transportation and communication, and so on, all of which have changed the nature of Canada. In this regard you will recall that I proposed some time ago that we consider the possibility of forming a Senate committee which would travel throughout Canada to hear the views of people in various regions. Suggestions have been advanced from all parties represented in this chamber with respect to this proposal. All of these suggestions have been good and constructive and positive. Many senators on both sides of this chamber agreed that this would be a worthy undertaking. However, some have suggested certain difficulties in framing appropriate terms of reference. Of course, these difficulties exist. Whatever action may be taken by members of this chamber, there appears to be a belief that too seldom do the people of Canada get the opportunity to meet parliamentarians and tell them what is needed. Yet parliamentarians, burdened with a heavy legislative schedule, are unable to get into the country often enough today.

● (2110)

I often think that we require certain fundamental reforms in the way we operate our two houses of Parliament. I think there is great merit in the proposal to close down Parliament for one week at a time, every six weeks, so Parliamentarians can go back to their regions and talk to the people. I think we are caught up in much detail here that is not directly relevant to the pressing concerns of the citizens of this country. One result is that too many people too often must come to Ottawa in order to obtain a hearing. This precludes a healthy dialogue. Too often only the corporations, the unions, and large organized groups can afford the time and money.

I can only restate my belief that it may be time for parliamentarians to descend from the Hill and get out into the country, and not to stand up in the banquet halls of large luxury hotels in order to lecture audiences on national unity, in

any province, be it Ontario, Quebec, the prairies, the Atlantic provinces or British Columbia. That should not be our form of activity. We should get into the population centres and towns and listen and learn. I am convinced that we may learn more about regional aspirations from meetings of this kind than from any other source. Such an undertaking would have, in my opinion, considerable merit. It could inspire substantial participation on a non-partisan level—and this debate should be on a non-partisan level—the dialogue in the country.

Honourable senators, the goal of unity will not be achieved by academic symposia alone, regardless of their merit, or by conclaves of economists preparing reports and cost-benefit analyses of Confederation. The battle for unity will be won among the millions of Canadians in every province, who vote, pay taxes, raise their families, are good citizens, and contribute to Canada in thousands of ways, without once being invited to an academic think-tank session or to conferences starring eminent political scientists. Computer print-outs and economic analyses of the cost-benefit ratio will not decide this issue.

Large numbers of Canadians could share in this dialogue about the future of Canada—their country. They could shed much-needed light on many of the problems of regional disparity, which are generally understood, but whose particulars are vague. More important, public hearings in the regions would be one mechanism through which Canadians could see their concerns dealt with directly. It would help to restore some of the faith of those who think their opinion does not matter anymore, that they have little say in their own nation's destiny.

As that most articulate of men, Harry Boyle, in a recent speech stated:

> It is time Canadians stopped being diffident, time we dropped our reluctance to show emotion or even passion for our country.

He further said:

> Let's stop the clinical dissection and get to the exciting business of creating a positive attitude towards our country. It is the passion and emotion of the people devoted to our own cultural maturity derived from our history and our shared experience that will keep us united.

As I have stated, I would like to see such a committee made up of honourable senators, but I know the feeling of the other chamber. Many members of Parliament have said, "We think the proposal for public hearings in the regions has merit." Some have said, "We think that we should have a committee made up of our members." Whether we work alone or in concert with members of the other place, whether or not any committee of any kind comes into existence, there is an important role for Parliament to play. In any case, I would hope that the inquiry before us will inspire enthusiasm, ideas and commitment. In tandem with efforts in the other chamber, senators can make an outstanding contribution to the cause of national unity and to meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Whatever we do, wherever we live, whatever our origins, we have a responsibility to pay more than lip service to the idea of national unity and better understanding in this country. To live in Canada is an incredible opportunity in a world where three out of every four people go to bed hungry every evening, where survival itself is the main daily task. I was in another country last month, a great nation beset by inflation, but I was told that inflation is coming under control. The rate is now down to 325 per cent a year. Last year it was 650 per cent. That is only one facet of the agony through which the world is going. Thankfully, we have been spared most of that agony.

A sense of grievance against certain aspects of Confederation surely exists in many regions of Canada, but it fades into insignificance when weighed against the problems endured by other members of the human race. It would be a monumental tragedy if this Confederation, which has served so many Canadians so well, and has served the world so well for 110 years, flounders and becomes a divided, dissected nation.

We must ponder what would be lost by division, and what is to be gained by the process of strengthening national unity and attempting to understand one another better. There is no doubt where Canada's best interests lie. We owe it to those who came before us, those who worked to build this country against all odds. We owe it to our youngsters and to the unborn. The next few months and years will present great challenges, but great opportunities. Let no future historian ever write that the Canadians of this generation were content to witness abjectly or, in our case, preside supinely over the liquidation of Canada.

On motion of Senator Steuart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 705*)

VISIT OF DELEGATION OF CANADIAN PARLIAMENTARIANS TO MEXICO, MARCH 21 TO 28, 1977

JOINT COMMUNIQUÉ

From March 21st to 28th a Canadian delegation visited Mexico to hold the Third Interparliamentary Meeting between Mexico and Canada. The Canadian delegation was headed by Co-chairman Senator Gildas Molgat and Chief Government Whip Gus MacFarlane, M.P. The Mexican Delegation was presided by Representative Augusto Gomez Villanueva as Chairman and Senator Joaquin Gamboa Pascoe as Co-chairman.

Both delegations were received by President José Lopez Portillo, who delivered a message of great importance to Mexican-Canadian relations. The Canadian delegation, through Chief Government Whip Gus MacFarlane, reminded President Lopez Portillo of Prime Minister Pierre Elliott Trudeau's invitation to visit Canada. Mr. Lopez Portillo stressed that he will visit Canada as soon as possible.

The Canadian delegation attended a meeting of the Standing Committee of the Congress of Mexico during which greetings were exchanged and Senator Molgat, speaking on behalf of the Canadian Delegation, stated points of view on political, economic and cultural matters of interest to both countries. Senator Alejandro Cervantes gave the Mexican points of view on these matters.

During their stay in Mexico City, the Canadian delegates met with the Secretary of Tourism, Guillermo Rossell, the Mayor of Mexico City, Carlos Hank Gonzalez, and the Secretary of Foreign Affairs, Santiago Roel, represented by the Undersecretary Mr. J. J. Olloqui.

The Canadian delegation had the opportunity to meet the Governors of Tabasco, Chiapas, Yucatan and Quintana Roo.

Both delegations held working sessions in Mexico City, during which they exchanged points of view on: Canadian-Mexican relations, trade balance, tourism, air transport, young technicians exchange, migrant workers in agriculture, fisheries, the new international economic order, the defense of prices of raw materials, development financing, cultural relations and energy.

Both delegations agreed that the relations between the two countries have been strengthened and improved. They pointed out the importance and usefulness of the Interparliamentary Meetings to consolidate friendship between these two countries and expressed willingness to continue holding these meetings. They also reaffirmed their conviction that meetings among Heads of Government are valuable means to further understanding and co-operation between countries.

Both delegations recognized that it was desirable to improve the balance of trade. A review should be made of the list of imports and exports between the two countries and new commodities added where possible. An effort should be made for direct bilateral trade rather than having the major amount of imports arrive by means of a third party.

The Canadian delegation undertook to urge Canada to conclude arrangements for the signing of an agreement on standards of quality and health certificates which has now completed the negotiations stage.

After examining official trade statistics between the two countries and knowing the differences on data from each source, both delegations underlined that such discrepancies are due to trade through a third party. Direct bilateral trade would be a good objective for both countries.

The Mexican delegation showed its concern for the possible establishment of import quotas for textiles by Canada, because this would hurt actual exports of Mexican producers. The Canadian delegates indicated a desire not to impose import quotas which would have an adverse effect on Mexico, but in turn were concerned with high unemployment in the Canadian textile industry.

The Canadian and Mexican delegations exchanged points of view on tourism and stressed its importance for the economy of both countries, since it generates employment, increases foreign exchange and is a factor for better understanding among people.

Both delegations agreed that increased tourism should show major concern for the welfare of the individual tourist, both in Canada and Mexico. Also they agreed to make every effort to increase tourism between both countries.

Both delegations referred to the decision of Mexico that led to the establishment of an exclusive economic zone adjacent to its territorial sea and to that of Canada, establishing an exclusive fishing zone from the limit of its own territorial sea. They underlined the importance of these measures for the development of the "Law of the Sea", and also the organization of an adequate exploitation of sea resources that will benefit coastal areas and mankind.

Mexican and Canadian legislators stressed the importance of scientific and technical co-operation for the improvement of the relations between Mexico and Canada and it was agreed that an increased effort has to be made. Upon examining the application of the exchange program of specialists and young technicians in force between the two countries, the results of

which have been satisfying, they deemed it advisable to further promote activities within the present framework.

Both delegations think it would be of great use to negotiate through the appropriate channels, an agreement of scientific and technical co-operation between the two countries.

The Canadian delegation and the Mexican delegation examined with special attention the need to better utilize energy resources and to co-operate in research for new sources of energy.

The Canadian delegation expressed its pleasure at the announcement of recent discoveries of large deposits of oil in Mexico.

They look forward to an agreement being reached for the exportation of Mexican oil into Canada.

The Mexican delegation took note of this interest and undertook to recommend it to the proper authorities.

Both delegations exchanged views regarding Mexican migratory agricultural workers in Canada. The Mexican delegation underlined the interest that Mexico has, in increasing the number of such workers to Canada.

The Canadian delegation indicated that the Department of Manpower and Immigration had announced that the same number would be permitted to be employed this year as last year, provided they were employed by the same employers. Heavy unemployment in Canada plays a major role in any decision made concerning migratory workers.

Both delegations agreed that there are great possibilities to develop co-operation in fishery between Canada and Mexico. Special interest was expressed regarding research, exchange of technology, fish processing, the building of ships and joint investments.

The Mexican delegation requested the support of the Canadian delegation in achieving a review of the system applied under the Interamerican Committee on tropical tuna fish. The Canadian delegation intends to bring this to the attention of the Minister of Fisheries and Environment.

The Canadian delegation acknowledged the warm hospitality of the Mexican people and its government and commended the Mexican delegates for their personal interest in making this visit both productive and enjoyable.

The Canadian delegation was composed of:

Senator Gildas Molgat (Co-leader)
Senator Rheal Belisle
Senator Lorne Bonnell
Mr. Gus MacFarlane, M.P. (Co-leader)
Mr. Armand Caouette, M.P.
Mr. Gérard Duquet, M.P.
Mr. Wally Firth, M.P.
Mr. Ray Hnatyshyn, M.P.
Mr. Steve Paproski, M.P.
Mr. Marke Raines, M.P.

The Mexican delegation was composed of:

Members of Congress:
Mr. Augusto Gomez Villanueva (President)
Mr. Juan José Osorio (Co-ordinator of the Meetings)
Mr. Guillermo Cosio Vidaurri
Mr. Abelardo Carrillo Zavala
Mr. Victor Manzanilla Schaffer
Mr. Antonio Tenorio
Mr. Julio Zamora Batiz
Mr. Jaime Sabines Gutiérrez
Mr. Jorge Efrén Dominguez
Mr. Guilebaldo Flores Fuentes
Mr. Victor Alfonso Maldonado
Mrs. Maria Elena Marqués
Mr. Enrique Gomez Guerra
Mr. Carlos Manuel Vargas Sanchez
Mr. Francisco Cinta Guzman
Mr. Guillermo de Carcer Ballesca
Mr. Salvador Reyes Nevarez
Mrs. Marcela Lombardo de Gutiérrez
Mr. Jesus Gonzalez Balandrano
Mr. Manuel Hernandez Alvarado

Members of the Senate:
Mr. Joaquin Gamboa Pascoe (Co-president)
Mr. Eliseo Mendoza Berrueto
Mr. Humberto Lugo Gil
Mr. Guillermo Morfin Garcia
Mr. José Guadalupe Cervantes Corona
Mr. Gustavo Baz Prada
Mr. Rafael Minor Franco
Mr. Tomas Rangel Perales
Mr. Alejandro Cervantes Delagado
Mr. Angel Ventura Valle
Mr. Joaquin E. Repetto
Mr. Mario Carballo Pazos

THE SENATE

Wednesday, May 18, 1977

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

Prayers.

CUSTOMS TARIFF

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-55, to amend the Customs Tariff (No. 2).

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

THE HONOURABLE JOHN JAMES GREENE, P.C.

CONDITION OF HEALTH

Senator Perrault: Honourable senators, I am pleased to report that the Honourable Senator Greene, who suffered a health setback last evening, is showing signs of improvement this afternoon.

Hon. Senators: Hear, hear.

FOREIGN AFFAIRS

HELSINKI AGREEMENT—PRINTED INFORMATION—NOTICE OF INQUIRY

Senator Thompson: Honourable senators, I should like to ask the Leader of the Government a question, in view of the pending June Belgrade Conference to examine the implementation of the Helsinki Agreement with respect to Basket III, section 2, "Printed Information." I might add, for clarification, that that section states that the participating states should encourage the dissemination of newspapers and printed publications between themselves.

My questions are:

1. What specific efforts has the Canadian government made to promote the export of Canadian printed information to Eastern European Communist countries in view of the Belgrade Conference to be held in June to examine the implementation of the Helsinki Agreement with respect to Basket III, section 2, headed "Printed Information"?

2. What Canadian newspapers, including Canadian ethnic publications, are distributed in Eastern European Communist countries?

3. What are the countries and in what number are these publications distributed in each of these countries?

Senator Perrault: I believe the honourable senator's question, not being a mere interrogation, lends itself more properly to the form of a Notice of Inquiry, and I would ask the honourable senator if I may take his question as such, to be printed in the *Minutes of Proceedings of the Senate* under Inquiries today and on subsequent days until answered?

FINANCIAL ADMINISTRATION ACT

CROWN CORPORATIONS NOT SUBJECT TO AUDIT—QUESTION ANSWERED

Senator Perrault: Honourable senators, may I reply to a question asked on May 5 by Senator Grosart? His question was as follows:

> I wish to direct a question to the Leader of the Government. Would he inform the Senate of the names of those crown corporations which, under the Financial Administration Act, are not subject to audit by the Auditor General of Canada?

He added:

> Of course, I do not expect that information today.

I want to tell honourable senators that the question did entail a substantial amount of research. I will keep the answer as brief as possible, and it will not be that long.

I have been provided with lists taken from the listing of "Government-owned and Controlled Corporations," which have recently been prepared at the request of the Privy Council Office, and these lists have been forwarded to the Chairman of the Standing Committee on Public Accounts, I understand, in the other place.

The Auditor General audits all of the so-called Schedule "B", "departmental" crown corporations. These crown corporations are as follows:

Agricultural Stabilization Board
Atomic Energy Control Board
Director of Soldier Settlement
The Director, Veterans' Land Act
Economic Council of Canada
Fisheries Prices Support Board
Medical Research Council
Municipal Development and Loan Board

National Museums of Canada
National Research Council
Science Council of Canada
Unemployment Insurance Commission

The Auditor General audits all of the so-called Schedule "C", "agency" crown corporations. These are as follows:

Atomic Energy of Canada Limited
Canadian Arsenals Limited
Canadian Commercial Corporation
Canadian Dairy Commission
Canadian Film Development Corporation
Canadian Livestock Feed Board
Canadian National (West Indies) Steamships Limited
Canadian Patents and Development Limited
Canadian Saltfish Corporation
Centennial Commission
Crown Assets Disposal Corporation
Defence Construction (1951) Limited
Loto Canada Inc.
The National Battlefields Commission
National Capital Commission
National Harbours Board
Northern Canada Power Commission
Royal Canadian Mint
Uranium Canada Limited

The Auditor General audits 15 of the 22 Schedule "D", "proprietary" crown corporations. I am almost through the list now, honourable senators, and this list reads as follows:

Canada Deposit Insurance Corporation
Canadian Broadcasting Corporation
Eldorado Aviation Limited
Eldorado Nuclear Limited
Export Development Corporation
Farm Credit Corporation
Freshwater Fish Marketing Corporation
Northern Transportation Company Limited
The Pilotage Authorities:
Atlantic; Laurentian; Great Lakes; and Pacific
St. Lawrence Seaway Authority
The Seaway International Bridge Corporation Limited
Teleglobe Canada (formerly Canadian Overseas Telecommunications Corporation)

No auditor has yet been appointed for the Federal Exchange Corporation, which is not yet operational. The remaining six schedule "D" corporations are audited by the private sector auditors listed in this document which, if the honourable senator desires, I shall most certainly have inscribed in the record of today's proceedings.

Senator Flynn: How many are there? Six?

Senator Perrault: Yes, honourable senator.

Senator Flynn: Well, why do you not read them? You have already read a list of approximately 40 corporations.

Senator Perrault: I will do that. We always attempt to be cooperative in every possible way.

Air Canada is not audited by the Auditor General, but by the company of Coopers & Lybrand. Canadian National Railways is audited by the same company. The Cape Breton Development Corporation is audited by Touche, Ross & Co. Central Mortgage and Housing Corporation is audited by Clarkson, Gordon & Co. and Raymond, Chabot, Martin, Paré & Associés. The Federal Business Development Bank, formerly the Industrial Development Bank, is audited by Price, Waterhouse & Co. Petro-Canada is audited by Peat, Marwick, Mitchell & Co. So those are the exceptions.

In the past the nature of a corporation's business has seemed to dictate whether or not private sector auditors would be named as the company's auditors. Section 67 of the Financial Administration Act states that if:

(1) no provision is made in an Act of Parliament for the appointment of an auditor, or

(2) the auditor is to be appointed pursuant to the Canada Corporations Act,

then the Governor in Council shall designate the auditor. The same section of the act also makes the Auditor General eligible to be appointed the auditor, or a joint auditor, of a crown corporation.

Apart from the one crown corporation that is not yet operational, of the 52 listed there are only six which are not audited by the Auditor General, the names of which have been given today. The audit requirements of the majority of those six corporations are detailed in their constituent acts. The Auditor General also audits a number of other government entities which are not classified as crown corporations.

• (1410)

Senator Grosart: At the time the question was asked, the Leader of the Opposition added a rider which the Leader of the Government may not have heard. That rider, as I recall, requested that the Leader of the Government give the reasons why these six corporations were exempt from audit by the Auditor General.

Perhaps the leader would take that as a supplementary question and, in due course, provide the Senate with an explanation as to why six of the 52 corporations are exempt from public audit.

Senator Perrault: Honourable senators may recall that in my reply I stated that the audit requirements for the majority of these six corporations are detailed in their constituent acts. Should the honourable senator require a more detailed explanation, I shall most certainly seek such an explanation.

Senator Grosart: The point I am making is that there must be a reason why the audit requirements are covered by the constituent acts rather than by the Financial Administration Act, which covers the rest.

Senator Perrault: I can only say that legislation provided that certain corporations should be handled in that way, and the proposal was endorsed by Parliament.

However, I would be pleased to take that part of the honourable senator's inquiry as notice and obtain, if possible, a more complete explanation.

Senator Smith (Colchester): Honourable senators, I wonder if I might ask a supplementary question. It may be that I did not understand the answer fully. I thought I understood the Leader of the Government to say that in respect of these six corporations it is still the prerogative of the government to order that they be audited by the Auditor General or, to use his term, a public auditor. If that is so, would the Leader of the Government inform the Senate as to the reasons which led the government of the day to decide not to take advantage of this opportunity?

Senator Perrault: I shall take your inquiry as notice, and perhaps incorporate a reply into the reply to Senator Grosart's question.

Senator Flynn: May I ask the Leader of the Government if the presence of Senator Argue at the back of him indicates that he has been appointed assistant government whip? It would be a rather surprising choice.

Senator Argue: You wouldn't know in which direction you were about to go.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, May 10, the debate on the motion of Senator Bourget for the second reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

[*Translation*]

Hon. Martial Asselin: Honourable senators, first I would like to thank Senator Bourget for his presentation on Bill C-9, recognizing that the subject was not easy. Nevertheless, Senator Bourget has succeeded in stating clearly the objectives and goals the government is pursuing with this legislation. However, for a better understanding of this legislation, I think we should track back its historical origins.

All will recall that before announcing the James Bay project in 1971 the former Premier of Quebec had not taken into account the need to determine the environmental impact of such a venture in the north. And more important still, I think, the fact that the lands concerned had been inhabited and used from the very beginning by the natives had not been recognized. I read this morning in the *Montréal-Matin* an interview former Premier Bourassa gave to Canadian journalists: he was reviewing his administration and admitted that while the James Bay project had been a great challenge for him economically, he had been blundering when announcing the James Bay project in 1971. What surprised us most at the time has been, in my opinion, the federal government's inaction after the decision made by Quebec to launch into the James Bay project without any prior consultation. So at the beginning the natives were isolated without any political and economic power, and they were in danger of losing their culture, their way of life, and of being themselves annihilated in a fight they were waging alone against national and international interests which were very powerful and which supported the James Bay project.

So instead of exercising right at the outset its authority under the Constitution, the government preferred to abandon the natives to their own resources and opted for inaction. Yet, all previous governments had at least recognized the native people's territorial rights, except for the present government when it released its white paper on Indian policy in 1969. The Prime Minister had then said, about the native people's rights: "Perhaps this is not the right answer, nor the one that is accepted, but our answer is no." That was when he was questioned about the native people's rights over their territories. As you know, it was only after a ruling by the Supreme Court in 1973, the Nishga decision, that the government changed its declaratory policy on the existence of natives' rights. You will remember that the six judges had held that the rights of the native people over their territories were founded. Following that decision, the Prime Minister said to the native people:

> Perhaps you have more rights than we first thought when we published the white paper on the Indian issue.

● (1420)

I am saying, honourable senators, that the federal government abdicated its constitutional and tutorial responsibilities in the administration of native territory by maintaining a position of vigilant neutrality in the conflict which opposed the natives, the Government of Quebec and the subsidiary companies.

In 1971, a resolution adopted by the James Bay Indian chiefs was sent to the then Minister of Indian Affairs and Northern Development urging him to interrupt the James Bay project. We remember that the minister did not move. In 1972, the Indians had to file an injunction before the Superior Court requesting it to recognize their rights and to have them respected by the Government of Quebec, Hydro and the Société d'énergie de la Baie James which were encroaching on their land. Obviously, the federal government—as Senator Bourget mentioned last week—intervened at that point and said to the natives: "Well, if you wish to go before the Superior Court to have your rights recognized, we are prepared to cover court costs, to provide you with lawyers so that your case will be presented properly before the Superior Court." You will remember that at the time the Superior Court recognized the

exclusive rights of the natives over the northern territories and upheld the injunction against the government of Quebec.

It was only at that moment that discussions between the Government of Quebec, the Société d'énergie de la Baie James, the Commission hydro-électrique de Québec and the Société de développement de la Baie James were initiated. Faced with an injunction from the Superior Court, the Quebec government was forced to discuss a possible compromise with the native people. Of course, and this I stress formally, the Quebec government and the companies mentioned were the first negotiators. The federal government was not. As I mentioned a while ago, the federal government had, to my mind, abdicated its constitutional and tutorial responsibilities towards the native people since it waited till Quebec was forced to act by an injunction. Then, the federal government stepped into the negotiations.

During the negotiations on the selection of lands for the Inuit, the Province of Quebec had indicated that no agreement could be reached without the consent of Hydro-Quebec.

So, you see the situation. The Quebec government tells the Inuit and the Crees: "We are ready to reach agreement but they will not be valid until such time as Hydro-Quebec has accepted them." The Government of Quebec therefore substituted itself to a government commission, namely Hydro-Quebec, to negotiate with the native people, the Crees or the Inuit. For its part, Hydro-Quebec had declared itself unwilling to select lands unless the Inuit accepted, in writing, conditions that exceeded by far the provisions of the agreement now before us. Those conditions can be summed up as follows, and I quote:

> The Inuit will never invoke factors of social bearing or the eventual results of hydroelectric development along the coast at Watapaka, Payne, Leaf, Caniapiscau, Lanch, Whale and on the Georges river, to oppose them or interfere with them.

Still the conditions and prerequisites to negotiating an agreement were put in writing. Hydro-Quebec had already insinuated that first the Inuit and the Crees had to fulfill some requirements before starting the discussion. Obviously, the natives, namely the Inuit and the Crees, were put immediately in a situation where they had to negotiate within prerequisites—they could not negotiate freely, they had to take it or leave it. These prerequisites had to be accepted first and only then agreements would be negotiated.

If you have read the agreement which was signed, you can see that this position goes openly against its spirit and its letter and that it will undermine the development of the natives and destroy their culture and their economy. As mentioned by Senator Bourget, this agreement raises a number of serious political problems although it was the result of a compromise between the interested parties. Among all these problems, the greatest threat to the Canadian native people comes from the decision to allow the Government of Quebec to shape their future as it pleases, without taking into consideration at all the constitutional jurisdiction of the federal government in this area. I find support for this assertion in the statement made on November 6, 1975 by the representative for Mont-Royal to the National Assembly, Mr. John Caccia, who served as the negotiator of the provincial government, when he said, and I quote:

> As a matter of fact, the agreement will preempt the federal Indian Act.

I repeat the statement of the representative for Mont-Royal, who was the negotiator for the provincial government:

> As a matter of fact, the agreement will preempt the federal Indian Act.

He added the following:

> Our objective is to introduce a new concept in the Quebec legislation: the establishment of a community in which the Crees and the Inuit will settle of their own free will but which is also to be open to the rest of the population.

As far as I am concerned, of course I did not have time as is the case for many senators—I think most of them did not have time either—to study the details of the convention that the natives have concluded with the Government of Quebec and the federal government. But I make the same interpretation of it as the member for Mont-Royal.

There is no doubt that this convention infringes upon the powers of the federal government as stipulated in section 91 of the British North America Act which provides for exclusive jurisdiction of the federal Parliament over legislative matters but which has also permitted in the past, in 1912, to pass the Indian Act. My opinion is that our committee will have to take a close look at this constitutional problem to find a solution.
[*English*]

Honourable senators, I have read the bill carefully, and have found that basically there are two things wrong with it as presently drafted. The Senate can, in my opinion, correct one defect, and helpfully contribute towards correcting the other. The defect which the Senate can itself correct is contained in clause 5 and subsequent clauses relating to parliamentary oversight of future amending agreements, and agreements with the presently non-signatory native groups.

Senator Bourget, at page 681 of *Debates of the Senate* for Tuesday May 10, 1977, said that those clauses give the House of Commons and the Senate the opportunity of discussing and voting on such future agreements, and thus protecting the rights of the native parties.

● (1430)

Clause 5 provides that there is to be no discussion of a further agreement in either house unless 20 senators or 50 members of the House of Commons request it; and their request must be in the form of a negative motion—for example, "That the agreement not be approved, unless . . ." That is, the agreement is approved unless both houses pass negative resolutions. Then Parliament will be faced with agreements already signed rather than with proposed agreements, making the task of modifying them somewhat more difficult.

I do not like this formula. It would be better to have proposed agreements instead of signed agreements laid before both Houses of Parliament and referred to committees thereof, and for them to be subject to positive, rather than negative, resolutions of both houses.

I turn now to a more basic defect of the bill. This is the question of the extinguishment of the rights of a large number of native non-signatories, or third parties, to the agreement. Senator Bourget said last week that in the House of Commons standing committee the native peoples who are parties to the agreement indicated their satisfaction regarding this agreement, but he neglected to mention that the native people who are not parties to the agreement, but whose said rights are to be extinguished by the bill, also appeared and unanimously declared their dissatisfaction with clause 3(3).

I want to mention a few groups that have appeared before the House of Commons committee. There were: The Labrador Inuit Association; the Montagnais-Naskapi Inuit Association of Labrador; Le Conseil Attikamek-Montagnais of Quebec; the Abitibi-Dominion band of Algonquins at Amos; the Inuit Tapérisat of Canada for the Inuit of the Belcher Islands and southern Baffin Island, l'Alliance Laurentienne des Métis et des Indiens sans Statut. The National Indian Brotherhood, the Native Council of Canada Limited and the Confederation of Indians of Quebec supported before that committee the position of the non-signatory groups and third parties.

Senator Bourget drew the attention of the Senate to article 2.14 of the agreement, with regard to which he said that "le Québec s'engage à négocier sans statut" with the non-signatories, and stated it as the view of the federal government that the non-signatories are protected thereby. But he neglected to mention the unusual, striking and bizarre article 2.6 of the agreement, which provides that the present law must extinguish the rights of those same third parties, who are thus said to be protected, in violation of the principle that in French we call:

[*Translation*]

You cannot stipulate for someone else. That is a tenet of civil law which I believe all lawyers here will endorse.

[*English*]

Senator Bourget also drew the attention of the Senate to the statement by Premier Lévesque, in his inaugural address of May 8, to the effect that negotiations will continue with the Indian nation. I repeat: Premier Lévesque said that negotiations "will continue". He did not say in his speech that he would settle the rights of the non-signatory groups, and the rights of the other Indian nations which were not involved in the agreement.

What is less clear is whether Premier Lévesque was then aware, or is now aware, or whether the public is aware, that it is proposed that these future negotiations are proposed to be carried out in a very difficult context, since we said that we would first extinguish these rights, and negotiate them afterwards.

Senator Bourget referred to the gratifying progress which has taken place in the negotiations with the Naskapi of Schefferville. This is certainly a good sign, but he neglected to mention that the Naskapi of Schefferville had the advantage of negotiating before, rather than after, the loss of their rights. Before the House of Commons committee this group of Indians opposed the final passage of Bill C-9 before the full completion of their negotiations. After that they withdrew their opposition to the bill in return for alternative guarantees, or a commitment, by Quebec, not only to negotiate, as Premier Lévesque said in his inaugural speech would be the case with regard to the other groups as per article 2.14, but to give them certain agreed benefits as a minimum protection not yet achieved by the other third parties.

While the state of Premier Lévesque's knowledge of these matters is not clear, that of his deputy premier, Jacques-Yvan Morin is much less so. You will recall that when Jacques-Yvan Morin was the Leader of the Opposition for the Parti Québécois, in June 1975 and July 1976 he opposed as unjust, and as a dangerous precedent, the extinguishment of the rights of the third parties. Unfortunately, since the change in government in Quebec, the new Minister of Natural Resources and of Lands and Forests, Yves Bérubé, has taken the opposite point of view, namely, that the bill must be passed as it is in this regard, and that he will not accept any modification of the rights of the third parties.

On March 1, Mr. Allmand, the minister, wrote to Mr. Bérubé, asking him if he would accept modification to article 2.6, and to clause 3(3) of the bill, to safeguard the rights of the third parties. In the House of Commons committee Mr. Allmand testified that Mr. Bérubé had given him, by telephone, a negative reply. In the house itself more recently Mr. Allmand mentioned that Mr. Bérubé had confirmed that negative response by letter. I think it would be interesting for the Senate committee to see that letter, and especially to know if Mr. Bérubé stated any reasons for his refusal.

● (1440)

[*Translation*]

This issue is more important than some people might think, and serious studies are being made specifically on the attitude of the Quebec government. I believe that several members have heard about a young student at the history doctorate level at the University of Manitoba, Kenneth M. Narvey, who wrote a letter to the newspaper *Le Devoir* on May 6, 1977. This letter, which is addressed to Mr. René Lévesque, asks certain questions about the rights of non-signatory parties to the agreement. I would like to quote a few paragraphs. In his letter, Mr. Narvey says the following:

> Bill C-9 is at the same time fair and unfair.

I note in passing that this young man, Mr. Narvey, is particularly interested in the problem since he followed closely the discussions in the committee of the House of Commons and has made some research on Bill C-9.

> The bill is fair because of the intent of the legislator to implement the provisions of the James Bay agreement

according to which the native signatory parties, the Crees and the Inuit, will relinquish their native rights all over Quebec in exchange for certain benefits.

The bill is unfair because it extinguishes, under clause 3(3), and without their consent, in the part of Quebec north of the divide (called "the Territory"), all the native rights and claims of many Indians other than the Crees (whether they are status Indians or not) and of the non-consenting Inuit, who are all non-signatory parties or third parties to the agreement, with only an assurance that Quebec will commit itself to negotiate their claims with them once the said claims have been so extinguished.

As I said earlier, Quebec says: Yes, we are ready to negotiate, but we shall first of all put your rights aside, and then, we shall negotiate.

Here, Mr. Narvey says what I said earlier and recalls the attitudes of the present government when, in November 1975 and June 1976, Jacques-Yvan Morin, then leader of the official opposition, gave his support on behalf of the opposition to the principle of the bill. However, he had reserved the rights of the opposition concerning the claims of non-status Indians and others not party to the agreement. I repeat what I said earlier, Mr. Morin said at the time that it was an unfair decision, that it created a dangerous precedent, and he cautioned the Liberal government of the time that the Parti Québécois was opposed to the fact that the rights of non-status Indians were not negotiated before the signing of the agreement.

Mr. Narvey goes on:

After hearing the evidence brought before the standing committee by third parties, the present federal position is as follows: the federal government is prepared to amend the bill in such a way as to not extinguish the rights of third parties, if Quebec agrees to it.

But since the Parti Québécois has been in power, it would seem that the deputy premier, Mr. Morin, has held to the position which he adopted when he was the leader of the official opposition, but the present minister responsible for those negotiations, the Minister of Natural Resources, Lands and Forests, Mr. Bérubé, is reported to have agreed to sign the agreement now before us without any guarantee to non-signatory third parties that their rights will be recognized.

Therefore, given this situation, it is obvious that the native groups who feel frustrated are turning towards the Senate whose aim and object is to protect minorities' rights.

Those groups which are not covered by the agreement enjoy some rights which have been recognized for a long time, since the beginning of history, since the treaties. Those people, being minority groups, cannot now rely on the Quebec government's attitude, in particular its Minister of Natural Resources, who says: We are in no way amending this agreement we concluded with the Inuit and the Crees. We are going to sign it in its present form and afterwards we will renegotiate the rights of minority groups which are not covered by the agreement.

I believe it is fair, honourable senators, that we should at this stage fulfill the responsibility conferred upon us by the Constitution, which is to protect the rights of minority groups, those groups who feel frustrated and whose rights are being denied under the agreement now before us.

This is why, I suggest, the Senate committee to which Bill C-9 will be referred will have to act with a very open mind in order to hear dissenting groups which will want to express to the committee their concerns as regards the document that was signed by both the federal and provincial governments. Essentially, they want us to give them some assurance that the rights they are enjoying now will be respected by both the federal and the Quebec provincial government.

I received representations from these minority groups. What would happen if Quebec separated and became independent? What would become of those minorities' rights? Would Quebec hold to its commitments? Would it still be prepared to negotiate with third parties? Those are all unanswered questions which minority groups are asking themselves.

I, for one, take strong exception to an unilateral infringement on the rights some Indian groups are enjoying on this territory, without providing them with at least a legal means of appealing one day against this land spoliation. Let a mechanism be set up so that, if they are not treated justly by the Quebec government, those minority groups can at least appeal its decision before a competent tribunal. Of course, nothing is mentioned in the agreement about such recourse.

The Montagnais Association stated before the committee that passage of the bill was a unilateral step concerning their rights, offering no possibility for later negotiations.

The Inuit Tapirisat of Canada Association stated, before the committee of the House of Commons, and I quote:

The most crucial question is that no consideration was given to the third parties and the non-signatories who explained their case to the federal and provincial governments and urged them to study with care the matter of the rights of the minorities.

Honourable senators, I think I have said enough to explain to some extent the point of view of the opposition on the matter. The bill is extremely complex and interesting. I invite honourable senators who sit on the committee, and the others, to reflect on the problem in an effort to find a solution so that we may, once in a while, fulfill our roles as senators, which is to protect the rights of the minorities, and in particular, in this instance, of those minorities which are our native people.

● (1450)

[*English*]

Senator Connolly (Ottawa West): Would the honourable senator permit a question? Does he know the number involved in this non-signatory group—the third parties to which he referred during the course of his speech—and how that number relates to the number actually covered by the agreement annexed to the bill?

Senator Asselin: Those involved in the signed agreement are Inuit and Crees. However, I was making reference to this

minority which is included in the majority. Does that answer your question?

Senator Connolly (Ottawa West): Do you know the number?

Senator Asselin: No, I do not. Perhaps Senator Bourget knows the answer to that.

Senator Bourget: Honourable senators, I do not have the exact number, but I believe that of the total population it represents approximately two-thirds. Of the Inuit and Crees I believe it would represent more than 80 per cent. However, I will obtain the exact figures to present when I answer my friend next week.

Senator Flynn: It is important enough.

Senator Bourget: Yes, I know.

Senator Haig: Honourable senators, I was advised last weekend that those in the Cree agreement number approximately 10,000, and those not in the agreement number approximately 6,000.

Senator Connolly (Ottawa West): May I ask a question of the honourable senator, whose speech we all appreciated very much—

Hon. Senators: Hear, hear.

Senator Connolly (Ottawa West): —because it gave us a good understanding of the background and was a fine supplement to Senator Bourget's speech. I speak again out of a great depth of ignorance, but it seems to me that there is a very large amount of money—millions of dollars—which is decreed to be set aside, or which is proposed, for the settlement of these land claims.

Senator Asselin: $200 million.

Senator Connolly (Ottawa West): Is that to be paid by the Province of Quebec alone?

Senator Asselin: Both.

Senator Connolly (Ottawa West): Both federal and provincial? Does the honourable senator know in what proportion?

Senator Asselin: I am not sure of the proportion.

Senator Bourget: To answer the question I would refer my honourable friend to the speech I made last week. If I remember correctly, out of a total of $225 million, the federal government will pay $75 million, and the remainder will be paid by the Province of Quebec. I understand that the first federal payment will be in the order of $32.75 million. However, the exact answer to my friend's question is contained in the speech I made last week.

On motion of Senator Petten, debate adjourned.

PETROLEUM CORPORATIONS MONITORING BILL

SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of the Bill S-4, intituled: "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada".—(*Honourable Senator Perrault, P.C.*)

Senator Perrault: Honourable senators, with leave, I yield to Senator Barrow.

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

Hon. Senators: Agreed.

Hon. Augustus Irvine Barrow moved the second reading of Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

He said: Honourable senators, Bill S-4, of which I have the honour to move second reading today, has as its purpose a matter which is of the utmost concern to all Canadians. As its short title suggests, it is to provide for the monitoring of the expenditures made by petroleum companies in the search for and development of new energy supplies in relation to the additional income received as a result of increased petroleum and natural gas prices. The effect of this bill will be to provide the government with the necessary authority to require a designated group of petroleum companies to report certain financial and other statistical information relating to their affairs, which will enable the minister to assess their individual and collective activities and thereby ascertain that the additional revenues these companies receive are being used to secure energy in Canada.

Over the past three years there has been a great deal of discussion and, indeed, justifiable alarm about the "energy crisis." In the winter of 1973-74, for some countries, because of the embargo imposed by the Organization of Petroleum Exporting countries (OPEC), the energy crisis was a crisis of supply. The supply crisis was underscored again during this past winter in parts of the northeastern United States. Fuel supplies proved to be inadequate to cope with the extreme adverse weather conditions, and many cities in that region found it necessary to ask householders to reduce temperatures in their homes and, what was worse, it became necessary to close schools, factories and other businesses which resulted in the loss of jobs and production as well as a great disruption in the education of many children.

The Canadian government has been striving to ensure that this will not happen here, but our energy self-reliance can only be assured if all levels of government, the petroleum industry, and all Canadians work together toward the national energy policies as outlined in the publication *An Energy Strategy for Canada* which was issued under the authority of the Minister of Energy, Mines and Resources in 1976.

For many Canadians the energy crisis is most apparent as a crisis of price, and a crisis of adjustment to escalating energy prices. Our nation appears to have massive reserves of petroleum locked in the tar sands, huge potential production in heavy oil, and significant additional reserves available through

enhanced recovery techniques as well as from frontier and offshore areas, but all of these additional reserves are extremely costly to develop. If they are developed, we will have a degree of energy self-reliance which directly corresponds to our reduced dependence on imported oil.

There are several obvious advantages to energy self-reliance. For example, our balance of payments would not be encumbered by oil imports and we would not be as vulnerable to the vicissitudes of world inflation levels. But, most important of all, development of these resources would provide Canada with security of supply.

● (1500)

However, lest anyone should consider the development of high-cost domestic petroleum reserves as the panacea for all of Canada's energy problems, it must be emphasized that there are dangers and difficulties inherent in this plan. Aside from the necessity for improved technology to make possible the development of these reserves, there will be a requirement for huge amounts of capital. In addition, these expenditures will have to be phased in such a manner so as to correspond to our technical and financial ability and, with respect to the latter consideration, investment must be timed with regard to inflationary considerations. Even as these difficulties are overcome, there is an even more crushing blow that we may have to face, and that is that, having developed high-cost domestic reserves, should the world price for crude oil dramatically fall we would be tied to our domestic sources. Such an event would require another traumatic period of adjustment.

The government has carefully weighed all of these prospects, and a course of action has been charted and pursued which will provide effective leadership and capable management through the difficult period of adjustment in the years ahead.

As announced in Parliament and stated elsewhere, since 1974 the policy of the Canadian government has been to increase petroleum and natural gas prices over a period of time toward world price levels. This policy encourages conservation. In addition, it makes additional reserves economically exploitable, including many of the previously mentioned high-cost reserves, and it makes greater revenue available to the petroleum and natural gas producing companies to allow them to invest a larger volume of funds in the search for, and the development of, new energy supplies.

Bill S-4 seeks to provide the government with the authority to verify that the Canadian petroleum and natural gas consumers, who must pay the higher prices for gasoline to run their automobiles, for oil and natural gas to heat their homes, and for fuel for their industries, are receiving an appropriate reaction from the petroleum industry, and an appropriate reaction is one that entails an increased level of expenditure by petroleum companies in the search for, and the development of, new energy supplies, corresponding to the increased level of revenues they receive as a result of increased prices; or, to put it bluntly, to ensure that additional revenues received by the oil companies for Canadian oil and gas as a result of increased world prices are used to develop additional reserves and not used for other unrelated purposes.

This measure also provides for a standard method of reporting by a select sample of companies. Only a portion of the petroleum industry will be monitored, the reason being that it was found that a small group of approximately 35 companies out of a total in excess of 600 accounted for almost 90 per cent of the total assets, revenues, profits and capital expenditures in the entire industry. It was therefore decided to survey only the group of 35, with the peripheral industry participants excluded. It will, however, be necessary to occasionally revise and amend the list, increasing or decreasing the number of companies to be surveyed to correspond to significant changes in the circumstances of industry members. The 35 companies in question are listed in Schedules I and II to the bill.

Certain penalties for non-compliance are prescribed within the proposed legislation in order to make sure that all of the companies who are requested to report will make full and complete disclosure of their cash flows and expenditures. There is also provision made for selective spot audits of company records, and those spot audits may be carried out at the discretion of those administering the proposed act. It will be the prerogative of the minister to disclose any or all of the individual company data in the House of Commons or elsewhere, except where such disclosure will, in the opinion of the minister, impair the competitive position of a company. The officials conducting the monitoring survey will not disclose individual company data to any person other than the minister.

In order to standardize the reporting of information and make it available to the minister in a useful form, a questionnaire, which may be periodically revised, has been designed by the Department of Energy, Mines and Resources, in consultation with the industry members participating in the National Advisory Committee on Oil Policy.

If passed, Bill S-4 will provide an important element in the government's overall energy strategy. The important decision has been made to foster the development of indigenous sources of energy. In order for this program to proceed, the efforts of all Canadians and the close cooperation and assistance of the petroleum industry is required. It is of fundamental importance that Canadians know with certainty that the sacrifices they are making, and will be required to make, to meet increased energy costs are not being made in vain.

On motion of Senator Grosart, debate adjourned.

MARITIME CODE BILL

SECOND READING

The Senate resumed from Thursday, May 12, the debate on the motion of Senator Cook for the second reading of Bill C-41, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof.

Hon. George I. Smith: Honourable senators, I should like to begin by expressing my gratitude and, I am sure, the gratitude of all honourable senators to Senator Cook for his very clear and concise exposition of the contents of this bill in sponsoring it in the Senate. However, I think there are some other things which might usefully be said in relation to this extremely

important bill—the importance of which is perhaps not at once quickly recognized.

Bill C-41 not only affects the oceans which bound our eastern, western and northern shores, the great inland waterway of the St. Lawrence Seaway, the Great Lakes, but all our other innumerable navigable waters. Not only does it affect that great portion of our total land area but it may well affect, and will indeed affect, a greater portion of our total export-import trade which, as I am sure all honourable senators know, amounts to many billions of dollars per year and is the lifeblood of our economic situation in all of Canada, and the support of a very high proportion of our employment in Canada.

Perhaps I might draw attention to the fact that the substance of this bill has been a long time in the parliamentary works. The substance of Bill C-41 first came before Parliament in the form of Bill C-216, introduced in the other place on July 23, 1973, which will soon be four years ago. Incidentally, I hope that on the fourth anniversary of the substance of this bill coming before Parliament, we may be occupied in some other activity more appropriate to the time of year than we were on that day in 1973. That bill died on the order paper.

• (1510)

Its substance was again introduced in the other place, as Bill C-61, on May 26, 1975. Second reading was moved on November 21, 1975, and it too suffered what one might call a somewhat violent death on the order paper at the end of the last session.

Now we have before us Bill C-41, which was introduced on March 9 this year and read the second and third time, without reference to committee, in the other place on May 6, 1977. The reasons given for this very expeditious handling of second and third readings and committee and report stages in the other place was that it had been fully debated on the previous occasions to which I have referred. This seems fair enough, having read the lengthy debates as reported in *Hansard* of the other place in reference to the predecessor bills.

So, honourable senators, we have very little to study or refect upon in the debates in the other place in the current session with reference to this particular bill. But I would ask honourable senators to recall that on November 21, 1975, the parliamentary secretary to the Minister of Transport in the other place—the minister apparently having delegated the duty of supporting this bill to his parliamentary secretary—said, as reported at page 9340 of *House of Commons Debates*, that the main body of the bill, then Bill C-61, was intended primarily to do two things—first, it contained certain provisions with reference to the coasting trade in Canada; and, second, it would provide the authority upon which a hoped for comprehensive Maritime Code might rest.

As is the case in the present bill, at that time much of the Maritime Code as was then prepared by the government to present to Parliament was contained in Schedule III of the bill which, incidentally, seemed to be rather a strange way to deal with something of such fundamental importance. But that is a comment by the way. The first two schedules to Bill C-61, as is the case now with Bill C-41, simply dealt with the series of related and consequential amendments which necessarily flowed from the bill itself. The first two schedules also provide a means for eventually phasing out the present Canada Shipping Act over a period of time, which looks as though it might be quite an extended period of time.

The parliamentary secretary said on that occasion that the portion of the Maritime Code as set out in the third schedule to that bill, and it is the same with the present bill—I keep referring to what was said about the previous bill because, as I pointed out earlier, nothing much was said about the present bill—consisted of two major portions which have been technically named "Books". I suppose that is as good a name as any. The first major portion, or book, deals with general matters related to shipping, and the second with the ship itself.

He then said the code will eventually consist of five major books, the three books still to come—and they are still to come; they are not included in this successor bill—are expected to relate, one, to the law concerning crew standards; two, to cargo and cargo safety; and, three, to operational standards. To me at least—and I hope, honourable senators, to you—it seems worth noting that a year-and-a-half ago, and indeed, I suppose, longer ago than that, we had the same two books of the proposed five of the Maritime Code as appear in Bill C-41 now. One could perhaps be pardoned for hoping that after such a lapse of time we could see some progress in the form of at least one of the remaining three books on such an important subject.

If the revision of the Canada Shipping Act is as urgent and important as the government would have us believe, it seems to me passing strange that though nearly four years have gone by since the first attempt at such legislation was placed before Parliament in the other house, we still have only two books of the code out of the five proposed. As I have said, I do not dispute for a moment that the subject of shipping is of the most vital importance to Canada, to Canada's economy and to individual Canadians. There is a very great number of Canadians, in proportion to the total population, whose occupation results from the activities of shipping and trade carried in and upon that shipping, and this makes it a subject which we all should take very seriously.

Senator Cook said, quite correctly, and I take no issue with this whatever, that the present act, the Canada Shipping Act, is based in very large measure upon the shipping law of the United Kingdom. I agree with him too that it is highly desirable to replace it with a law designed to serve Canadian circumstances and Canadian needs, and that this can best be done by a comprehensive revision of the existing act.

Earlier—that is, a few moments ago—I drew attention to the fact that in the 1975 bill, Bill C-61, there was contained as one of its major components certain provisions dealing with the coasting trade of Canada. These provisions, perhaps somewhat to the surprise of the then sponsor of the bill, became very controversial indeed, and it seems to me perfectly correct to say that there is no doubt whatever that the chief reason why

Bill C-61 was allowed to die on the order paper was because of its controversial nature, and because it was recognized that this controversy had a sound basis in fact.

The bill now before us—and this is really the only difference between it and Bill C-61 of any significance—has omitted the provisions about the coasting trade entirely. Accordingly, we are not faced with the controversy which arose out of those provisions in earlier times. Whether or not in due course the government puts forward legislation to deal with the coasting trade, we shall have to wait and see, but I might be justified, honourable senators, on the basis of the history of this bill, in venturing the opinion that we might have to wait quite a long time.

• (1520)

As I have indicated, except for the omission of provisions relating to the coasting trade of Canada contained in Bill C-61, the bill now before us is almost exactly the same as the other provisions of that bill. For instance, by way of illustration, in the former bill the coasting trade was dealt with in clauses 8 to 14 inclusive. So far as I can make out from a comparison of Bill C-41 and Bill C-61, those clauses have simply been omitted from the present bill and clauses 1 to 7 of the present bill are almost exact copies of clauses 1 to 7 in the former bill.

Perhaps I might be allowed to refer for a moment to the Canada Shipping Act as it now stands. It is Chapter S-9 of the *Revised Statutes of Canada, 1970,* as amended. I would just like to draw attention to the fact that this act consists of some 374 pages—a total thickness of perhaps three-quarters of an inch—that it has some 20 parts, which in the present bill I suppose would be called "books", and some 727 sections and four schedules. It is, therefore, a large statute in volume of words, a large statute in volume of subjects covered, and a large statute in the scope which that large number of subjects deal with.

To illustrate the relatively small portion of the total which Bill C-41 deals with, may I say that there are only some sections of it which are in fact now dealt with. For instance, the present bill amends one section by changing the definition of the words "builder's mortgage." It repeals sections 4 to 44 inclusive, and altogether repeals or amends 164 sections of the present act. You will remember that there are in total 727 sections.

It seems, therefore, that there are about 563 sections of the present act still to be dealt with in some future legislation. Of course, there are also to be dealt with the matters set out in the existing schedules to the Canada Shipping Act.

To add to the monumental task involved, there are a great many other acts which are affected by any revision of the Canada Shipping Act. For instance, in the relatively small portion of the total subjects covered by Bill C-41, the kind and quantity of acts which have to be dealt with in some way are set out in Schedules I and II. These mention a total of 29 other statutes now in existence, apart from the Canada Shipping Act, which are affected in such a way by this bill that changes have to be made to them by legislation. How many other acts will be affected by the legislation which purports to deal with the remaining 563 sections of the Canada Shipping Act I do not venture to guess; but one can reasonably believe that there will be many of them indeed. Perhaps this indicates again the large volume of work which still remains to be done.

As Senator Cook said, Schedule III of the bill contains the first portion of the proposed total Maritime Code. That portion consists of the parts designated as Books I and II. The use of the word "book", as I have said, is just a convenient way of dividing the statute into certain related parts.

Book I in the bill is headed "General." It is divided into two parts: Division A, which deals with how the bill applies to ships themselves, and Division B, which deals with officers and their powers.

I do not have any particular comment about Division A, except that it is one thing to say that there is a law which applies to ships and to people who have a certain relationship to ships, but it may well be a different thing to ensure that that law is really enforced. Division A also provides that the Governor in Council may make certain regulations, and, later on, I shall have a few words to say about that.

Division B, beginning at clause 15 of Appendix III, which is Book 1 of the Code, deals with enforcement officers and their powers, and I have only two comments about it. One is that I hope those powers will be adequate to enable the enforcement officers and the courts to make sure that the law as finally passed is applicable and is enforced. The other is to draw attention to just one provision for penalties, and I think the comment I make in relation to it may well apply to all the other provisions for penalties. Clause 35, on page 41 of the bill, provides that if any person is "guilty of an offence" for which no other punishment is provided in the code, he shall be "liable on summary conviction to a fine not exceeding five thousand dollars."

I am not one who ordinarily argues for severe penalties, but I do find it difficult to refrain from wondering aloud whether a "fine not exceeding five thousand dollars"—which means it may be anything from nothing to $5,000—in relation to the value of a ship and its cargo, is sufficient to have very much deterrent power. I need hardly say, honourable senators, that ships are valuable, and when their cargoes are aboard and taken into account they are even more valuable. It seems to me that the maximum penalty for a violation of the law, if it is to be considered a deterrent penalty, must be high enough to bear some adequate relationship to the total value of the ship and its cargo. It should not be so small, for instance, as to encourage someone directing the conduct of a ship to say, "Well, let us do this; it will only cost us $5,000, and what is that when compared to the value of the ship and its cargo?"—and that value may be $2 million or $10 million. The committee which examines this bill, if it is given second reading as I suppose it will be, should find out whether this kind of penalty is sufficent to have the desired effect.

Book II of Schedule III is divided into Divisions A, B and C. Division A deals with the national character of a Canadian ship, its national status, its national flag, the use of a certificate of registration, its identification markings, and similar things. I agree with what I took to be the meaning of the comment of Senator Cook, that these are useful provisions to establish more clearly and significantly the national status of a Canadian ship.

● (1530)

Division B deals with a wide variety of matters relating to the registration of a ship, including—and this is something to which I draw particular attention—the establishment in the national capital region of a central registry for shipping.

Division C deals with the registration of mortgages on ships. As I read that division, it requires the mortgages to be registered with the registry, which, as I have said, under the provisions of the bill, is to be located in the national capital region.

Honourable senators, it seems to me that the establishment of a central registry for shipping for the whole country, from the farthest eastern port in Canada to the farthest northern and western ports and the inland region, is something new. I am not at all sure that it is an improvement on the present provision for registration, which, as I am sure all honourable senators know, may be summarized by saying that its chief characteristic, aside from its legal significance, is that it is local registration. It is convenient registration, because it can be effected quickly and easily by the appropriate federal officers in whatever port the registration is chosen to be made.

I cannot help but wonder whether this provision for a central registry is not further evidence of the all-pervading desire of some elements of government in this country to ensure that everything possible is centralized in Ottawa, that this is the place of all knowledge and wisdom. Therefore, I believe this to be something which should be examined very carefully by whatever committee deals with the bill.

There is one anomaly in the present provision as to registration which I am pleased to see is dealt with in the bill. For simply historical reasons, I suppose, registration at present is not really registration of a Canadian ship, but is the registration in Canada of a British ship, no matter whether a Canadian may own it. To that extent I concur most warmly in the proposed change that the registration shall be officially the registration of a "Canadian ship." That seems to be a real improvement.

Earlier on I said that the bill contains power to make regulations. As is all too usual, the bill before us provides what to me seems to be a very wide power to make regulations not merely of procedural or administrative meaning but of real substantive law. We do not know what will be contained in the regulations.

Much has been said in the Senate and elsewhere, and in the committee that is considering statutory instruments, about the evils inherent in this type of power. I shall not amplify what has already been said but will say merely that I believe all the criticism which has been made so often, so vigorously and, I believe, correctly, in the Senate and in commitee applies equally to the regulatory power contained in this bill.

I note, however, one thing which may possibly be a sort of bow or acknowledgement in the direction of saying that perhaps some of the criticism has merit. At page 26 of the bill, clause BI-13—which means Book I, section 13—provides that a copy of any proposed regulation made under certain provisions of the act shall be published in the *Canada Gazette*, and shall not come into force before the expiration of 30 days from the date of publication. Where a notice of objection is filed with the minister within the 30 days, the minister may direct that an inquiry be held in relation thereto, and the regulation shall not come into force before the completion of such inquiry and a report thereon has been made.

Well, that is some improvement. It does not apply to all of the regulatory power contained in the bill, but it certainly does apply to certain aspects. As I said, I believe that to be an improvement. However, I have to question the usefulness of the provision, because it simply deals with those regulations that are published in the *Canada Gazette*, and which a member of the public might see and object to. With all due respect to this venerable publication, of great legal authority, it is apropriate to ask how many members of the public read it—indeed, how many members of the public ever see it? The answer is—well, to be quite sure that I am accurate, I will say only a handful. If I wished to risk exaggeration, I would say no one, except the one whose attention happens to be drawn to it. So it seems to me that this gesture, although a useful one, and one that I commend, is really not very helpful if it is designed to give members of the public knowledge of a regulation before that regulation comes into force, and the opportunity to object to it. It seems to me that the provision regarding publication should be such as to ensure that it is published in some kind of paper or document that is widely circulated among members of the public and is much more likely to be read than is the *Canada Gazette*.

Honourable senators, I do not intend to suggest that the bill should not now be read the second time. Although I have drawn attention to what I consider to be some shortcomings, and have perhaps been particularly vigorous about the question of a central registry and the matter of regulations, I support the general concept of the revision of the Canada Shipping Act. I exclude any reference to the provisions concerning coasting trade, which have been dropped, but I support the idea of a comprehensive Canada shipping law, and consequently I support second reading of the bill.

Hon. Orville H. Phillips: Honourable senators, I have a few brief remarks to make on Bill C-41. After the extensive analysis of the bill by Senator Smith (Colchester), very little need be said.

This proposed legislation deals with the first two of five books to comprise the Maritime Code. The first two are non-controversial. They deal with subjects such as extending Canadian law to Canadian ships on the high seas, policing

authority, legal procedures, and registration. None of those are objectionable. On the other hand, none are very earth-shaking.

The objectionable parts of the former Bill C-61 were withdrawn after strenuous objection from the Progressive Conservative opposition in the other place—PC support of objections raised by industries on both the Atlantic and Pacific coasts. The British Columbia forest-related industries and the maritime and agriculture industries objected to certain sections of the bill. These industries wanted to retain foreign shipping in order to be competitive in foreign markets.

● (1540)

On many occasions we have heard the Leader of the Government in the Senate and his deputy accuse the opposition in the other place of obstruction and delaying the passage of various bills, but Canadians on both coasts are very fortunate that the PCs took their responsibilities seriously and opposed Bill C-61. Honourable senators, this was not obstruction; they were merely carrying out their duty of attempting to improve legislation and removing from it sections that would have adversely affected certain sections of the economy. It is rather unfortunate that it took four years for the government to give consideration to the legitimate views of the opposition.

Honourable senators, I have stated that I do not consider this to be obstruction on the part of the opposition. I view it rather as an abdication of duty on the part of those supporting the government, who also have a duty to attempt to improve legislation. If those supporting the government had recognized the difficult position various Canadian industries would have been in had Bill C-61 been passed, they would have supported the Progressive Conservative Party in their opposition to it, and surely any reasonable government would have dealt with the objections put forward before four years had passed.

It is my understanding that further representations will be received before the next three books are introduced, and I would suggest that the Standing Senate Committee on Transport and Communications can do a very useful service by receiving these representations and making recommendations to the government. I know that the committee will do an excellent job, and will also provide an opportunity for senators from such provinces as British Columbia, who voiced no objection to the bill, to redeem themselves. They may have been derelict in their duty on one occasion. I am sure they will not be again.

Senator Perrault: Honourable senators, I would tell you that, in fact, representatives from British Columbia of all parties were very active in seeking changes in this particular proposed piece of legislation. I would not accuse any member of this house or the other of being derelict in his or her duty, in any case, without knowing the facts.

Senator Phillips: Where were they active, though?

Senator Flynn: They were hard-headed, stubborn. That was before Senator Perrault was a member of the administration.

Senator Perrault: I have written many letters on this subject, I can assure you.

Hon. Senators: Question!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Lang moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Senator Haig: Honourable senators, before the next Order of the Day is called, I wish to advise the house that the Standing Senate Committee on Transport and Communications will hold a meeting tomorrow, Thursday, May 19, in the room at the back of the building known as the old library, for purposes of organization. In view of the fact that Bill C-41 would amend existing legislation, many organizations and groups wish to appear. The bill will not be considered by the committee until at least a week from this Thursday.

SOLAR ENERGY APPLICATION BILL

SECOND READING—DEBATE ADJOURNED

On the Order:

> Second reading of the Bill C-309, intituled: "An Act respecting the domestic and industrial use of solar energy".—(*Honourable Senator Forsey*).

Senator Austin: Honourable senators, I ask leave to move the second reading of this bill, in place of Senator Forsey, and to explain it to the house.

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

Hon. Senators: Agreed.

Hon. Jack Austin moved the second reading of Bill C-309, respecting the domestic and industrial use of solar energy.

He said: Honourable senators, I hope I will gain the unanimous support of the Senate by promising at the outset to be brief.

Senator Flynn: You said you would explain it, though.

Senator Austin: Senator Flynn has not looked at the bill. If he had he would have seen how brief a bill it is.

Honourable senators, Bill C-309 is a private member's public bill sponsored in the House of Commons by the member for Davenport, Mr. Charles Caccia. Its purpose is to create an institute to be known as the Institute for Solar Energy Application. The institute will be an entity in the private sector and is designed by the intendment of the bill to stand as a bridge between private sector industrial research activity and government industrial research activity.

The bill provides for a board of directors, but regrettably the draftsmanship, plus some political negotiation in the House of Commons, has omitted provision for membership. It is also regrettable that some very essential items, such as definitions of "solar energy" and "renewable resources", have not been included in its provisions.

Senator Perrault: We all make mistakes.

Senator Austin: However, as in the case of many items that come from the other place, it is the duty of this chamber to improve them and see that they are effective and workable.

It is evident to all of us that during the lifetime of those now living there will be a massive change in the nature of energy employed to maintain human physical and emotional security and well-being. A number of experts have told us that the era of oil and gas as the main energy source for transportation, and the main energy source for other industrial, commercial, residential and human requirements, is coming to an end. The experts have no sense of agreement on precisely when this time may be, and there are good reasons for this disagreement. So much depends on the behaviour of people in their use of energy resources. The problem is how quickly we will consume them, and when that rate of consumption will bring us to the time of crisis. Nonetheless it is clear that oil and natural gas, in the decade or two or three ahead of us, will cease to be used as generally as today, and will become used and conserved for use in specialized and specific ways for which no substitutions, even by then, will have been developed.

Therefore it is critical for mankind to use the lead time available, whether it be 10, 20, 30 or even 50 years, to develop technologies that will provide alternate forms of energy at affordable, if not desirable, cost. These alternative forms appear in part to be available in that broad area of energy forms known as renewable energy. The renewable energy sources of promise in Canada appear to be some further hydro-electric generation, possible geothermal sources, and solar energy in its several forms, which include ocean tides and wind, as well as the ability to convert the rays of the sun.

● (1550)

The non-renewable energy resources are better known and understood, and are, in particular, oil, natural gas, coal and some other fossil fuel items such as oil shale, oil sands and heavy oil. Also considered to be a non-renewable energy resource is uranium, because of its finite character. Another energy mineral is thorium, which is abundant in the world but which we have not yet turned to develop because it is obtained at a higher cost than uranium.

Harnessing the sun has been one of mankind's greatest ambitions down through the ages. In small ways, of course, we have been able to do it. Such uses as concentrating the sun's rays to start fire, catching the winds in sails or on the blades of windmills, or harnessing tidal rapids, have been established in our society for ages. Now, however, we are casting our eyes with renewed interest on our ability to utilize the sun's rays and warmth for significant purposes—home heating, perhaps industrial heating, and perhaps even some day the driving of steam generators and turbines.

The experts tell us that solar energy is a form that can be made practical. Indeed, the experts are telling us that solar energy is almost practical today. There appeared in the Ottawa *Citizen* on May 11 last an article quoting Professor C. E. Bakus, professor of engineering at Arizona State University. Those of you who have been in Arizona know that they know something about sunshine. Part of that article reads:

> Dr. C. E. Bakus . . . says the main cost factor is roof-mounted solar "collectors" that absorb energy from the sun. He predicts the present cost of $20 a square foot of installed collector will be cut in half by 1980.

If that comes to pass, solar energy for home space heating will be competitive with fuel oil.

The United States, in the current fiscal year, is spending a total of $280 million on solar research, and that money is being distributed to private research groups as well as being spent by the United States government and its agencies. In Canada, in this fiscal year, $10 million will be spent by the Department of Energy, Mines and Resources and by the National Research Council for the same purpose. Today in Canada we have in place and operating 21 solar heated buildings. Some of them are water storage, and others are crushed rock storage, installations. Those of you who come from Manitoba will know that there is now established on the roof of the Manitoba Legislature a solar heating unit for experimental purposes, no doubt designed to keep the temperature of the debate in the chamber as high as possible.

Senator Flynn: We have you here for that purpose.

Senator Austin: If I could convert my energy into a great deal of warmth, Senator Flynn, I would be delighted to direct it at you.

Senator Flynn: That is why it is so cold.

Senator Austin: In Prince Edward Island there is an experimental Renewable Resources Ark, which the Prime Minister inaugurated in the fall of 1976. It is a subject of great interest to the science world concerned with these problems, and has made Prince Edward Island quite famous in technological research in this sector.

In a country as cold as Canada, the acquisition of additional and compatible forms of heating would make an important contribution to our comfort as individuals and to our security of supply, as well as to our economic comfort. According to a Science Council report, most parts of Canada have enough sunshine to justify solar development.

At this point, honourable senators, I wish to repudiate that well-known Canadian slander that in Vancouver it rains all the time. It is not true. Vancouver is a beautiful, sunny part of this country. What British Columbians do is tell the rest of Canada that it rains all the time in their province because they don't want to get crowded out. The evidence I wish to give you to demonstrate my point is that the first solar home in Canada was built in 1971 in Vancouver. It is a space-heated solar

home and provides about 50 per cent of the space heating requirements of that house.

Senator Smith (Colchester): A small house.

Senator Austin: The additional comment I would make is that it was built entirely by private funds by a private enterpriser with scientific curiosity, and not subsidized by the government. I think the gentleman in question deserves some recognition for his foresight.

There are other forms of renewable energy that also deserve research. They are geothermal energy, bio-mass—which has been the subject of considerable interest by the Honourable Alvin Hamilton in the other place—and the ocean tides, which always concern our colleagues from Nova Scotia.

Bill C-309, introduced by Charles Caccia, the member of Parliament for Davenport, has been passed by the House of Commons, and was examined by its Natural Resources and Public Works Committee at two sessions held on Wednesday, March 30, and Tuesday, April 5, 1977.

Senator Flynn: Did that committee not notice the defects in the bill that you mentioned at the beginning of your speech?

Senator Austin: I appreciate your observation, honourable senator. In fact, they paid a lot of attention to valuable issues, and disregarded these mundane technical issues that make things go.

Senator Flynn: They thought we would look after them.

Senator Austin: I think the Senate has a reputation for correcting the errors of the other place.

Senator Flynn: That is quite mundane.

Senator Austin: The interest shown in the House of Commons demonstrates the growing recognition by Canadians of the need for a larger degree of activity and priority in this area, and indeed for a higher degree of public education about the energy crisis and what can be achieved by the utilization of renewable energy resources.

Honourable senators, I believe that this bill deserves examination in committee. I understand that the appropriate committee of the Senate would be the Standing Senate Committee on Banking, Trade and Commerce. I have been assured by its chairman, Senator Hayden, that should the Senate pass this bill on second reading and refer it to his committee, he would be pleased to hold an appropriate hearing on its provisions.

Some very interesting legal points arise out of a bill of this type. While I propose no lecture in law during these comments, I think honourable senators would be interested to know the problems that come from, for example, the right of access to the sun by landholders. There are many illustrations in our society of someone building an edifice next to another and completely blocking out its sunlight. When solar energy has not been important to our society that has not seemed to matter. If solar energy becomes important there will be many law suits relating to access to sunlight. Of course, we can see the neccessity for unitization of access to sunlight, as takes place, for example, in the gathering of oil.

The other legal problem that arises with respect to renewable energy resources is access to wind. I make no reference in this chamber to myself in that regard. Wind power can be a very important source of energy, as many who come from the prairies understand and appreciate. Again the problems of construction can eliminate proper access to that source.

The most critical part of this bill, and the chief object of its attention, is to capture something in the way of the industrial spin-off that will come from work on solar energy. The Science Council believes that it will cost an estimated $11 billion to have about 10 per cent of our energy requirements sourced in the renewable sector. Eleven billion dollars, honourable senators, is a lot of money, and the choice for Canada is whether we are going to spend that money on acquiring outside technology—that is, transferring our money to buy labour and research from other countries—or whether we are going to spend at least a reasonable portion of that money at home in developing technology which we can sell overseas. If we can make complicated aircraft, complicated nuclear reactors and complicated electronic equipment, this is a cinch, but it needs our time and attention.

• (1600)

We have done some work in the commercial sector here. We have done work in longer-term thermal storage, solar-powered air conditioning, vertical-axis wind generators, honeycomb solar collectors and heat pumps. Much more must be done.

Honourable senators, I wish to conclude by simply saying that the purpose of the reference to committee, which I hope the house will agree to, is to allow experts to come forward and tell their story. If this bill has the favour of this chamber, and a few technical amendments are made and approved by the House of Commons, we shall have in this country an institute which would co-ordinate research directed to industrial development.

Senator Flynn: How will it be funded?

Senator Austin: It will be funded by the private sector, and the governments of Canada and the provinces. However, there is no guarantee that any of those sectors will fund it. This bill would simply create an institute which can be a source of co-ordination in this area. You will remember the famous reply attributed to the scientist Faraday when he was asked, "What good is this electricity that you have discovered?" He asked, "What good is a baby?" I hope that this institute will grow to be a very big boy in the development of solar energy in Canada.

Senator Grosart: I wonder if the sponsor of the bill would indicate to the Senate its status. Does it come to us as a private member's public bill, or is it sponsored and supported by the government?

Senator Austin: Senator, it comes to us, as I said at the outset, as a private member's public bill, and is not sponsored by the government.

Senator Grosart: Is it supported by the government?

Senator Austin: It was passed by the other place, so at least they did not deny it some accommodation.

Senator Grosart: Sometimes bills do pass the other place which are not supported by the government.

Senator Smith (Colchester): Honourable senators, I wonder if I might direct a question to the sponsor of the bill with reference to his comment, as I understood it, that it would cost a total of $11 billion to develop certain renewable resources? I wonder what he includes in the phrase "renewable resources"?

Senator Austin: As I said at the beginning of my remarks, I include in "renewable resources" solar energy, tidal energy, wind energy and new hydro-electric sources of energy in Canada. Those are, generally, included in the definition of "renewable resources."

Senator Flynn: Windmills.

Senator Smith (Colchester): Might I ask further if the amount of $11 billion is an estimate of what it would cost to make maximum use all those resources?

Senator Austin: Yes, the Science Council report said that we need to depend more on renewable resources, and that to obtain about a 10 per cent reliance on renewable resources in Canada by the year 2000 would require an investment of $11 billion.

Senator Flynn: Part of those resources is the wind, for instance, through the use of windmills. How much would that represent?

Senator Austin: In my opinion, senator, a very small part, in spite of some of our mutual friends.

Senator Grosart: May I ask the sponsor of the bill if he excludes nuclear energy from his phrase "renewable resources," particularly in view of the fact that some of the new technology in the nuclear field is very definitely renewable?

Senator Austin: Senator, the term "renewable resources" is not inclusive of nuclear energy. The source of that energy, uranium, is a finite source. However, I do appreciate what you say because—and I know you have this in mind—the breeder reactor is a continual system reactor.

On motion of Senator Petten, for Senator Hicks, debate adjourned.

NATIONAL FINANCE

NOTICE OF CANCELLATION OF COMMITTEE MEETING

Senator Langlois: Honourable senators, before I move the adjournment of the house I would inform honourable senators that the meeting of the Standing Senate Committee on National Finance scheduled for this afternoon has been cancelled.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 19, 1977

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

Prayers.

DISTINGUISHED VISITOR IN GALLERY

SIR ROBIN VANDERFELT, K.B.E., SECRETARY GENERAL OF THE COMMONWEALTH PARLIAMENTARY ASSOCIATION

The Hon. the Speaker: Honourable senators, on behalf of the members of the Senate I should like to extend our warmest welcome to a most distinguished visitor, Sir Robin Vanderfelt, K.B.E., Secretary General of the Commonwealth Parliamentary Association.

Hon. Senators: Hear, hear!

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order in Council P.C. 1972-1569, dated July 13, 1972, revoking the Direction to the Canadian Radio-Television Commission made by Order in Council P.C. 1970-992, dated June 4, 1970, as amended, together with Direction respecting ineligibility to hold broadcasting licences in substitution therefor, pursuant to section 27 of the Broadcasting Act, Chapter B-11, R.S.C., 1970.

Copies of document respecting the Canadian Coast Guard National Marine Emergency Plan, issued by the Department of Transport.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, 25th May, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, May 24, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give you a brief outline of the Senate work scheduled for next week. I shall deal first with the committees. This, as you know, is subject to change should some of the bills now before the Senate be referred to committee.

The Standing Senate Committee on Foreign Affairs will meet at 2.30 in the afternoon on Tuesday to continue its examination of Canada's relations with the United States.

On Wednesday the Standing Senate Committee on Banking, Trade and Commerce will meet *in camera* at 9.30 a.m. and again at 2.30 p.m. to consider the white paper on banking legislation. The Standing Senate Committee on Agriculture will meet at 3.30, or when the Senate rises, to hear witnesses in connection with its inquiry into the beef industry, and there will be a meeting of the Special Senate Committee on Science Policy, also at 3.30 p.m. or when the Senate rises.

Five committee meetings have been set down for Thursday, as follows: Foreign Affairs on Canada-U.S. relations at 9.30 a.m.; Transport and Communications on Bill C-41 at 10 a.m.; the subcommittee of Health, Welfare and Science on experiences in prenatal life and early childhood which may cause personality disorders or criminal behaviour, *in camera,* at 10.30 a.m.; Internal Economy, *in camera* at 11 a.m.; and the Joint Committee on Regulations and other Statutory Instruments at 3.30 p.m.

In the Senate, of course, we will continue with the legislation now before us, and other items on the order paper. In addition, we can expect two bills from the House of Commons, Bill C-54, to amend the Excise Tax Act (No. 2), and Bill C-47, to amend the Export Development Corporations Act.

We have a lot of business on hand, and it would appear that the workload will increase substantially as we approach the summer season. It may very well be that over the course of the next few weeks it will be necessary for the Senate to sit on Monday evenings.

• (1410)

Senator Flynn: What is the target date for the summer recess?

Senator Perrault: Honourable senators, the government is not so much concerned or obsessed with the establishment of a fixed date for the summer recess as it is in expeditiously looking after the pressing needs of the Canadian people. It is hoped, however, that it may be possible to adjourn Parliament by the end of June.

Senator Flynn: The government, it appears, would like to have all items on the order paper disposed of very quickly, without debate.

Senator Perrault: On the contrary. The honourable senator is more knowledgeable about the attitude of the government side in this place than to make a comment of that kind. There are indications that, due to the heavy load of proposed legislation in the other place, we may be sitting during the month of July. I do not put that forth in any sense as a threat; that is merely my assessment of the situation as it exists. I believe all parties have agreed that the general target, however, would be the end of June, but there is no assurance at this time that that target can be met.

Motion agreed to.

RAILWAY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of the Bill C-207, intituled: "An Act to amend the Railway Act".—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, with leave, I yield to Senator Bosa.

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

Hon. Senators: Agreed.

Hon. Peter Bosa moved the second reading of Bill C-207, to amend the Railway Act.

He said: Honourable senators, Bill C-207 is a private member's bill which seeks to amend the Railway Act so as to make railways more responsive to public needs. The bill, if passed, would require that a public announcement be made by the railways 30 days in advance of any reactivation of an abandoned line or abandonment of lines, or expansion of existing lines located within 1,000 feet of residential, commercial or public buildings. That period of notice would enable interested taxpayers to make representations to the Canadian Transport Commission and the commission, in turn, may require the railways to submit its formal plans for such work and/or conduct a public hearing into the matter.

This is a non-controversial bill. It was adopted by the other place without opposition. If honourable senators are agreeable, assuming the bill is adopted in principle, I would be pleased to move that it be referred to the appropriate committee for more detailed examination.

On motion of Senator Macdonald, debate adjourned.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, May 17, the debate on the motion of Senator Macnaughton for the second reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

Hon. W. M. Benidickson: Honourable senators, Bill C-39 would defer the normal decennial examination of the Bank Act, and continue its provisions to March 31, 1978.

I voice again a rather chronic complaint that I have about the presentation of bills from the other house. In this bill, as passed after third reading by the other house, there is no explanatory note.

The first reading version of this bill proposed that we defer until not later than January 1, 1978, the rights and authority under our legislation for banks to carry on. By subsequent action of the other place, an amendment in the Committee of the Whole, that date was changed to March 31, 1978. I still think that on the right-hand pages of bills that are presented to us we should have some information of this type.

I want to pay a tribute to the sponsor of the bill, Senator Macnaughton. I have observed that as vice-chairman of the Banking, Trade and Commerce Committee he has asked acute and sagacious questions about a number of related bills that that committee has under consideration, including the white paper concerning banking and Bill C-42 which would amend the Combines Investigation Act. There is also in Bill C-42 a proposed amendment to the Bank Act. Of course, all of this work is being carried on before it is opportune for us to discuss the bills formally, and it is being carried on under the prodigious and titanic legal leadership of Senator Hayden, the chairman of the committee. I note that the committee has been sitting *in camera*, and I have received advice that *in camera* they are considering their report on the white paper on banking, and within a very short time we will have the benefit of their studies.

Honourable senators, I rise to speak on Bill C-39, which is brief and would merely extend the provisions of the Bank Act, because it may be forgotten that on April 7, 1971, I proposed and introduced a private bill that was not proceeded with. It was a bill that, in my opinion, indicated there should be a little more stringent regulation to ensure competition in this very important industrial business field of banking. I did not proceed with the bill because I was informed that in that same year—that is, 1971—the government itself would introduce a new bill in the area of competition. They did. It was Bill C-256, and it was not proceeded with.

My feeling was that there was too much immobility and lack of competition in this particular industry. I think that subsequently some of that view has been supported. I would quote briefly from the white paper with respect to banking, which was presented in August 1976. It had this to say:

> —since the last (Bank Act) revision, the profitability of the chartered banks as a group has been relatively strong. An adequate level of competition will help ensure that banking services are provided throughout the nation at the lowest cost to borrowers and the highest return to savers that are consistent with the survival and healthy growth of the country's financial system.

● (1420)

With that, of course, I have no quarrel.

Honourable senators will recall that we had a very substantial bill in the long session of 1974-76, Bill C-2, which, among other things, amended the Bank Act. But it stated that compe-

tition in the field of banking would still remain under the Bank Act. In the last major revision of the Bank Act in 1967, there were certain important changes to section 138 which I heartily approved, but there was little change insofar as sanctions or criminal penalties are concerned. Now if we go forward and pass Bill C-42 this session, there will be an accomplishment of some of the points that were contemplated in my bill of 1971. Indeed, since my 1971 bill, insofar as a combine is concerned, we have already provided in the 1974-76 session that instead of simply a fine of $10,000, if there was an agreement among banks as to fixing rates to be charged to borrowers, there would be liability to imprisonment for two years. As I say, there is in Bill C-42, which is also under study at the present time by the Standing Senate Committee on Banking, Trade and Commerce, the very point I raised in 1971, that in the interests of consumers banks should be under the Combines Investigation Act. Bill C-42, of course, provides that the title of the act will be changed to "the Competition Act." Nonetheless, these bills are before us, and I take the opportunity to say that this was part of what I had in mind in my bill of 1970-71, which was rather deprecated at the time of introduction.

On March 16 last, when Bill C-42 was introduced, the Minister of Consumer and Corporate Affairs, the Honourable Mr. Abbott, in a press release stated:

> As outlined in the White Paper on Canadian Banking Legislation issued last August by the Minister of Finance, it is proposed that sections in the Bank Act covering competition among chartered banks be transferred to the Competition Act. The responsibility for monitoring compliance with those provisions would also be shifted from the Inspector General of Banks to the Competition Policy Advocate.

There are various background papers respecting Bill C-42 which we must consider also as we consider the advisability of extending the existing Bank Act. In connection with one of those background papers, the following was stated in March 1977:

> The Economic Council recommended that the unregulated activities of regulated industries should be subject to the Combines Investigation Act.

The background paper itself then suggested that the Department of Consumer and Corporate Affairs should undertake research to review the quality of performance, and so on, of regulated industries.

As you know, up to now that activity has not been operative in respect to the banking industry subject to the Bank Act. Although chartered banks have been exempt from the Combines Investigation Act—and I have mentioned that section 128 of the Bank Act was revised specifically in 1967 in order to prevent collusion among banks on the prices of either loans or payments on deposits—this prohibition seemingly has not notably affected both the timing of rate changes and, in certain markets, the frequency of rate changes.

Prior to the Bank Act revisions of 1967, all banks simultaneously announced changes in the prime rate and the rate paid on savings deposits. I have observed that since then rate changes between banks, and between different types of loans and deposits, have been staggered with some small lags ranging from several days to several weeks. It should be noted, however, that the introduction of lags does not necessarily imply what one could call competitive pricing. Whether or not there is at present competition between chartered banks in both the borrowing and lending rates is still open to debate. No authoritative study has been made to offer irrefutable proof one way or the other.

Subsequent to the last important revision of the Bank Act in 1967, the chartered banks raised their general consumer lending rate from the previous legal ceiling of 6 per cent to 12 per cent. That rate was maintained until May 1974, at which time the consumer lending rate was increased to its present level of 13½ per cent. Between January 1967 and May 1974 the Bank of Canada rate varied between 4½ per cent and 8 per cent, without any change in the consumer loan rate. It is the immobility of the rate on consumer loans that is the purpose of my remarks today.

● (1430)

However, in May 1974 the bank rate rapidly increased beyond the 8 per cent level, and in response the chartered banks increased the consumer loan rate by one and a half percentage points to the 13½ per cent to which I have referred. From May 1974 until May 7, 1977 the Bank of Canada rate has varied between 7½ per cent, the current rate, and 9½ per cent, while the banks' consumer loan rate has held steadily over this period at 13½ per cent.

My main concern, as I have said, is that we should see something more tangible, more convincing, in the way of competition in this all-important economic area of financial instructions. It is heartening that very recently—and for the first time, I think—we have seen something more assuring. It has been more satisfying to me personally since I introduced that bill in 1971. We have had four Bank of Canada interest rate reduction signals since last November. On November 24 the bank rate went down from 9½ per cent to 9 per cent. As always, interest payments to non-chequeable savings account deposits dropped accordingly. We had another reduction on December 29, 1976, from 9 per cent to 8½ per cent; on February 23, 1977, from 8½ per cent to 8 per cent, and on May 6 last the bank rate dropped from 8 per cent to 7½ per cent. I think, honourable senators, you will have observed that these reductions not only affect fairly rapidly the interest that you and I are paid on non-chequeable savings deposits, but are also rapidly translated into costs of borrowers in the commercial field, and generally in the mortgage field.

What I say is heartening is that for the first time in my recollection—and in 1954, as Parliamentary Assistant to the Minister of Finance, I had something to do with the conduct of the decennial Bank Act change of that year—I see some reassuring evidence of competition for consumer loans. To me, competition in most industries is a very healthy thing. I point out that, although we will not now be able to amend the Bank Act itself until perhaps next year, at least one of the chartered

banks—but not a major chartered bank, and not one of the "Big Five" who have 90 per cent of the assets—has broken from the fold and, as far as I know, for the first time unilaterally has announced a reduction in its charges for consumer loans from 13½ per cent to 13 per cent.

I talk today especially of competition. This involves near banks and other financial institutions. The banking white paper referred to these other institutions, trust companies, finance companies, caisses populaires, and the like, and I also noted with considerable interest that at least one trust company—in this case a large one—said on May 11 that it would lower its consumer loan rate not by one-half of one per cent following that amount of change in the Bank of Canada rate but by a full one per cent from 13½ per cent to 12½ per cent. Any other mover or shaker?

Senator Choquette: It is still high, is it not? Why do these banks not follow the directives of the Bank of Canada? The Bank of Canada plays with the interest rate and when you go to a bank it will charge you 12 per cent, 12½ per cent or 14 per cent. I do not know why the Bank of Canada should not have some power over these people. If the honourable senator has the answer, I should like to hear it.

Senator Benidickson: That would require, I believe, new legislation. According to Bill C-42 it would perhaps come under the powers of the Competition Director. Insofar as banking is concerned, this would come under the Inspector General of Banks, and I do not think he has such power. It would be up to you and me, senator, to make such comments when we receive the decennial major revision of the Bank Act, which will be deferred by this bill to March 31, 1978, at the latest.

I would point out that the chartered banks were not under a legal maximum interest rate—a big element in the making of consumer loans. In 1967 personal loans by chartered banks—my authority is the *Bank of Canada Review,* February 1977, provided by the Library of Parliament—amounted to something like $3.5 billion. At the end of 1976 the figure for "personal loans" was over $17 billion. So that area must be profitable. I have pointed out that that is the one area lending where there has been too obvious immobility in the interest cost charge.

The honourable senator asked why the Bank of Canada or some other authority does not exercise some force. I believe that the entry of the chartered banks into this consumer loan field has, to an extent, been beneficial to the little consumer borrower, and I think the figures relating to their share of this lending bear that out. The banks' share in this area now exceeds 52 per cent.

The *Bank of Canada Review*, March 1977, under "Consumer Credit" on page 50, shows that from the end of 1967 to the end of 1976 the total of the chartered banks' personal loans increased from $2.9 billion to $16.1 billion. However, what I wished to demonstrate to Senator Choquette was that in that period the role of the chartered banks in the field of consumer lending increased tremendously. They now have approximately 50 per cent of the consumer loan business, but, admittedly, their charge for consumer loans is less than that which the finance companies and other institutions charged when the field was left to them.

● (1440)

Hon. Alan A. Macnaughton: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Macnaughton speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Macnaughton: Honourable senators, I just wish to take this opportunity to thank Senator Benidickson for a most interesting contribution to this debate. I do not believe I can usefully add anything further. If it is your desire to refer this bill to committee, well and good. Frankly, I do not see any reason for it, having regard to the fact that the bill simply extends the period in which the banks may carry on business. However, I am in the hands of the Senate.

Motion agreed to and bill read second time.

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

Senator Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from Tuesday, May 17, the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. David Gordon Steuart: Honourable senators, to begin my first speech in this chamber I wish to tell you that I consider it a great privilege to have been called to the Senate. I wish to thank and assure those who made it possible that I will do my utmost to merit their confidence. I also wish to thank Madam Speaker, all honourable senators and members of the staff who have given me such a warm welcome and been so helpful.

I am pleased that my first speech is on the vital issue of national unity, and my congratulations go to Senator Perrault for his timely motion and outstanding speech. I hope we make sure that his address is given the widest possible coverage, because I am convinced it will inspire a new sense of purpose in all those who hear or read it to hold this country together no matter what their racial background is or where they live in Canada. Since what we, along with other Canadians, do in the next few months may well decide the very future of our nation, we should take full part in this debate and then follow through immediately with action.

Honourable senators, I feel that the time has come when we must be prepared to stand up and be counted, to put on record clearly and courageously our own views and the feelings of the

various regions of Canada that we represent. I am aware that my viewpoint on the questions of Quebec separatism and national unity will not reflect the thinking of all Saskatchewan people, but since I have visited with and talked to people in every corner of that province, what I have to say will represent a good deal of public opinion in my home province. Those who disagree with me can speak for themselves, and I hope they do. Surely this is our responsibility as senators, and to do less at this time would be to give fresh ammunition to those who criticize this institution.

I am also convinced that the only credential anyone needs to speak out for national unity is his Canadian citizenship, regardless of whether he was born here or just became a Canadian. Canada belongs to all Canadians and every Canadian has a full stake in every part of this great country. To take the attitude that only those living in Quebec have the right or responsibility to take part in discussions leading up to the referendum in that province is not only folly but, in my opinion, it is dangerous folly. It is true that when the talking is done, when the debates are all finished, only the citizens of Quebec will vote on the question of staying in Canada or going it alone. But surely in the meantime, honourable senators, all Canadians who care about their country must do everything they can to convince the people of Quebec that we need them, that we want them, and that only by working and living together can we continue to build a nation whose goals are freedom, justice, equality and prosperity for all our citizens.

While I am hopeful and extremely optimistic that the vast majority of Quebec people will opt to stay in Canada, for the information of those who are thinking of voting in favour of separating I want to put two observations on record, observations that are my own but also ones that have been passed on to me by a great many western Canadians. The first has to do with the so-called economic union between Canada and the possible new state of Quebec being advanced by René Lévesque and some of his ministers. I can tell them it won't happen. There is no way that the people of Canada would allow their government to negotiate a nice, friendly, economic, free trade union with a group of people who just voted to break up the country. It's like a friendly, civilized divorce—it happens in story books but very seldom in real life. René Lévesque knows it won't happen and I am convinced that he is trying to lull the people of Quebec into a false sense of security. I think it is essential that the leaders from all parts of Canada set the record straight on this important question so that the people of Quebec will know exactly where they stand before they vote.

The other point I want to make is that even though a Canada without Quebec is almost unthinkable, if it happens we will survive. I detest the so-called "break-up game" that is being played by some people, especially some people in the news media. You've all heard it: the Maritimes will join the United States, Ontario will go its own way, B.C. will become independent, and so on. Most Canadians love this country just the way it is, but, if one member of the family pulls out, the rest of us, I am convinced, will remain united, more determined than ever to make real the dreams of the men and women who came from all over the world to build a better home here in Canada. Having said that, I don't want to talk any more or even think any more of the possibility of the division of Canada, just of uniting it and working to make it stronger.

I want to talk about Saskatchewan, what we owe the people of Quebec and that we are going to try to convince them of our sincerity when we say we want them to stay in Canada. I want to talk about some of the things we can and must do in this country if we are to use the breathing space we have been given before the people of Quebec make up their minds about Canada. I call it a breathing space. In fact, I believe we will get it in two stages: the first is between now and the referendum; the second will be between the first referendum and the second, which I believe will take place if we do not change our ways. We only have one or possibly two years before the first referendum in Quebec. It is not much time, but if we use it wisely it will be enough to convince most Quebecers that we want them to stay with us. If this happens and the vote is in favour of Canada, we had better not go back to sleep content in the knowledge that Canada is safe and united for all time.

● (1450)

The separatists will continue to work. And make no mistake: they have many dedicated and intelligent people in their camp who will never quit until either we convince them, or most of them, that we have corrected their legitimate grievances, or they bring about the separation of Quebec.

The second breather, if we are given it, will be longer than the first and will give us time to set right some of the misunderstandings that are very old and go very deep, both inside and outside Quebec. All this, both the short and the long term adjustments that must be made by both francophone and non-francophone Canadians is, of course, dependent upon goodwill. We will only stay united if we are prepared to understand each other and take a new look at all the institutions making up our country, in a spirit of give and take.

Since I feel we should deal in particular with our own provinces, I will try to show how the people of Saskatchewan have already demonstrated a spirit in bringing about changes to show recognition of the bilingual nature of Canada. I will also point out some serious changes that I feel must take place in the attitude of our government, in our educational system, and in the news media if we hope to see more acceptance of bilingualism and biculturalism in all parts of Canada.

To begin with, Saskatchewan was removed from the Northwest Territories and became a province in 1905. Among other qualifications laid down before a territory could become a province, there was a proviso that some kind of school system and hospital system must exist in the proposed new province. Saskatchewan had these, thanks in great measure to the French Canadian priests and nuns who came west from Quebec before the turn of the century. That they were prepared to make these facilities available to the new province played a significant role in the agreement to set up the province of Saskatchewan. Thus, from the very beginning that

province owed a debt to the people of Quebec. Unfortunately, this fact has been largely ignored by succeeding provincial governments, the educational system and the press, during most of the 72 years that have followed.

During these same years the francophone community has played a role in governmental, cultural, educational and religious life in Saskatchewan far in excess of that which their numbers appear to justify. In actual numbers the francophones rank behind the people whose basic stock is British, German and Ukrainian in the province of Saskatchewan. They are, in fact, a small minority of our population. I point this out, honourable senators, first to pay tribute to the contribution made by French Canadians to the building of our province, and also to place in proper context the problem that any government in Saskatchewan has when it wishes to grant privileges to the French Canadians that it is not prepared to give, or not able to give, to German or Ukrainian Canadians or, indeed, to any of the other many ethnic minorities.

It is all very well to say, "Yes, but the French and English languages have special status in Canada not given to the German, Ukrainian or Polish languages, or any of the other mother tongues spoken by the millions of Canadians who came here from all over the world." The history of the special status of the languages of the two founding races is not well known in Saskatchewan, and as a result has not been well accepted. A review of Canadian history will make the reason for this lack of knowledge clear, and, I believe, places the blame on the governments, the school system and the press.

The Quebec Act of 1774, and the British North America Act, one hundred years later, gave special status to the French language in Quebec. Subsequent action by the federal government, in 1966, began the establishment of functional bilingualism in the federal public service. In the 10 years that have followed, the federal government has stepped up its drive to achieve a position that is best described by section 2 of the Official Languages Act of 1969. This paragraph could be described as the act's cornerstone, and I quote from it as follows:

> The English and French languages are the official languages of Canada for all purposes of the Parliament and Government of Canada, and possess and enjoy equality of status and equal rights and privileges as to their use in all the institutions of the Parliament and Government of Canada.

And so, honourable senators, there you have it: a bilingual time bomb was set in 1867 with the passage of the British North America Act. The fuse was inserted 100 years later when Prime Minister Pearson delivered a policy statement in the House of Commons launching functional bilingualism in the federal public service. The fuse was lit by the Official Languages Act in 1969. The first series of explosions came with such things as the air controllers' strike over French in the air over Quebec, the English backlash to their perception that French was being shoved down their throats, the French backlash to what they perceived as intolerance on the part of non-francophone Canadians, and finally, the election of the Parti Québécois and its dedication to pulling Quebec out of Confederation.

Honourable senators, how did we Canadians, a basically reasonable and tolerant people, get into such a mess, where we are almost at each other's throat and are seriously talking about breaking up the country? I think we have to look at how we got into the mess if we hope to find a way out.

We all know that this is a very complex problem which took a long time to develop; the solution may be equally complex, but we are running out of time and I feel we have to attack this problem on all fronts.

I am only going to deal with education, or the lack of it, and try to point the way towards some changes that I believe will help bring about a better understanding among all Canadians.

In 1867, when the B.N.A. Act was written and Canada became a country, the population numbered two or three million people, and apart from the Indians and Inuits, most, or almost all, were of British or French stock. I am sure that few of them were aware of the content or the philosophy of what was to become Canada's Constitution. Since then we have grown to 23 million people and we have welcomed people from almost every corner of the globe. Today, nearly one-third of our population is of neither French nor British origin, but in spite of having encouraged millions of immigrants to become Canadians, the federal government has, until the last few years, failed miserably even to acquaint them with the basic facts of our two founding races.

Most of these newcomers were convinced that they were coming to an English country, and only those who settled in Quebec ever learned any different until the last ten years. For many years successive Quebec governments have been critical of the federal immigration policy which, it was believed, did not reflect the linguistic and cultural duality of Canada as a whole, or even adequately inform potential immigrants that Quebec was a French-speaking province.

It was not until the early 1960s that federal immigration policy began to respond to Quebec's complaints. A special effort was made to increase immigration from francophone countries, and over the past few years the briefing of foreign service officers who interview immigrants abroad, and the literature on Canada made available to immigrants, was made to reflect the Canadian cultural duality more accurately. Nevertheless, until the publication in 1976 called "Introduction to Canada" and its French equivalent, almost all publications and briefings made available to immigrants abroad limited Canada's French linguistic and cultural facets to Quebec alone.

As a result, it is very likely that immigrants who planned to settle outside Quebec would not have been informed that the "French fact" was not restricted to Quebec or that French Canadians were not just another ethnic majority. In addition, most of the brochures were only available in English and French. Since they were not published in the language of the immigrant, it would have made it very difficult or even impossible for most immigrants to read them, and hence to

know, even, that Quebec itself was 80 per cent French-speaking. Recently the literature given out to our immigrants has been more factual, and has informed them of the dual nature of our country.

So here, then, is the way we have failed to educate our new Canadians. For about the first 100 years our immigrants were given little or no information about the political, linguistic and cultural organization of this nation.

• (1500)

Can you imagine the CPR, when it was recruiting cheap labour from Central Europe, worrying about the French fact, or any other fact, for that matter—that is, other than that the immigrants would work long hours for low wages? For the next 20 or 30 years we gave our new Canadians very little more information, leaving most of them in total ignorance regarding the true nature of Canada.

Let us examine the situation as it applies to Saskatchewan. Next to the British, most of our immigrants since 1905 have been German, Ukrainian, Polish, Russian and Scandinavian. They settled in the province of Saskatchewan, broke the land, built the railroads, the towns and cities, accepted English as their new language and became fine citizens. Then a few years ago we began to push the bilingual program. French appeared on the cereal boxes, on Air Canada advertisements, in our national parks and in the broadcasts from our French television station in Regina. Many of these people had a bad reaction. They had never been prepared for it. They did not understand it, with the result that they felt threatened. There was an unfortunate backlash. It was played up by the press. In fact, I feel it was overplayed. Nevertheless, it was there to a marked degree.

I can hear some people saying, "But surely many of these people are second and third generation Canadians, and even most of the new Canadians have children in our school system. Surely they would learn the facts about Canada from their school curriculum." Up until 1966, there was no emphasis placed on the teaching of French in elementary or high schools in the province of Saskatchewan. Although it was taught in many schools, it was not available in most, and the level of instruction was so poor and so dull that far more turned against it than ever became proficient in it. As a sidelight, I can tell you that the teaching of French is so bad in Saskatchewan that most graduates from the school system think that John Diefenbaker has a good French accent. That should give you some rough idea of the level of instruction, and John Diefenbaker, I think, were the truth told, learned his French in Ontario.

The use of French as the language of instruction was illegal anywhere in the province of Saskatchewan until 1966. As for the teaching of social studies or history in Saskatchewan up until the last few years, if any student in our elementary system learned that Canada was a bilingual country, he or she did so by accident. In fact, a study of the elementary school systems across Canada indicated that even to this day the general school policy of some provinces does not include among its objectives an emphasis on the fact that Canada is a bilingual country. When I went to school we learned more about almost every other country than we did about Canada. Unfortunately, things do not appear to have changed all that much.

In response to public criticism, the provinces have begun to introduce at the elementary level more courses stressing Canadian history. Ontario, for example, has drafted a revised curriculum guideline which will offer a two-year program in Canadian history for grades 7 and 8. Better late than never. The stated aims of these courses do not include, however, an emphasis on the linguistic duality of Canada, and discussion of course units only refers to English-French relations in passing.

There has been some improvement in the teaching of the French language in every province, including Saskatchewan. A study of the school systems across Canada indicates that in the last 10 years there has been a general acceptance of French as a language of instruction and as a second language.

For over 100 years, the Province of Quebec has had a most enlightened policy towards the language of its English-speaking minority. It is ironic and to be regretted that, as the rest of Canada moves towards a greater recognition of French, Quebec is moving, or appears to be moving, in the opposite direction in its attitude towards the English language. But here again, in Quebec we have seen the failure of governments and the press, I believe, to inform the people of that province that at long last the rest of Canada is beginning to give the French language the status it deserves in a bilingual country.

There can be no doubt that when the Pearson government launched its program to increase the use of French in the Public Service it was sincere, and the move was backed by all political parties. The endeavour to make it possible for French-speaking Canadians to be understood in their own language when dealing with their own federal government 100 years after Confederation was long overdue. The follow-up by the Trudeau government through the Official Languages Act was natural and, again, supported by all parties in Parliament.

No one could hold these two administrations to blame for the failure of a long succession of federal and provincial governments to educate our immigrants and our young people as to the true nature of the duality of Canada. However, they must shoulder a measure of the blame for launching bilingualism and biculturalism without making a serious effort to enlist the aid of the provinces and the news media in an all-out eductional program to achieve acceptance by the Canadian people. The provincial governments and the media must also share the blame, for while they paid lip service to Canadian unity they spent more time criticizing the obvious failures of the two programs, with little effort on their part to make them work.

I was a member of a provincial administration, and we also brought about some overdue reforms to encourage the use and teaching of French in our elementary and high schools as well as at the university level. Our efforts, like those of other governments, were too little and too late.

In spite of all our bungling, I believe we still have time, and, what's more important, the majority of Canadians are more prepared to listen with an open mind than they ever were before. The shock of the Parti-Québécois victory made Canadians face the harsh fact that Quebec might pull out of Confederation because too many Quebecers were questioning the future of their language, culture and position in this country.

The feeling of antagonism towards the bilingual program in Saskatchewan and, I am sure, in the rest of non-francophone Canada, has died down and the people are ready to listen. They have not necessarily changed their minds, but they are more receptive than ever before to listen to the reasons why we must recognize the fact that if this country is to survive with Quebec as a member province, bilingualism in French and English must be accepted. Make no mistake, this will only be accepted by the people if they are given the historical facts in a way that they can understand and accept. Speeches by our leaders will help, but I am convinced that a massive campaign by all governments, our educators and the mass media, must be started as soon as possible to educate and re-educate the people of Canada in the truth about our own history.

I am sure there is no other country in the world like Canada, where the general level of education is so high and the knowledge of its own history so low. I do not believe we can have great hopes for the future if we are not proud of our past, and it is impossible to feel anything about the building of this nation if we do not know the true story. Let us take action, and take it now, to correct this unhappy situation, and then challenge governments, educators and the media to use their tremendous potential to give Canadians a sense and an appreciation of their own history so that together we can build a united and worthwhile nation.

Honourable senators, let me say in closing that I do not believe the answer to a united Canada lies in having the central government give more powers to the provinces. In fact, never in the history of Canada have the provinces been given more power and more help from the federal government, and never have we seen more quarrelling and back-biting between the two levels of government. This country will not be saved by tinkering with the levers of power. It will only be saved by a new sense of accommodation and dedication by people from every walk of life, from every racial background and from every part of Canada.

• (1510)

Hon. Senators: Hear, hear.

On motion of Senator Petten, for Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, May 24, at 8 p.m.

THE SENATE

Tuesday, May 24, 1977

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

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Fleming has been substituted for that of Mr. Gauthier (Ottawa-Vanier) on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

EXCISE TAX ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-54, to amend the Excise Tax Act (No. 2).

Bill read first time.

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

Senator Perrault: Honourable senators, with leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

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

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. The Transport Labour Relations Association acting on behalf of all Member Companies in the propane gas industry and the group of their employees represented by the Teamsters Union, Local 213, the General Truck Drivers and Helpers Union, Local 31, and Miscellaneous Workers, Wholesale and Retail Delivery Drivers and Helpers Union, Local 351. Order dated May 18, 1977.

2. The Corporation of the Town of Keewatin and the group of its public works employees, represented by the Teamsters International Union, Local 990. Order dated May 18, 1977.

HEALTH, WELFARE AND SCIENCE

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Cottreau be substituted for that of the Honourable Senator Neiman on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—THIRD READING

Senator Macnaughton moved the third reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

Motion agreed to and bill read third time and passed.

• (2010)

TRANSPORT AND COMMUNICATIONS

NOTICE OF POSTPONEMENT OF COMMITTEE MEETING

Senator Haig: Honourable senators, I wish to announce that there will be no meeting of the Transport and Communications Committee this Thursday, as scheduled, owing to the unavoidable absence of one of the senior officials of the Ministry of Transport. That meeting will now take place a week from this coming Thursday at 10 a.m., at which time the committee will consider the Maritime Code Bill.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Bourget, P.C., seconded by the Honourable Senator Hayden, for the second reading of the Bill C-9, intituled: "An Act to approve, give effect to and declare

valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party".—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, when I adjourned this debate it was my understanding that certain other honourable senators wished to take part in it. Since no one has come forward to indicate he or she wishes to do so, I now yield to Senator Bourget.

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

Hon. Senators: Agreed.

Hon. Maurice Bourget: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Bourget speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

[*Translation*]

Senator Maurice Bourget: Honourable senators, I am sorry Senator Adams is not here, but I hope he has the opportunity, either in committee or on third reading, to make the comments he intended to make on this bill.

First, I want to thank Senator Asselin for his interesting remarks and also to tell him he proved once again to be a skilled debater.

During his speech Senator Asselin raised several points on which I would like to comment briefly tonight. He said first that the federal government chose to let the native people fight alone and, at that time, not to take any action. To this I want to say that this government, through its policy statement of 1973, was the first formally to recognize the Indians' rights of usufruct in some parts of Canada. The James Bay and Northern Quebec Agreement is the first comprehensive settlement of our times.

Moreover, I want to add that the then minister, the Hon. Jean Chrétien, said that his position had not been one of neutrality, but of participation. He met several times with the Quebec Premier to convince him of the need to negotiate a settlement with the Indians. We must also remember that the federal government gave financial assistance to the Crees and the Inuit when they took their case to court. If the Indians initiated legal proceedings, it was at their own explicit request.

In addition, in July 1973, the Minister of Indian Affairs and Northern Development suggested to the Quebec government several clauses to be included in the agreement and which, in fact, appeared in the offer made by Premier Bourassa in January 1974. From May 1974, officials from the Department of Indian Affairs and Northern Development took part in the negotiations on a regular basis until the agreement was signed on November 11, 1975.

The signing of the James Bay Agreement does not mean a transfer of responsibilities as provided for in section 91 of our Constitution. According to the agreement, the federal government will have jurisdiction over lands classified 1A and the Crees and the Inuit living on the territory will still get the same programs and the same services as the other native people of Canada. Some of the benefits granted to the Crees and related to local administration and to the land are not included in the present Indian Act; that is why the federal government intends to present later on to Parliament a new federal legislation on lands classified 1A.

The agreement also increases provincial responsibility towards the native population as well as a greater control by the natives over their own affairs. Greater participation of the provinces in Indian affairs should be taken as a positive attitude and should in no way be considered as a breach of federal responsibilities.

[*English*]

With respect to native third parties not signatory to the agreement, I would like to put into proper perspective certain comments which have been made throughout the debate on Bill C-9. There are at present 12,600 natives residing within the territory covered by the James Bay and Northern Quebec Agreement. Of that number, 11,400 are signatories to the agreement if we include the Naskapis of Schefferville who are on the verge, as you know, of concluding an agreement.

Testimony before the standing committee of the other house has shown that other non-signatories living outside the territory, for example, the Inuit of Labrador, have only peripheral interest in it. In fact, it could probably be said that any interest of non-signatories in the lands concerned would not cover more than 10 per cent of the territory. Keeping this in mind, I would like to repeat certain comments which I made earlier in this debate.

In signing the James Bay and Northern Quebec Agreement the federal government recognizes that certain other native groups might have some interest in the territory. Consequently, Canada insisted on the inclusion of paragraph 2.14 to protect their potential rights. In the opinion of the federal Department of Justice, expressed before the Standing Committee on Indian Affairs and Northern Development, this undertaking by Quebec to negotiate with those natives, constitutes a legal obligation on the province. If Quebec fails to meet this obligation—which I do not believe will be the case—I would like to remind honourable senators that the Minister of Indian Affairs has said that Canada will assume its responsibility to protect any natives who can establish a valid claim in the territory.

[*Translation*]

Finally, I should like to answer some of the comments made by Senator Asselin on clause 5 of the bill. The procedure provided for by that clause gives Parliament a say in any amendment to that agreement, or any other future agreement concerning northern Quebec. To my mind, neither this house nor the other has a role to play in the negotiation of the

settlement of our native peoples' claims. The Indians and the Inuit are the ones who can best accomplish that task. If they can achieve a settlement that suits them, then it will be normal to ask the two houses to express their views, but far be it from me to believe that we should take part in the negotiation of those agreements. Still, nothing will prevent the Senate nor the House of Commons from expressing their suggestions, in the case of a negative result, suggestions which could be taken into consideration by the parties concerned.

During deliberations in the Senate last week, I believe it was Senator Connolly (Ottawa West) who put a question to Senator Asselin and to which I myself replied. He asked then what amount of money the federal government would spend under those circumstances. I mentioned two figures, one of $32.75 million and the other, $75 million. In fact, the amount the federal government would pay, under the circumstances, would be $32.75 million.

Honourable senators, those are the remarks I wanted to make at this time but, before closing, I should like to stress the importance of this bill to our native peoples in northern Quebec, and I trust the Senate will give it its approval.

I am sure also that, as Senator Asselin and I mentioned on second reading, there are many points of law to be discussed in connection with this bill. That is why it seems to me honourable senators would benefit from its deferral to committee where they can be given more details in this regard.

● (2020)

[*English*]

Senator Williams: Honourable senators, I should like to ask Senator Bourget one or two questions with respect to the language bill. He has mentioned the fact that a number of Crees are involved in the James Bay Agreement. As I understand the bill, it states that only those parents who speak English will have the right to seek English for their offspring, and only those children who have attended English schools in the past will have the right to pursue English as a second language. The fact is that the Iroquois or any other natives, apart from the Crees, who are residents of that area definitely have English as their second language. In my view, only their offspring will have the right to pursue or learn English as a second language. I do not think that is right.

Senator Bourget also stated, if I understood him correctly, that the services of the federal government, through its Department of Indian Affairs, will remain the same as in the past. I cannot see how that can be, when the agreement takes away some of the basic rights of the native people in the area involved, and pays them a certain number of millions of dollars. The Indian people, in turn, cannot effectively be governed by the Indian Act. Clearly in the James Bay agreement they will become municipalities, and municipalities that will be responsible to the Government of Quebec.

Senator Bourget: Honourable senators, with regard to the first question concerning language rights, this was put to the Minister of Northern Affairs in connection with Bill 1 of the Quebec government, and he said that he had referred it to the Minister of Justice for a legal opinion. Therefore, I cannot at this time provide a complete answer to my honourable friend's question, but no doubt he will have the opportunity to attend the meetings of the committee where he can put his question to the minister.

With regard to the honourable senator's second question concerning the rights of the native people, from my understanding of the bill and the convention they will retain the same rights that they have had in the past. Perhaps my honourable friend will be able to obtain more information in committee. I repeat that from my understanding of the bill the native people will retain the same rights as they have had in the past.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Bourget moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SOLAR ENERGY APPLICATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 18, the debate on the motion of Senator Austin for second reading of Bill C-309, respecting the domestic and industrial use of solar energy.

Hon. Henry D. Hicks: Honourable senators, I shall make two observations about this bill. The first is legal and technical and the second will be of a more general nature. As for the first, which I have described as legal and technical, when the bill was introduced in the House of Commons it established a corporation to be known as:

> the Institute of Solar Energy Application (hereinafter referred to as the "Institute").

● (2030)

Clause 2 then went on to say:

> (2) The Institute shall consist of ten members appointed by the Governor in Council from among Canadian citizens who shall serve without remuneration.

The third clause of the bill determined what the institute could do; namely, undertake research; encourage the establishment of an industry producing solar energy equipment and parts; subject to the approval of the Governor in Council, receive assistance from government departments and agencies, and acquire money, securities, or other property by gift, bequest or otherwise.

The fourth and final clause said:

> 4. Nothing in this Act shall be construed so as to require an appropriation of public revenue or an expenditure out of the Consolidated Revenue Fund.

That was the way the bill was introduced in the House of Commons. When it emerged from that house certain changes had taken place. The institute was created, but a different clause 3 was added which said:

> 3. (1) The affairs of the Institute shall be managed by a board of directors composed of not fewer than ten and not more than twenty-five members of the Institute who are Canadian citizens and who shall serve without remuneration.

The rest of the bill is substantially the same, except that it says:

> 3. (2) Directors shall be elected by the members of the Institute.

In the bill as it came out of the House of Commons nowhere does it say how the membership of the institute shall be comprised. It says that the members shall elect the directors, but it does not determine who shall be the members of the institute. In other words, the Governor in Council, who previously created the members, has now withdrawn and is not even to create the members of the institute. Only the Lord knows, I presume, who shall be the members who shall elect the directors of the institute.

This is a serious defect and ought to be corrected in a committee of the Senate if the bill is to have any effect whatever. That is my first observation, which I described as legal and technical. It seems to me that the bill as it now stands is completely a "nothing" bill.

Secondly, I want to say that I doubt very much the necessity or usefulness of an enactment like this, in any event. I have been distressed in other connections by the whittling away of the authority, power and responsibility of the National Research Council in Canada. Indeed, if things go as they are expected to, I suppose that we shall have before us, before too many weeks, legislation which will split the National Research Council and divide its responsibilities among two other councils; but the NRC in Canada has had an excellent record in research in many, many endeavours, including research into the application, use and development of solar energy. I question whether we are going to add anything to the research resources of Canada by creating another corporation such as is envisaged by this bill. I do not want to ask for a vote to shoot this bill down on second reading but it seems to me that when the bill was introduced in the House of Commons it was barely viable, and that the way it emerged from the House of Commons makes it not viable at all. It seems to me that it is quite unnecessary, and so I hope that if the bill is referred to a committee of the Senate some of these points will be inquired into.

I do not think this is an important matter. I doubt if this corporation can accomplish anything, in any event, but if it is in fact created, and should it have the effect of whittling away the powers, authorities, accomplishments and responsibilities of the National Research Council, then I think we are doing a disservice to the nation.

Hon. Senators: Hear, hear.

On motion of Senator Grosart, debate adjourned.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from Thursday, May 19, the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Royce Frith: Honourable senators, I am pleased on this my first occasion to address you to have the opportunity of speaking to the inquiry of the Leader of the Government calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

[*Translation*]

In the most distinguished of assemblies, tradition reassures the old-timers and intimidates the newcomer. One of the most fraternal of traditions is that of the French Academy. Under Cardinal, the Grey Eminence, the newcomer takes his inspiration directly from the old-timer who is his predecessor. It is by praising the former occupant of his chair that the future academician earns the right to take his succession.

Here, in the Red Chamber, the chair is not transferred from man to man and not even, Madam Speaker, from man to woman.

However, another tradition of the "Immortels" seems worthy of our interest. It was the custom of Richelieu, which is at the very origin of the academy, deliberately to transform the secret to the public for the benefit of the nation. This great 17th century statesman transformed a sacred cenacle of eight poets into a prestigious assembly of 40 cultured minds. Our house is not a secret coterie, but it is largely unknown to the Canadian public and deserves to have its potential and its relevancy known.

Honourable senators, I would like to plead for a progressive change in our traditions: from a little-known and often-ignored "council", we can become a dynamic and more manifestly democratic public institution.

[*English*]

Honourable senators, I say democratic because I shall try to show, first, that our constitutional mission fits the demands of today's crisis; and, second, that our individual and collective experience in the political party system gives us an important opportunity, and that is to encourage Canadians to participate in politics. And by politics, I mean party politics.

The heart of the present crisis, in my opinion, is a confrontation of political power. In our country such power confrontations are settled at the ballot box, the culmination of party activity. When all the conferences and study groups have resolved and dissolved, the decision will still be the consensus in the polling booths. Many organizations can, will and should seek consensus, but the only organizations whose very nature

forces them towards a national consensus are the national political parties.

Honourable senators, the question before us is that of meeting more effectively the economic and cultural aspirations of the various regions of Canada. For me that poses three questions: First, what are the elements of the present crisis? Second, how does the Senate's constitutional mission match the demands of that crisis? Third, what can the capacity of the Senate and of the party system do to "meet more effectively" that crisis?

The first question, then, is: What is the nature of the crisis? It is presumptuous of me, of course, to think that I can fully describe or diagnose it. But as a Canadian, and now as a senator, I think it cowardly not to try. In the 1960s I was a member of the Royal Commission on Bilingualism and Biculturalism. One of the greatest experiences of my life was my association with its members, and particularly with its co-chairman, André Laurendeau.

● (2040)

In February of 1965, in a preliminary report, that commission reported to the nation its need to share with fellow citizens the experience they had been through and the lessons taken so far. They stated that experience very simply by saying that they had been:

> —driven to the conclusion that Canada, without being fully conscious of the fact, is passing through the greatest crisis in its history.
>
> The source of the crisis lies in the Province of Quebec; that fact could be established without an extensive inquiry. There are other secondary sources in the French-speaking minorities of the other provinces and in the "ethnic minorities"—although this does not mean in any way that to us such problems are in themselves secondary. But, although a provincial crisis at the outset, it has become a Canadian crisis, because of the size and strategic importance of Quebec, and because it has inevitably set off a series of chain reactions elsewhere.
>
> What does the crisis spring from? Our inquiry is not far enough advanced to enable us to establish exactly its underlying causes and its extent.
>
> All we can do is describe it as we see it now: it would appear from what is happening that the state of affairs established in 1867, and never since seriously challenged, is now for the first time being rejected by the French Canadians of Quebec.
>
> Who is right and who is wrong? We do not even ask ourselves that question; we simply record the existence of a crisis which we believe to be very serious.

Remember, this is in 1965:

> If it should persist and gather momentum it could destroy Canada. On the other hand, if it is overcome, it will have contributed to the rebirth of a richer and more dynamic Canada. But this will be possible only if we face the reality of the crisis and grapple with it in time.

Honourable senators, if, as I believe, that analysis still fundamentally holds true, and if I have correctly interpreted the many expressions of analysis and feelings on this subject in recent years, it is fair to say that the nature of the present crisis essentially concerns provincial rights and minority rights—what Mr. Laurendeau called the two aspects of the Canadian equation.

With respect to minority rights there is institutional bilingualism, where the minority meets the majority in shared institutions, and, secondly, provincial rights—Quebec's place in Confederation—and, thirdly, if I may update Mr. Laurendeau, something we have found in recent years, regional alienation, east, west and north.

With reference to the question of minority rights and bilingualism at the interface—equal rights in shared institutions—I think we can say with some safety that the news is good news. The reforms set in place are on the rails. The storms have been weathered. The Official Languages Act has been passed, supported by all parties. There have been seven years of administration by the Commissioner of Official Languages, and, according to his figures, 80 per cent is good and 20 per cent bad, and that 20 per cent curable. The bad news with reference to minority rights is perhaps outside the federal sphere. Certainly, in Ontario, in New Brunswick and in Manitoba progress has been, I think, unacceptably slow. I refer you, honourable senators, for the details of this unacceptably slow progress to a recent report by La Fédération des francophones hors du Québec, "Les héritiers de Lord Durham."

The second part of the equation is provincial rights; Quebec's place in Confederation. Here, too, as we have discussed in dealing with the inquiry of the Leader of the Government, we realize that the news is not good. I am not here to draw up any bill of indictment, but the feeling or place of Quebec in Confederation, certainly so far as Quebec is concerned, is not, as we speak tonight, felt to be secure. As far as regional alienation outside of Quebec is concerned, we have all had on our desks this week eloquent expressions of the price we pay for our continental geography. I am referring to the reports of Mr. Justice Berger and Mr. Justice Hall.

Having found, or having sought to persuade you, honourable senators, that the basic nature of the present crisis deals with minority rights and provincial rights, how does the constitutional mission of the Senate match the demands of that crisis? Honourable senators, as one of the newest of the new boys in this chamber I ask your indulgence to what you might think the presumption to pedantry or an attempt to lecture fellow Canadians who, as senators, have vaster experience and knowledge, both as Canadians and as senators, than have I. I assure you I have no intention to preach, only to share with you my feelings that Canada's present crisis calls us all forth, and that Canadians have a right to expect service beyond the call of duty from all of their institutions, and that the Senate can be in the vanguard of any reforms necessary to safeguard and protect the essentials of our precious constitutional heritage.

As a new boy, honourable senators, I received the material from Senate officials dealing with the history of the Senate, the speeches and statements of the Fathers of Confederation, and the reasons for establishing the Senate. I know I would be preaching to my superiors and my elders on the subject, and I will spare you quotations. I will spare you the zeal of the convert, as in the case, you may remember, of Claire Booth Luce when she had been converted to Catholicism and arranged, through her influential husband, Henry Luce, an audience with the Pope. When she went to see the Pope she exulted about the wonders of being a Catholic, how all the doctrine hung together so well, how it was such an inspiration in her life, and how it was the greatest thing that had ever happened to her, her conversion to Catholicism. His Holiness finally stopped her and said, "Thank you, madam, but I am already a Catholic."

So, honourable senators, I won't bore you with quotations from the Fathers of Confederation, because I know you have read the material and know it better than I. However, if I have read those books correctly, then they all agree that a study of the speeches and documents leading to Confederation illuminated three main themes or principles as foundations for the establishment of the Senate as one of the pillars of Confederation. The three themes are: property rights and the protection of property rights, minority rights, and provincial rights. I will not say anything about property rights, except perhaps you will permit me a very brief neo-Marxist digression. Few of us, if any, here are Marxists, but most, I think, are familiar with his teachings. I only in passing draw your attention to the report in the Toronto *Star* that an astonishingly large percentage of separatist supporters are not property holders, and that an equally astonishingly high percentage of federalist supporters are property holders. I leave it to those who are more skillful in the theories of Marx to try to make something out of the intriguing possibilities that flow from that aspect of our crisis. I am more concerned with the other two—that is, minority rights and provincial rights.

● (2050)

Clearly the Fathers of Confederation created the Senate for just the kind of crisis we now have if, as it seems, the present crisis does concern primarily minority rights and provincial rights, and the pressures of these minority rights and provincial rights are putting heavy strain on the organism. For that reason, I heartily support the government leader's initiative in drawing the Senate's attention to it.

But what can we do? I look forward to your individual interventions, honourable senators, in answer to that question. For my part, let me turn to my third theme, the party system.

I begin by confessing that I am a lifelong, unashamed and unapologetic partisan of the party system and, as a corollary, a supporter of one of our national parties. Since studying political science in university I have seen the party system as the lubricant that makes all the formal mechanisms of the Constitution work. I know that I have many colleagues here who share that belief. Many of us engaged fully in party politics before we were summoned here. Some of us were summoned here partly, at least, because of that activity; I know I was, and I see nothing unnatural or shameful in that fact. Everyone I know wants to be a statesman, but it seems that no one wants to be a politician.

I was reading Alain's marvellous little book *Propos sur le bonheur* recently, and in one chapter entitled *Discours aux ambitieux* he has a comment that I think is relevant:

[*Translation*]

> If you are not prepared to tell some home truths to a man who could open doors for you, do not say that you really wanted to get ahead; you were dreaming that you were, just as one sometimes dreams that one is a bird. It is as if you were dreaming of being a minister and not having to see people or manage anything.

[*English*]

I cannot understand why voluntary partisan political activity is often held in disrepute, and why it should be surprising when politicians are appointed to a political institution. We appoint scientists to scientific institutions; we appoint musicians to musical institutions; we appoint lawyers to legal institutions. In fact, our appointment here is not unlike the appointment of lawyer to the bench. A good judge gets his perspective and judgement partly, but importantly, from his previous experience as a partisan lawyer. We, as experienced politicians, can use that experience and our privileged, non-elected and, therefore, independent perspective to, among other things, meet the present challenge of unfulfilled minority and provincial expectations by encouraging Canadians to participate in one of our most important political institutions, the party system.

Honourable senators, let me cite a great Canadian in support of the key role of the political parties:

> It is one thing for individuals to pursue their own interests, as they always have; it becomes a qualitatively different kind of society when individuals organize to pursue their individual interests collectively. National life has become a struggle for advantage among large and powerful organizations, not simply corporations and trade unions. Organized pressure groups abound.
>
> The only organizations whose nature forces them to work toward a national consensus are the national political parties. Whatever their faults, weaknesses and shortcomings, whatever their stumbling, political parties must try to put together, and keep together by adjustment, a consensus which is acceptable to enough Canadians to get elected.
>
> But the national political parties do not command the loyalties of as high a proportion of Canadians as used to be the case. Most Canadians prefer to give their loyalty and their support to an organization designed to service their particular personal interests . . . we should develop our forces of cohesion and in particular recognize the cohesive role that national political parties can play . . . but in fact national political parties are the only mass organizations we have which are forced to try to see the

country as a whole and to reconcile regional and other differences.

Honourable senators, that is a quotation from an address by the Honourable Robert Stanfield in the fifth lecture in the George C. Nowlan lectureship series at Acadia University in Wolfville last month.

Are Mr. Stanfield and I overstating the consensus role of the parties in the present crisis of minority rights and provincial rights? The textbook, or classic roles of the political parties (poli-sci 100 at perhaps any university) are three: First, an effective role for men and women to do useful things together for their country, a way in which the individual can count and weigh on the collectivity; second, to clarify issues and thereby make decisions or, as economists say, illuminating alternatives; and third, to make elections possible by helping the choice by the elector among a multitude of candidates.

Have the political parties played these roles in history with reference particularly to our interst tonight, which is minority rights and provincial rights? I believe they have. Here are a few examples with reference to minority rights.

We have already referred to slow progress in minority rights outside Quebec, but would there have been any progress in minority rights in Ontario if the Conservative Party had not finally taken up minority rights in Ontario as a party issue? Would there have been any progress in New Brunswick if the party of our colleague, the Honourable Senator Robichaud, had not determined to make it a party issue to pass the New Brunswick Official Languages Act? In Canada itself, would there have been any Official Languages Act but for the support of all the political parties? As another example of minority rights protection by the parties, if the traditional parties had not failed to make plain the option between survival and assimilation, would a Parti Acadien have been necessary at all? Would Robert Stanfield's disavowal of Leonard Jones have been necessary except for his perception of the divergence between the candidate's view on minority rights and his party's views on that issue?

As for provincial rights, it was not until a rather skillful political party of team-minded footballers took power in Alberta that those of us in the east had to worry about freezing in the dark, whether or not our parents had the benefit of holy wedlock. In history, Joseph Howe at Confederation and Joseph Smallwood in 1949 identified party with provincial aspiration rights in which the fate of the province itself was at stake.

What of separatism itself? Where would separatism be without a political party?

[*Translation*]

Before the separatist option was taken over by a coherent and disciplined party it was a dream, indeed an illusion entertained by small groups of pseudo-intellectuals and revolutionaires.

All told, honourable senators, I see in this brief analysis the revelation of a fortunate coincidence for this house: the traditional roles of the Senate, the elements of the present crisis, the classic usefulness of the parties—those three things put together set for us an important mission of popular education.

Too many Canadians mistrust parties. That, admittedly is due to the human failures that we, for the most part experienced party workers, know better than many others. But those weaknesses must not make us lose sight of the indispensable nature of political formations to clarify the alternatives and ensure the very effectiveness of political activity.

Honourable senators, let us make that reality known to Canadians. Let us make it known to them without any embarrassment nor excuse as the principal condition of a society which wants to govern itself in freedom and stability.

Regional conferences, popular publications, information tours of all kinds, that is the leadership that is demanded of the Senate by the combination of our traditions and the present crisis—an active, not passive role. No inquiry but education to put to use our experience and privileges to answer the question that thousands of Canadians are asking today: "What can I do?"

On motion of Senator Rizzuto, debate adjourned.

● (2100)

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 25, 1977

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

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the number and amount of loans to Indians made under section 70(1) of the Indian Act for the fiscal year ended March 31, 1977, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plans between The Health Sciences Centre, Winnipeg, Manitoba and certain employees, represented by the International Union of Operating Engineers, Local 827. Orders dated May 20, 1977.

Copies of a Summary of Ocean Dumping Permits issued under the authority of the Ocean Dumping Control Act in the calendar years 1975 and 1976, pursuant to section 28(3) of the said Act, Chapter 55, Statutes of Canada 1974-75-76.

FOREIGN AFFAIRS

HELSINKI AGREEMENT—CUSTOMS DUTY ON GIFTS TO U.S.S.R.—QUESTION

Senator Thompson: Honourable senators, I would like to ask the Leader of the Government a question.

Since the signing of the Helsinki Agreement, has the customs duty levied by the Soviet Union on gifts sent by citizens of Canada to relatives in the Soviet Union increased or decreased? If so, by what percentage?

Senator Perrault: Honourable senators, I must take that question as notice because of its detailed nature.

BUSINESS OF THE SENATE

Senator Perrault: I should like to advise honourable senators that it is expected the Senate will sit on Monday evening. I hope that this notice will enable honourable senators to make the appropriate travel plans.

Senator Flynn: Is there any special reason?

Senator Perrault: It is because of the great volume of work being advanced by the government on behalf of the country.

Senator Flynn: Have you nothing other than that platitude to offer?

SOLAR ENERGY APPLICATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday, the debate on the motion of Senator Austin for the second reading of Bill C-309, respecting the domestic and industrial use of solar energy.

Hon. Allister Grosart: Honourable senators—

Senator Perrault: Let there be light.

Senator Grosart: Let there be energy.

Bill C-309, which was introduced by Senator Austin last week, is entitled "An Act respecting the domestic and industrial use of solar energy." It is a unique bill; certainly one of the most unusual that has ever come to us in my time here. In the first place, the bill was originally a private member's bill, and still is a private member's bill originating in the other place. As we all know, it is very seldom that a private member's bill gets through the mill of the Commons and reaches us. I have, of course, no criticism to make of the fact that a private member's bill has come to us. As a matter of fact, in my view it would be a good thing if far more such bills got through that mill.

However, I would not include this bill in that generalization. This is probably the worst kind of bill that should be presented to the Senate after passage in the House of Commons. I say that because Parliament, by this bill, is asked to establish an institute to be known as the Institute for Solar Energy Application.

• (1410)

I think I will pause for a moment until Senator Argue and the leader have concluded their business. My voice is not as strong as that of Senator Argue, and I have difficulty sometimes hearing myself over him.

Senator Croll: That is a good example of energy.

Senator Grosart: I will not match mine with Senator Argue—not at my age.

Senator Argue: You are doing very well.

Senator Grosart: This bill asks Parliament to establish an institute in the private sector. Why this should require an act of Parliament is beyond me. We have reached the stage at which even a bank can be incorporated by ordinary legislation, and if we were to pick an institute that requires whatever prestige may flow from incorporation by Parliament, it would certainly not be this one.

This measure deals with solar energy, and I believe all honourable senators would agree that the subject matter is good. It is very important to Canada that we proceed as quickly and as efficiently as possible with an examination of

the possibility of utilizing solar energy as one of the renewable energy sources available to us. This, however, will not be the major source in the renewable field, even if nuclear energy, which in some of its aspects is a renewable source, is excluded. The best prospect of its contributing to our energy needs is that it might in 15 years provide about one per cent.

My argument, however, is not on that point. If Parliament is asked to incorporate an institute in the solar energy field, surely we can then expect similar bills to incorporate institutes in all the other areas of renewable energy, such as bio-mass—which is the use of agricultural and forest waste—wind energy, geothermal energy, hydraulic energy, tidal energy, and so on. So the first question that arises is: Are bills to be introduced requesting Parliament to incorporate institutes for each of these sources of energy? In my opinion, the question indicates the absurdity of the suggestion and, therefore, the absurdity of the bill now before us.

The fact of the matter is that this institute could be incorporated as a viable entity by going down to the city hall with $5 and making out the necessary papers. The more usual manner in which to proceed, of course, would be through the Department of Consumer and Corporate Affairs and an application for a regular charter. So I ask: Why is this bill necessary? Perhaps the answer will be that this is a private member's bill. This private member is very popular and hard-working, and perhaps this was a consolation prize to him for some other disappointments he may have had. We cannot object to that very much, except that we face a continual problem of criticism from the public, and from the public service itself, that the legislative process is so slow and the legislative calendar so cluttered up with important bills that it is necessary from time to time to take such shortcuts as $1 items in the supplementary estimates—that is, amending bills by $1 items —and so on. When we inquire as to the reason, we are invariably told that it takes too long for a bill to pass through Parliament. Well, somehow time has been found to pass this bill, and present it to us.

Then there is the question: What purpose will this bill serve? The sponsor gave us a partial answer. He said this institute will be a bridge between the private sector research in this field and government research. I wonder if it will.

First of all, is there any necessity for another institute to do this? We already have a very substantial presence of both the private and public sectors in the field of solar energy. The government alone has expended about $10 million, and we have a complete establishment set up within government at this very time in this particular area. That establishment is spread among the NRC, which is involved in solar energy research, and the Department of Energy, Mines and Resources and its research program in respect of renewable resources, as well as programs within the Department of Agriculture and the Department of Fisheries and the Environment. In the private sector, believe it or not, there now exists the Solar Energy Society of Canada. It is in place. So, I ask why it is necessary to have another institute. It may be that it is necessary but, again, why should this sort of thing take up the time of Parliament?

Senator Hicks raised the very important question of the relationship of this institute to the NRC. He is, perhaps, a more staunch defender of NRC's areas of jurisdiction than I am. We are both members of the Science Policy Committee, and I certainly respect his views. I agree with his concern in this particular area. It does not appear in the bill as presented, but the sponsor went much further than to say this institute would be merely a bridge; he went so far as to say that this institute would take over all responsibility, both government and private sector, in this field. I wonder if that is so, but that was the statement he made. The bill was passed by the other place, so a case could be made that Parliament is giving this institute the right to take over all responsibility for solar research. Is that the intention?

The question also arises as to whether this is a government bill. It is not a government bill in the strict sense, but has it the support of the government? Is the government in favour of the establishment of this institute in this particular way? The answer, I think, is yes, because the sponsor was able to thank two ministers for their statements—once again, statements of the kind that we can expect from ministers in the other place—that they would agree to second reading of the bill and agree to have it referred to committee. That, in fact, took place, and the bill underwent some revision in committee.

The proposed objects of the institute are to carry out research, to receive assistance from government, and to acquire and expend moneys. Clause 5 makes it very clear that none of the expenses of the institute shall be a charge on the Consolidated Revenue Fund. Obviously, the bill could not have been introduced as a private member's bill had it entailed a charge on the Consolidated Revenue Fund.

So, what is this institute? It is not a government institute. There is some government sponsorship. We have claims as to its jurisdiction which seem to be contradictory. Again I ask: Why this bill? Is it a precedent? Is it a precedent that we will regret? Certainly, I think we would regret it if an honourable senator with a particular interest, let us say, in tidal energy were to rise in the Senate and request the first reading of a bill to set up an Institute for Tidal Energy Research in Canada.

Senator Hicks also raised an interesting question as to the draftsmanship of this bill. In fairness to Senator Austin, I believe he did agree that the draftsmanship was very deficient. If we pass the bill in its present form, which I hope we will not, it will put us in the absurd position of having incorporated, by act of Parliament, an institute with 12 to 25 directors but no members. As Senator Hicks pointed out yesterday, there is no provision whatever—not a word—in the bill to say who can or who should be members. Senator Austin did suggest that that is one matter that can be corrected when the bill is in committee. It will at least give us an opportunity in the Senate to put an amendment, not to a Commons bill but to one of our own, on the record, which will be another mark on the wall for Senate achievement. We are always very reluctant, I would almost say afraid, to amend Commons bills, but at least we

will probably have the courage in this case to amend one of our own.

● (1420)

The long term prospects of solar energy are actually raised by this bill. I, for one, would say it is important that we carry on extensive research in this field. At the present time, there are something like 21 dwellings in Canada where experiments are going on. The prospects of any immediate relief of our energy problems from solar energy do not seem very great to me, especially when I consider that under present technology the receivers of solar energy—and this does not take into consideration the storage and distribution system—would take up half the floor space of a house and would cost from $10 to $20 a square foot. The outlook, as our own public service experts agree, is uncertain. As I said, the best prospect seems to be that about 1 per cent of our total energy requirements will come from solar energy in about 15 years.

The sponsor of this bill in the other place made some far-reaching recommendations such as tax credits to homeowners and industries who become involved, and perhaps this may be the next step.

Finally, I am interested in the particular statement made by Senator Austin that this institute would be funded to some extent from the private sector, but also from government departments and agencies, both federal and provincial. This introduces an odd element into the bill. The bill specifically prohibits anything covered by its terms requiring a charge on the Consolidated Revenue Fund, but it also provides for the institute to obtain money from the government after it is formed.

Honourable senators, I hope that this bill will be referred to a committee, as suggested, and have a thorough examination there and amendment as necessary.

Senator Flynn: Honourable senators, Senator Austin expressed the hope that the debate would soon be terminated. I must say, however, that after listening to him, to Senator Hicks, and to Senator Grosart, I am convinced we should kill this bill right now at the second reading stage. This bill is very defective in form and in substance. It could not pass this place without amendments which would change its nature entirely. I would ask, therefore, that before the debate is concluded the Leader of the Government tell us exactly what the government's position is with regard to this bill. Does the government endorse the creation of this institute? If it does, how does it relate the work of the institute with that of the National Research Council? Will the government fund this institute? What exactly will the position of this bill be? If the government leader tells me that the amendments the government proposes to make in committee will render this bill viable and logical, that is one thing. But, in order to make this institute a workable proposition it would be necessary to change the entire nature of the bill. Any amendments made in committee to do that would have the effect of making this an entirely new bill, and the bill would certainly, for that reason, be irregular.

At this stage, second reading, I cannot vote for this bill; nor do I think the Senate should vote for it. In my opinion the bill is—well, there is a word which describes this kind of legislation perfectly, but it is hardly parliamentary. I therefore move the adjournment of the debate in order to give the Leader of the Government a chance to find some answers or explanations as to the position of the government with respect to the bill.

On motion of Senator Flynn, debate adjourned.

EXCISE TAX ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE ADJOURNED

Hon. John Morrow Godfrey moved the second reading of Bill C-54, to amend the Excise Tax Act (No. 2).

He said: Honourable senators, before proceeding to discuss Bill C-54, I should just like to take the opportunity to compliment Senator Frith on the excellent maiden speech he delivered last night. I have known Senator Frith for some 20 years, and during that time I have worked closely with him. I have always had the highest admiration for his great ability, which he demonstrated so well last evening.

Bill C-54 seeks to implement the proposals contained in the Ways and Means Motions of March 31 and April 18, 1977, relating to federal sales and excise taxes and the air transportation tax.

With regard to the sales tax measures, Bill C-54 provides for the extension of the period within which a person may apply to recover tax by way of refund, deduction or other payment in the general refund provisions of the Excise Tax Act. Currently, the act provides for a two-year time limit. This contrasts with the usual limitation period, at least in the common law provinces, of six years with respect to the recovery of moneys due. Most people who are barred by the present two-year limitation period are either individuals or companies who, through ignorance or carelessness, simply overlook the fact that they must apply within the two-year period in order to get a refund of moneys paid by them for sales and excise taxes which they did not actually owe. The Income Tax Act permits the department to reopen an assessment up to four years after the assessment has been made and, of course, at any time when fraud is involved. It would appear only reasonable that, if the department has four years in which to ask for further income taxes, the taxpayer should then have four years in which to ask for refunds of sales and excise taxes, which he is often required to pay even if they are not actually owed. This extension will apply to all applications, other than those which have expired on or before March 31, 1977. This limitation appears to me not to be equitable.

● (1430)

If the two-year period expired on March 31, then the taxpayer cannot apply for a refund. If it expired on April 1, 1977, he has an additional two years to ask for a refund. Why should not the requirement simply be changed so that anyone can make an application for a refund after March 31, provided it is within the four-year time limit at the time of the applica-

tion? I would suggest that this is a requirement that the Banking, Trade and Commerce Committee might well enquire about, and give special consideration to, when they are considering this bill.

By clause 7 of the bill, which amends section 27 of the act, it is proposed to change the current 12 per cent ad-valorem sales tax levy on gasoline and diesel fuel to a specific levy per gallon which varies from 4.618 cents per gallon for diesel fuel to a high of 5.507 cents per gallon for grade one gasoline. The specific levies imposed by this amendment are identical to the levies imposed by Revenue Canada as a result of the new authorized values for tax which became effective March 2, 1977.

The Excise Tax Act currently imposes sales tax as a percentage of the sale price without reference to the trade level at which goods are sold. Refiners of petroleum products regularly sell products to each other at nominal values representing little more than bare manufacturing costs to utilize production capacity and minimize distribution costs.

Under the law as it is presently written, these inter-company sales could constitute the tax point for the exchanged product, and all of the subsequent marketing and distribution value added would escape the tax. Thus, for the refiners' own product sold directly to retailers, the tax would be on the price charged to the retailer while for the jobbed product a much lower value for tax would apply.

To eliminate this anomaly, Revenue Canada has made an agreement with most of the oil companies to accept tax on an average price, although this average tended to be favourable to the industry to obtain their agreement. Simply stated, these values are weighted averages of the volumes of the product sold to four classes of customers which are: First, service stations which sell the company's name brands and which may be company-operated or independently operated; secondly, independent resellers who sell private brands; thirdly, large commercial or industrial users such as transportation companies; and fourthly, other refiners. As prices increase—for example, when the price of oil is adjusted—Revenue Canada conducts a survey and, based on their findings, amends the industry values.

A further complexity arises from the fact that markets must be found for excess production. In times of excess supply, the oil companies regularly dispose of excess products to private brand operators at depressed prices which are lower than those charged to their own franchised outlets. Before the average price arrangement referred to above was introduced, the complaint was made that the private brander had an advantage over the franchised retailer because he enjoyed a better price, and a further advantage because that preferred price attracted a smaller amount of tax per gallon. Thus, one of the pluses credited to the average price arrangement was that it caused a gallon of product to bear a specific amount of tax irrespective of the value at which it was sold to retailers.

However, at the time the average price arrangement was introduced, there was a reluctance to formally amend the law to provide for a specific tax, on the premise that a specific levy would not be automatically responsive to inflation.

The present system has certain flaws which are:

(1) in practice it is a pseudo-specific tax albeit based loosely upon a weighted historical average of sale prices at several different trade levels;

(2) its periodic revisions are viewed by the public as tax increases rather than adjustments to reflect price increases notwithstanding the government's previous reluctance to formalize it that way in the law;

(3) it has no basis in law and continues to operate only with the acquiescence of the industry; and

(4) one oil company has voiced its mounting objection to the arrangement and there is concern on the part of Revenue Canada that the current agreement with the industry may break down at any time. If this did happen, and the industry commenced accounting for tax on inter-refinery transfer values, a revenue loss of $40 million to $50 million would occur.

The main advantage to the taxpayer in the proposed amendment is that the tax on gasoline and diesel fuel will not be increased upwards proportionately every time there is an increase in the price of these fuels. This tax is, in effect, frozen at the proposed level per gallon, and will not be increased by government arrangements with the oil industry every six months or so when fuel prices are increased. The only way this specific tax per gallon will be increased is through the budgetary process with the approval of Parliament.

By clause 8 of the bill, which amends section 29 of the act, sales tax relief is provided for the retail industry and, in particular, small retailers who, as a result of metric conversion, have to purchase new metric scales. The effect of the amendment is that the rate of tax on these scales is 6 per cent. The 100 kilogram limit was selected as it was felt that this was sufficiently high for most scales normally used in retail operations to qualify for the relief. The relief is extended only to the retailers because, for them, the long-term benefits of metric conversion are not expected to exceed the short-term costs. The relief will apply until July 1, 1981. It is expected that by the end of this period, conversion to the metric system of measure will be complete.

By clauses 9 and 10 of the bill, which amend subsections 31(2) and 40(2) of the act, the requirement is removed that in order to qualify for the small manufacturer provision a person must sell his goods exclusively by retail—that is, to the ultimate users.

This amendment is complementary to the announcement by the Minister of National Revenue that the regulation prescribing "small manufacturers" under the Excise Tax Act will be amended to increase the annual sales value to $10,000 from the present $3,000. Persons who manufacture goods, for sale or for their own use, valued at $10,000 or less annually, will no longer have to be licensed, or have to account for sales and excise tax. Furthermore, the Minister of National Revenue has also announced that certain Canadian craftsmen will be classi-

fied as "small manufacturers" with no restrictions as to sales volume, and thus the products of these Canadian craftsmen will also be exempt from sales tax.

"Small manufacturers" as a class are exempt from paying sales and excise tax on the sale price of their finished products; however, tax remains applicable to raw materials, components and equipment used in their manufacturing operations, so that it is only the value added by the "small manufacturers" which escapes sales and excise taxes. The Minister of National Revenue emphasized that the regulations will be amended as soon as the broader statutory authority proposed in the budget regulations is enacted.

The basic rationale of the "small manufacturers" provision is administrative feasibility, as the revenue generated by these firms would not cover the costs incurred in ensuring compliance. To ensure that they pay at least a part of their fair share of the tax burden they are required to pay tax on their inputs. Paying on inputs also mitigates to some extent the disparity in tax burden between those firms who are relieved of the obligation to pay tax on their sales and small manufacturers and others who are denied that privilege because their sales volume exceeds the limit.

With regard to other sales tax measures in Bill C-54, these changes are designed to extend sales tax relief to certain users of products such as additional aids to the handicapped, or to eliminate loopholes and anomalies in existing statutory provisions. All of them are relatively minor in nature.

Bill C-54 also provides for the extension of the Canadian air transportation tax to apply to tickets purchased outside of Canada for air transportation involving a departure from a Canadian airport for a destination outside of Canada. Honourable senators will recall that the government announced its intention to extend this tax in the budget of May 25, 1976. This measure, to become effective November 1, 1977, provides that the approximately 2.3 million air travellers who purchase their tickets outside of Canada will be taxed in a manner which closely parallels the system in effect for Canadians, and thus will ensure that foreign travellers who use Canadian airports will contribute their fair share to the costs of Canadian airport facilities.

Honourable senators, that concludes my remarks on Bill C-54, although I shall be happy to answer any questions to the best of my ability. It is hardly necessary for me to add that this bill, if it receives second reading, should be referred to the Banking, Trade and Commerce Committee.

On motion of Senator Macdonald, debate adjourned.

● (1440)

PETROLEUM CORPORATIONS MONITORING BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 18, the debate on the motion of Senator Barrow for the second reading of Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

Hon. Allister Grosart: Honourable senators, it is not by my choice that I am speaking to you a second time today on a bill. That is just the way the wheel turns.

The bill before us originates in the Senate. It is entitled "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada".

This, again, to some extent, is a unique bill. It may well be breaking new ground in the whole area of government intervention in the private sector. It is somewhat unique in that it is a bill originating in the Senate, and for that reason, it would seem to me to require thorough scrutiny by the Senate of both its purpose and the implications of its stated purposes.

As Senator Barrow said in his introduction, it concerns a matter of the utmost importance to Canadians. That, of course, is the conservation of energy and the search for further energy sources in Canada. However, it is my opinion that the Senate requires a great deal more information about this bill than it has so far. Normally, with respect to a bill of this kind, we would have had an explanation by the minister, and the bill would have gone to committee in the other place and been thoroughly scrutinized. In view of the far-reaching implications of this bill, it is important that we have a good deal more information than has been provided to us. In making that statement I am not criticizing Senator Barrow because I think it is fair to say that he has provided us with the information that was available to him, and, perhaps it is also fair to say, the information which the minister and his officials thought would be enough, or at least necessary, for the Senate. I do not suggest there is an attempt to sneak this bill through, but I do suggest that it deserves very careful scrutiny by the Senate, and that we require much more information than we have at the present time.

I have said that this bill may be breaking new ground. Its purpose is to require a list of existing companies in the oil exploration business to make certain facts and figures available to the Minister of Energy, Mines and Resources which are not required by statute of other corporations—any other corporations, as far as I know—except under the Income Tax Act. In effect, this bill would provide very extensive powers to the minister—powers that are not now available to Revenue Canada—in cases of suspected evasions. As far as the government is concerned, the purpose is clearly stated as follows:

> 2. The purpose of this Act is to provide legislative authority for the collection of certain statistics relating to Canada's petroleum industry in order to
>
> (a) enable the Government of Canada to better plan and develop policies for the management of Canada's energy supplies and resources; and
>
> (b) provide the Government of Canada with the detailed knowledge necessary to give authoritative assurances to the Canadian people that those policies are being effectively pursued in Canada.

I am certain no one will object to the government's saying that we need all the information we can get about what is

going on in this critical field, but is this the right way to go about getting this information? Another question that arises is: Does the government not have this information it is seeking? We now have an energy policy. Is the government saying, "We have given you an energy policy, after long deliberations, but we now need more information"? Perhaps so, but it seems a little late, after the government has announced its policy, to say, "We now need further information."

The method by which this information is to be obtained is described in clause 5:

> (1) Every corporation shall, for each prescribed reporting period beginning after December 31, 1975, file with the Minister within the prescribed time a return relating to all sources and applications of funds and to the exploration, production, refining and marketing of petroleum and petroleum products in respect of
>
> (a) in the case of a corporation listed in Schedule I, that corporation and every body corporate that it controls; or
>
> (b) in the case of a corporation listed in Schedule II, the corporation's Canadian branch business.

So far we have not had an explanation of the distinction made in the two schedules, but no doubt that will come in due course. I think we should have it before we reach a decision on the principle of the bill.

These words immediately raise the question: Is this information not now available? In a moment I shall be speaking about the drastic measures the government intends to take to make sure they get the information, but surely we should be told why they do not have it, or why they think they cannot get it or will not get it. Clause 5 mentions "a return relating to all sources and applications of funds." I ask immediately: Are there any of these 35 companies that do not issue an annual statement? I cannot think of an annual statement issued by a company that does not relate to all sources and applications of funds. Secondly, the bill says "relating . . . to the exploration, production, refining and marketing of petroleum and petroleum products." One would assume that that information would also be there. Perhaps it is not, but I think we should be told why the information that is required is not now available from those companies. Are they different from other companies? Is there a special reason for them to be required to do this under the drastic conditions of this bill? Later on in the bill we find that the government takes to itself, or wishes to take to itself, powers to require additional information which is not covered by clause 5.

● (1450)

Another question arises here. What is meant by corporations engaged in "the exploration, production, refining or marketing of petroleum and petroleum products"? Would they include a company like Polysar? Is it dealing in petroleum products? It is not listed among those in the schedule. My information is that it has for a long time been dealing in the production of petroleum by-products.

I will come to the schedule in a moment, but this also raises the question why there appear to be no crown corporations in this list. As far as I can see, they are all in the private sector. Yet Petro-Canada is very much in this field. The last time I looked at its statement it had 45 per cent of the consortium in the Arctic islands, in which there are many private companies; it has 15 per cent in Syncrude Canada Ltd. and is involved of the Polar gas consortium; it purchased outright 100 per cent of what was once called Atlantic Richfield, now called the Petrocan Exploration Company. Is it a crown corporation? Why is it not in the list?

Does this mean that this crown corporation, if that is what it is, competing in this same field, consorting with companies in the same field, will be in the position, through the government, of having this information? It is only one of 200 companies competing in this area. Will it be the only one to have this information? Will the minister disclose it to the company? There are provisions dealing with ministerial disclosure that permit the minister to disclose any information that he thinks fit, and to anybody he thinks fit.

A moment ago I referred to Petro-Canada. I should have referred to Polysar. What I have said other than about the petroleum products, of course, refers wholly to Petrocan, which is in this field. It is Polysar which raises the question of whether it is in the petroleum products business. It, of course, has a strange history too, and there arises the question which has been asked but not answered by the government as to whether it is actually a crown corporation at the present time.

I have said that this bill, if passed, would authorize the government to take some drastic action to obtain the information it needs, or thinks it needs. I shall not read all the clauses, but I would give just a general indication. These clauses provide for obtaining the information required as to the sources and applications of funds and expenditures on production, refining, marketing, and so on. Under clause 8 the minister may require from any corporation, as defined in the bill:

> (a) any information or additional information including a return of information . . . or
>
> (b) production, or production on oath, of any books, letters, accounts, invoices, statements or other documents.

Under clause 9 a person authorized by the minister may enter " any premises or place where any business of a corporation is carried on", or where any property owned by the corporation subsists. An agent of the minister, if he suspects there has been a violation, may "seize and take away any of the documents, books, records, papers or things".

Specifically, certain subsections of the Income Tax Act apply here as though the wording in the Income Tax Act was, "the Minister of Energy, Mines and Resources" rather than "the Minister of National Revenue". In other words, in this respect he is given all the powers of the Minister of National Revenue in the matter of taxation.

Under the enforcement clause, failure to comply with clause 8—which deals with the additional information required not the substance of the bill—renders a person liable on summary conviction to a fine of $5,000 for each day of default. An official found in violation of or non-compliance with the bill is liable on summary conviction to imprisonment for a term not exceeding six months. The same applies in another case where the statements given in the return are not regarded as correct, or are regarded as misleading. This provision in some of these bills is one that I do not understand. If the information is false, yes, I agree, but to make a person subject to six months in jail for making a statement in a return that is merely misleading seems to me to be utterly absurd. It does not speak of intent to mislead; it does not speak of motive; it is only if it is misleading, if it misleads the official, whether intentionally or not.

Clause 5 refers to schedule I and the corporations there listed, and every body corporate that those corporations control. I will not read the list because, honourable senators have it before them. There is a total of 34 corporations. These, and one other, are regarded as constituting about 90 per cent of the business, which, of course, is the rationale for limiting the list to this number. However, this does raise the question I mentioned earlier of these crown corporations. If I found myself able to say that I believe this bill is necessary, and that these drastic measures are necessary to enforce it, I would be inclined to say, "Let us apply this same principle to the crown corporations and agencies. Let us apply it to the CBC, to Air Canada, to Central Mortgage and Housing Corporation." Let these same principles apply to these corporations, three of which I have mentioned, and others, who report, through their minister, that they will not answer questions asked by members of Parliament because it would not be in the public interest.

● (1500)

It is true that a bill is on the way—Bill C-20—that will go some of the way to correct this. At least, it will give the Auditor General the right to inquire into the books and statements of these companies, but it will still not begin to go as far as the extent of this bill with respect to private companies. Is it not important to the public that they should know, for example, how their money is spent by the CBC, Central Mortgage and Housing Corporation or the CNR? This is not so with respect to all of them. As the Leader of the Government told me recently, six of these proprietary corporations' books at the moment are not available to the Auditor General, but they will be, I hope, when the new legislation is passed. Should not the same principle be applied? I am not sure that I would recommend such drastic measures as this, but I would like to see an act requiring all companies, crown agencies or otherwise, to make full public disclosure as required of their business.

Senator Barrow was good enough in private conversation to indicate to me that these companies have been consulted. I believe he said they asked for, or requested, this legislation. I do not doubt that, of course, for a minute, it unquestionably being the information he has. However, I would very much doubt that the companies came forward voluntarily and said, "Please subject us to this type of statutory government intervention in our business." No doubt the government told them it wants this information, and they replied that it must be made statutory as they do not wish to be in the position of being asked by their shareholders why such information was given when that was not a statutory requirement. However, I very much doubt if these companies in the private sector asked for this particular legislation, and this type of penalty and drastic enforcement.

There are two further points which I believe should be brought to the attention of honourable senators at this stage, because they go to the principle of the bill. I hope Senator Barrow will not say these can be dealt with in committee, because I hope that honourable senators will agree that some, if not all, of the matters I have raised go to the principle of the bill. We have to know what the purpose and effect of this bill will be, and I for one would not vote for it without having more information.

The statement was made by Senator Barrow that the main purpose of the bill really is to make sure that additional revenue which has accrued to these companies as a result of the increase in oil and gas prices will, indeed, be spent on exploration. I am quite sure that we would all agree that if there are additional revenues accruing to the companies, so-called windfall revenues, it is important that they be spent on finding new energy sources in their field. However, we are not told what such additional revenues are; we are not told if they have them, and I would want to know if the companies do have substantial additional revenues as a result of the price increase against which normal costs cannot be set off. So, what is the magnitude of these additional revenues? What percentage of the additional revenue will the government require these companies to spend on exploration? In my opinion, that is a very important question, and it goes to the very crux of the legislation.

Finally, Senator Barrow has been good enough to tell us that the department now has the questionnaire which will be sent to all these companies. This will be the statutory form which they will be required to complete and return. I would like to see it. This is one case in which we will not have to rely upon, or be put off by, the usual statement by a minister: "Well, of course, we cannot tell you what the regulations will be; we have not yet written them." That always appears to me to be nonsense, because I do not know how anyone can draft a bill without knowing what the regulations will be. In this case, however, we are told that this form under the legislation calling for the required information is ready, and the department has it. I hope that Senator Barrow will use his influence to procure it for us so that we can see exactly what information the government is demanding.

Senator Barrow: Honourable senators—

The Hon. the Speaker: Does the Honourable Senator Barrow intend only to answer questions?

Senator Barrow: I should like to attempt to answer some of Senator Grosart's questions, if I may. First of all, I wish to—

Some Hon. Senators: Order.

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Barrow speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Croll: He can answer the questions.

Senator Grosart: Before Senator Barrow speaks, I would plead with him, if he does not have the answers to all these questions, to take the time necessary to obtain them. He may be able to answer some of the questions now, but I find it difficult to believe he has the answers to all of them. I hope he will not close the debate.

Senator Barrow: Honourable senators, obviously I do not have the answers to all the questions raised by Senator Grosart. I thought the bill was fairly uncomplicated, and I still do. However, he has raised a number of important questions which should be answered. If it is the wish of honourable senators, I will not close the debate but will attempt to obtain those answers for Senator Grosart tomorrow.

As I indicated to Senator Grosart privately, the government asked for this information from some 35 of these oil companies. At the time of requesting this information, or shortly thereafter, some 32 or 33 of the companies supplied the information immediately. It was necessary for the government to request a second time the additional information from three of the companies in question, and that information was forthcoming. However, it was at that time, I believe, that the suggestion was made that some legislative authority should be put forth so that all the companies would know that they were being dealt with on the same basis.

● (1510)

There is a completed questionnaire. It is confidential. It deals with the sources of revenue for each company. It deals with the application of that revenue. The second part of the questionnaire deals with the exploration, development, production, foreign expenditures by location and type for each company, and with the daily production of gas and oil in Canada.

It is necessary that this information be obtained so that the government can monitor it. It is not the kind of information that is available on a standard basis from the public reports of these various companies. The questionnaire was drawn up by government officials after consultation with representatives of the oil companies.

As to the reason why the crown corporation was not included in this, I cannot say. I will attempt to provide an answer on that tomorrow. In response to the question regarding the disclosure of information, perhaps I can read clause 6(4) of the bill, which states as follows:

> The Minister may, where in his opinion it is in the public interest and will not unduly impair a corporation's competitive position, disclose any information obtained by him or an officer or employee of Her Majesty in the course of the administration or enforcement of this Act.

So that in fact the minister is not at liberty to disclose confidential information if, in his opinion, it will impair the competitive position of any of these various companies.

The requirements in connection with audit and examination are fairly standard, although insofar as the penalty of $5,000 per day is concerned, it may be said to be either too harsh or not harsh enough.

As to whether or not there will be any increase in the revenues to these companies due to the increase in prices, I think it is fair to say it is expected that there will be substantial increases in their revenues. For that reason the government wishes to ensure that any increased revenues are properly applied and not treated as windfall profits by the companies in question.

Those are the only responses I can make at this time to Senator Grosart's questions. I shall endeavour to make further responses tomorrow.

Senator Grosart: I thank the honourable senator for those very interesting answers. When he gives the information on the spread between cost and increased windfall revenues, would he also indicate, in a general way, the percentage of that windfall increase that is taken by other than the company, such as the provincial and federal governments, and so forth, so that we will have a balanced picture of the distribution of that windfall revenue among those who feel they are entitled to share in it.

Senator Barrow: I will attempt to do so.

On motion of Senator Barrow, debate adjourned.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

[*Translation*]

Hon. Pietro Rizzuto: Honourable senators, this being my maiden speech in the house, first I would like to thank all those who contributed to my appointment to the Senate.

Madam Speaker, I want to assure you that I will always make it my duty to shoulder my responsibilities and I will do everything I can to continue to deserve the trust that has been put in me.

I also want to thank all honourable senators and staff members for the warm welcome I received.

Before I get on with my speech, may I be permitted, although I am newly arrived, to welcome the four new senators, and in particular Senator Bosa.

● (1520)

I am doubly happy about his appointment, not only because he is, as I am, of Italian origin but knowing how valuable he is

I am sure he will be able to make an important contribution to Canadian society.

There is often talk about unity. People are asking a multitude of questions about unity—why unity? What can we do or what should be done to safeguard unity?

But rarely is the question asked, why are there people who want to separate from Canada? Why are there people who are dissatisfied with the present situation in Canada?

I for one, honourable senators, looked around me, asked myself a lot of questions and finally came to the conclusion that I should deal mainly with the issue of education which is basic to everything.

That is definitely where we have fallen short of the mark in the past. Furthermore, the problems now emerging in the formation of our young Canadians, in orientation and education all come from that.

When I talk of education, I want to bring to your attention the fact that all across Canada in every region in every province there is a history to be found. I am convinced that that is where there is a lack, especially in the teaching of history to our young Canadians. Let me give you here a very striking example.

If two young students were brought here to this house, one having gone to French school and the other to English school, and you asked the young French-speaking student: "Who discovered Canada?", he would answer without a moment of hesitation "Jacques Cartier". Now, if you put the same question to the young English-speaking student, he would tell you "John Cabotto".

We would then face a real problem because we would have involuntarily created a disagreement between those two students who both believe that they are right. However, they are both right because the first one learned from his teacher that it was Jacques Cartier and the second that it was John Cabotto. In that case, who is to blame?

I believe that you will understand, honourable senators, the need and the urgency of having only one Canadian history for all Canadians without exception. This history should talk about Canada and relate the true facts. If the discoverer of Canada is Jacques Cartier, it should be so for everyone, and if it is John Cabotto, so be it.

For my part, I am convinced that as concerns teaching it is essential to provide for English to be taught in French schools and for French to be taught in English schools throughout Canada. It is extremely important for all Canadians to respect both official languages first before wishing to learn another language, such as Spanish, Italian, German and so on.

The real way to reinforce Canadian unity is human contact and the knowledge that all Canadians have the same aspirations, whether they speak French or English.

There is another factor I would like to note about certain teachers or union members who have often had experiences leading to rather serious confrontations with our governments. I could mention cases like that of the Quebec Teachers' Corporation which on several occasions refused to apply partially certain laws like Bill 63, Bill 22 and Bill 24.

As concerns especially Bills 63 and 22, among all the points related to teaching, it was made clear that teachers had the responsibility to teach English in French schools. They never bothered with this provision and in fact they never did teach English, in spite of the wish of the great majority of Quebecers. This has been proven not long ago by a poll showing that 65 to 70 per cent of parents openly urged that English be taught to their children going to French schools.

The president of this corporation, Mr. Charbonneau, is very glad to speak about respecting the wish of the majority of Quebecers when the question of promoting the French language in Quebec is at issue. But suddenly he becomes deaf when we say that English should be taught in French schools and, strangely enough, the majority rule does not apply anymore.

I believe that in our schools we should first concern ourselves with the education and the development of our children in an objective way and prepare them to form a society which can cope with the problems they will have to face and thus continue the society wanted by the large majority of Canadians: a healthy society, a society with respect for democracy and where social peace prevails.

As I did you probably all read the statement made two weeks ago by Mr. Charbonneau concerning his participation in the conference on the economic direction of Quebec as a representative of a leftist party because, according to him, the party in power is not really a leftist formation.

I for one would say to Mr. Charbonneau that if he wishes to try his hand at politics he is free to do so but first he should resign as president of the Quebec Teachers' Corporation.

When we know that teachers have a basic influence on the orientation and the education of our youth, we cannot let them do what they wish and orient our society in a direction that will not have been chosen or wanted by the majority of Canadians.

Our youth will not be responsible, because it will have been manipulated by a small group of extremists who play at politics and want to legislate, yet show no respect for laws passed by our existing governments.

To conclude, honourable senators, I wish to underline the importance of the role which each one of us will have to play in our respective provinces as regards our minorities.

When people say that Quebec should be a French-speaking province like Ontario is English-speaking, I agree, but we must insist on the fact that just as Quebec must not infringe upon the rights of the English-speaking minority within its boundaries, so must the rights of French-speaking minorities not be encroached upon in English-speaking provinces. Therefore we should make sure that everybody can rightfully say he or she is a full-fledged citizen.

As I said, it is very important that every citizen—whether English in Quebec or French in another province with an English-speaking majority—should respect the other minority,

its customs, while taking into account and respecting both official languages of this country.

● (1530)

On motion of Senator Bosa, debate adjourned.

SCIENCE POLICY

NOTICE OF COMMITTEE MEETING

Senator Lamontagne: I should like to remind the members of the Special Senate Committee on Science Policy that the committee will hold what will probably be its last meeting immediately after the adjournment of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 26, 1977

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

Prayers.

THE LATE HONOURABLE THOMAS D'ARCY LEONARD

TRIBUTES

Hon. John J. Connolly: Honourable senators, before the business of the day is proceeded with, I should like to inform the Senate, those of my colleagues who do not already know, that our late colleague, Senator D'Arcy Leonard, died in Toronto yesterday.

Senator Leonard retired from the Senate on April 29, 1970, on his 75th birthday, so he was 82 at the time of his death. We do not as a rule pay tributes to members of the Senate on their death, if death is subsequent to their retirement from the Senate. But on this occasion I think it is highly appropriate to say something, because Senator Leonard, as all honourable senators who knew him would agree, was one of the very distinguished—the word is illustrious—members of this house. At the time he retired we said of him that he had four careers. He had been a soldier, a lawyer, a very distinguished businessman, and for 15 years a member of this Parliament.

One of his great contributions to the Senate was as Chairman of the Standing Senate Committee on National Finance; but the general work of the chamber benefited greatly from the advice, judgment and sagacity of Senator Leonard. I remember that on one occasion he sponsored a bill which had to do with the closing of a hospital in Muskoka, I believe it was one which had been devoted to the care of patients suffering from tuberculosis. It was rather significant that Senator Leonard should sponsor that bill, since after the first World War he had been confined to that same hospital with tuberculosis. He spoke very effectively on that occasion about the great strides that had been made in the control of this disease, at one time thought to be so deadly as to be practically impossible to cure, to the point at which it was possible for the institution in question to be closed.

Senator Leonard was not only active in the business and professional life of the country, as well as in its public life, he was particularly effective in his native city of Toronto in work connected with its hospitals and universities, and, indeed, with the work of universities throughout Ontario.

On the occasion of his retirement Senator Flynn used what is, I think, a very telling phrase with regard to D'Arcy Leonard, when he called him "a total person". I think that all of us who knew him would agree that was indeed a very apt description of the man.

It would have been a great experience for the younger and newer members of this chamber to have known Senator Leonard. He has left many legacies here. On the occasion of his retirement, on April 23, 1970, he said this, if I might just quote one paragraph from his speech:

> I have said before that I have been very proud to be a member of this chamber. I am a great believer in the second chamber in the federal institution, and have been ever since I first studied constitutional law. I leave it now, after nearly 15 years, believing that as far as the Senate of Canada is concerned it is a much stronger and more effective body than it has ever been. So, for whatever I may have tried to do in participating in its activities, I am certainly more than repaid by the feeling that this has been something well worth doing. It is something that is continuing in greater degree and, I hope, is of far greater importance to the Government of Canada than it has ever been in the past.

I called Senator Leonard on the occasion of his birthday, on April 29 last. I was not able to get him because he was playing golf. His final illness must have come very suddenly.

To his wife Lilian and to all the members of the family I am sure all of us extend our very deep sympathy.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, I am deeply shocked and saddened at the news of the death of our former colleague, Senator Leonard. I only learned of it as I came into the chamber today. What I said at the time of his retirement bears repeating. Senator Leonard was a great senator. He was a civilized man. He was a gentleman, a gentleman in the sense of the 17th century French word "gentilhomme"; that is, a man who was concerned with all areas of activity.

As Chairman of the Standing Senate Committee on National Finance he did a tremendous job, and he did it in a way which was always so charming as it was efficient. He did a lot for the Senate. He had a wonderful career. I am very sorry at his passing, and I join with Senator Connolly (Ottawa West) in offering his wife and his family the heartfelt condolences of the official opposition.

Hon. Hartland de M. Molson: Honourable senators, in January of 1956 thirteen new senators took their seats in this chamber, and among them was Senator Leonard. I was very pleased to be on that list. During the 15 years he was here I got to know him extremely well. I worked on several committees with him. I was for a while Deputy Chairman of the Standing Senate Committee on National Finance, which he chaired so ably. I feel that his contribution to this chamber, and through it to this country, should not in any sense be

underemphasized, because he was, as has just been said, a great man.

● (1410)

Senator Leonard's contribution generally was important, but perhaps the manner in which he did things was his greatest contribution to the Senate. He had wisdom; he was gentle; he was humble; he was firm. He had the highest integrity. He dealt with all matters, including those which involved emotion or feeling, with delicacy and understanding. He loved people. He respected the ideas of people. In the course of his work in the Senate, some of those attributes, it is hoped, brushed off on the rest of us. Those of us who knew him, particularly those of us who knew him well, are the better for having known him.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1977, pursuant to section 37(2) of the Canadian National Railways Act, Chapter C-10 and section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-895, dated March 30, 1977, approving same.

Copies of document on a transportation program for the Atlantic Provinces, together with press release announcing federal approval of the said program and copy of the telex sent to each of the four Atlantic Premiers, issued by the Department of Transport.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Senator Laird, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

The Standing Senate Committee on Banking, Trade and Commerce.

The Special Senate Committee on Science Policy.

(*For texts of reports, see today's Minutes of the Proceedings of the Senate.*)

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Tuesday next, May 31, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, June 1, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, May 30, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give a brief explanation of the motion. In speaking to the adjournment motion last week in my absence, Senator Petten mentioned that it would probably be necessary for the Senate to commence Monday evening sittings starting next week. In moving that the Senate do adjourn until Monday evening next, I have taken into consideration the number of bills still on the order paper at the second reading stage, as well as those that have been referred to committee, and the various other matters that are before committees of the Senate.

In addition, we can expect to receive two or three bills from the House of Commons early next week. In order to deal effectively with the legislation before the Senate and to make workable arrangements for the necessary committee meetings, I think we had better count on sitting on Mondays until the summer adjournment.

On Tuesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to begin its examination of the subject matter of Bill C-42, the Competition Bill. The National Finance Committee has scheduled a meeting for 2.30 p.m. on Public Works estimates.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. and at 2.30 p.m. There will be a number of items before this committee, including the white paper on banking legislation, the subject matter of Bill C-16 and such other legislation as may be referred to it. The Standing Senate Committee on Agriculture will also meet at 3.30 p.m., or when the Senate rises, in connection with its inquiry into the beef industry.

On Thursday morning the National Finance Committee will meet at 9.30 a.m. to continue its study of Public Works estimates, and the Standing Senate Committee on Transport and Communications will meet at 10 a.m. to deal with Bill C-41, the Maritime Code. At 11 a.m. the Joint Committee on Regulations and other Statutory Instruments will also meet. On Thursday afternoon the Agriculture Committee will meet

at 3.30 p.m., or when the Senate rises, again to continue its inquiry into the beef industry.

There are also some meetings which have not yet been arranged, but there will be additions to this list as those meetings are set down and further legislation is referred to this house.

Senator Flynn: Honourable senators, on this side we certainly have no objection to sitting next Monday, but the Deputy Leader of the Government has not convinced me, at least, that we would not be capable of accomplishing the work before us by simply sitting on Tuesday night as usual. On the other hand, if he feels sitting Monday night will have the effect of providing a better attendance at the committee meetings on Tuesday morning, that may be a valid reason; but I certainly do not think the volume of work before us is sufficient to justify our beginning a series of Monday night sittings. In any event, if it is the wish of the government side to have the Senate return on Monday, so be it, but I certainly do not see any compelling rush yet to justify such a motion.

Senator Langlois: As I said in my statement in support of this motion, honourable senators, we have studied the program presently before us and what can be expected from the other place early next week, and have concluded that the only orderly way of arranging for the reasonably speedy disposal of the legislation before this house is at least to initiate the Monday evening sittings next week. I did not intend to suggest as a hard and fast rule that the Senate would meet on Monday evenings every week from now until the adjournment; I have merely said that we should be prepared to commence that routine next Monday in order to endeavour to dispose of the legislation which is likely to come to us before the summer adjournment. Incidentally, as I understand it, that adjournment is presently scheduled to take place some time during the last part of June.

Senator Choquette: Honourable senators, if I may make the suggestion, commencing Monday we should stop saying, "Stand! Stand! Stand!" for every item on the order paper.

Senator Flynn: Yes. That could be done just as easily on Tuesday as on Monday.

Motion agreed to.

MACKENZIE VALLEY PIPELINE INQUIRY

REPORT—REPRESENTATIONS FROM NORTHWEST TERRITORIES COUNCIL—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Senate whether the government has received representations from the Northwest Territories Council, or any elected member of that Council, about the conclusions and recommendations of the Berger Report.

Senator Perrault: Honourable senators, I will take that question as notice.

Senator Flynn: May I suggest that it would be preferable if Senator Austin could give you notice in advance so that you would not always be obliged to say, "I will take that question as notice."

Senator Austin: Perhaps I should also be giving Senator Flynn notice at the same time.

Senator Flynn: No, no. It would not be necessary. I am not in the same class as Senator Perrault. I think I could probably reply to that question now.

• (1420)

PARLIAMENT

REINTRODUCTION OF LEGISLATION—QUESTION

Senator Choquette: Honourable senators, I should like to ask the Leader of the Government a question. This might involve amending the rules. I do not happen to know the answer myself. Every now and then we hear, "This is a bill that died on the order paper in the last session." This is said in reference to a bill that had gone through the whole rigmarole in the other place, had been read the second time in this house and referred to a committee, which had heard witnesses from all over the country. Then, in the next session, we have to start the whole thing all over again.

In order to expedite matters, I am wondering if this could not be remedied in some way by amending the rules. What is the answer to this problem?

Senator Perrault: Honourable senators, I understand this matter is under consideration at the present time by a number of parties in the other place. I think the senator has made a valid observation. It has been traditional, as honourable senators have pointed out, to have those measures which have not been fully dealt with by Parliament reintroduced in a subsequent session. Parliament is examining ways now to expedite the people's business more effectively and efficaciously. Certainly the suggestion advanced by the honourable senator is under discussion—that is, completing the debate on a measure which may have been partially debated prior to the conclusion of a previous session of Parliament.

Senator Grosart: It is a rule of the other place, but not here.

Senator Choquette: We could make the suggestion to them.

ROYAL CANADIAN MOUNTED POLICE

AGREEMENTS BETWEEN THE GOVERNMENT OF CANADA AND PROVINCIAL GOVERNMENTS—QUESTION ANSWERED

Senator Perrault: I have the answer to a question asked on May 11 by the Honourable Senator Manning, which is as follows:

> —with respect to the contract . . . between the Government of Canada and the Province of New Brunswick for the use or employment of the Royal Canadian Mounted Police, could he [the Leader of the Government] inform the house if all provinces which previously had these agreements have now entered into new agreements, or, if not, what is the present status of those negotiations?

The reply is as follows:

All the provinces which previously had agreements with the Government of Canada for the use or employment of the Royal Canadian Mounted Police have now entered into new agreements with the exception of Alberta. Agreement in principle has been reached with this province and all that remains to be done before the agreement is signed is the initialling of a minor amendment thereto.

FISHERIES

VIOLATIONS OF COASTAL JURISDICTION—QUESTION ANSWERED

Senator Perrault: Honourable senators, Senator Smith (Colchester) asked a question on May 5 which refers to the extension of Canada's offshore jurisdiction of 200 miles. He asked whether any foreign ships have been found fishing within that limit without proper authority and, if so, where, when, what ships, what nationality, and what action has been taken in relation to each.

Since the extension of Canadian Fisheries Zone to 200 miles on January 1, 1977, two foreign fishing vessels have been apprehended fishing without proper authority within this limit.

The first, a Norwegian vessel, the *Bergbjorn*, was intercepted on February 17, and subsequently escorted to St. John's, Newfoundland, by the Canadian Coast Guard Vessel, *John Cabot*. At the time of interception, the *Bergbjorn* was fishing without a licence approximately 163 miles east of Belle Isle, Newfoundland. In St. John's the captain was charged with violation of the Coastal Fisheries Protection Act on two counts: entering into the Canadian zone without the required 24 hours' notice, and fishing without a licence in Canadian fisheries waters. As a result, fines totalling $5,000 were imposed, and the vessel's request for a licence to fish was refused.

On April 17, the U.S.S.R. vessel, the *Ritsa*, was reported by tracker aircraft to be fishing off the Avalon Peninsula. Interception by the DFE patrol vessel *Nonia* confirmed that the Soviet vessel had been conducting a directed fishery for capelin one day prior to the effective date of her licence. The vessel was escorted to St. John's where the captain faced charges of conducting an unauthorized fishery in Canadian fisheries waters and was fined a total of $2,500.

UNEMPLOYMENT INSURANCE

STATISTICS AS OF MARCH 31, 1977—INQUIRY ANSWERED

Senator Phillips inquired of the government pursuant to notice of April 26:

1. How many persons were receiving Unemployment Insurance benefits in each province as of March 31, 1977?

2. How many persons were registered for employment in each province as of March 31, 1977?

3. How many persons were employed in each province as of March 31, 1977?

Senator Perrault: Honourables senators, I have provided a written reply to Senator Phillips' inquiry of April 26. He may or may not have received it, but the information is as follows:

1. This information is maintained by Statistics Canada and can be found in publication #73-001 entitled "Statistical Report on the Operation of the Unemployment Insurance Act". This information is available for the period ending February 1977.

2. and 3.

	Persons Registered For Employment as of March 31, 1977*	Estimates of Persons Employed in Week Ending March 19, 1977**
	(000's)	(000's)
Newfoundland	67	147
Nova Scotia	71	281
P.E.I.	17	41
New Brunswick	68	210
Quebec	489	2,410
Ontario	419	3,625
Manitoba	38	412
Saskatchewan	30	378
Alberta	43	818
British Columbia	137	1,027
Canada	1,377***	9,350***

* Source: "Report on Employment Operations by Industry" (Man 751).

** Source: "Labour Force Information" (Statistics Canada, Catalogue 71-001P). Number of employed persons as of March 31, 1977 are not available.

*** Source: Sum of provincial figures will not exactly equal the national total due to rounding of provincial figures.

Senator Phillips: Honourable senators, I would like to thank the Leader of the Government for his exhaustive efforts in obtaining this information for me.

I have had a very short time in which to study the document, but it is most interesting to note that 1,377,000 Canadians were registered for employment at a time when the government stated that 870,000 were unemployed. This is a difference of 507,000 Canadians seeking employment, and not being listed in the government statistics. Admittedly a small proportion of these may already be employed and seeking to improve their employment, but the large proportion, we can safely assume, are unemployed. This means that approximately a half million Canadians are being used as hidden unemployed.

The subject is too large to deal with in the question period, and I will, at the next sitting of the Senate, give notice of an

inquiry dealing with unemployment and the methods of calculating statistics on unemployment.

Senator Perrault: Honourable senators, I would not like any member of this chamber to presume that this alleged discrepancy in unemployment figures constitutes a suggestion that the government is being less than candid with the Canadian people.

There are, of course, various ways to measure unemployment. There is the statistical survey of unemployment, taken monthly as honourable senators are aware. The question is along these general lines: Are you out of work and would you like to work? I think the survey ages range from 14 to 65 years, but perhaps that is now changed. Then there is another figure developed from those registered at unemployment insurance offices for unemployment insurance benefits. There are, then, two different types of figures.

When we compare unemployment in Canada with that in some other nations, we should also bear in mind that in some countries only those are listed as unemployed who actually make the physical move to an employment office established by the government and fill in a form to state that they are actively seeking work. And so there are certain situations which are certainly not comparable with any unemployment figures that we develop in Canada.

The government has not misused its statistics. The honourable senator asked for information about those receiving unemployment insurance benefits, how many persons were registered for unemployment, and so on, and that is somewhat different from the monthly statistical survey taken by the agencies of the government involved in doing surveys of the labour force.

Senator Flynn: May I suggest to the government leader that he should not get excited about the comments made by Senator Phillips. I say that because as far as statistics are concerned, if he had been in the other place or here when Senator Martin was operating the "Martin Bureau of Statistics on Unemployment" he would have been even more confused than he is today. I remember when Senator Martin used to comment "Tory times are hard times," and I get a chuckle just wondering what he would say today with the figures on unemployment being what they are.

Senator Langlois: He has been gone a long time.

Senator Flynn: His memory is still very vivid in my mind.

Senator Langlois: You never forget the beatings you got at his hands.

Senator Flynn: He hasn't forgotten those he got from me.

Senator Langlois: Slaps on the back, that is all.

SOLAR ENERGY APPLICATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Austin for the second reading of Bill C-309, respecting the domestic and industrial use of solar energy.

Senator Flynn: Honourable senators, when I adjourned the debate it was to provide the Leader of the Government with an opportunity to give replies to some of the questions put by me and by other senators who participated in this debate, namely, Senator Grosart and Senator Hicks.

Senator Perrault: Will you allow me to make a statement, senator? Are you prepared to resume your place?

Senator Flynn: Yes, I will when I am finished, but first I want to say that I still believe the bill as it comes to us cannot receive second reading unless we have something specific on which to make a decision. The bill as it is certainly should not receive approval in principle. Now I yield to the Leader of the Government for his statement.

Senator Perrault: Honourable senators, I know the sponsor of this bill will wish to reply in greater detail to some of the very pertinent observations made by Senator Grosart and the honourable the Leader of the Opposition in yesterday's debate, as well as those made by the Honourable Senator Hicks.

At the outset I want to reply to the question as to whether this is a government bill. Of course it is not a government bill; it is a public bill in the hands of a private member. It enjoyed a substantial amount of support in the other chamber, involving not only support from the majority of government members but, I understand, support from other parties as well.

Secondly, the sponsor of this proposed piece of legislation pointed out that in his view a number of defects in the bill existed. But what we are really talking about in any second reading debate is the principle of the bill, and, honourable senators, it seems to me, and I think it is a fair assessment of this proposed measure—

Senator Flynn: You mean to the government?

Senator Perrault: I am not saying this as an official statement by the government. I am speaking—

Senator Flynn: But that is what I was asking you to do.

Senator Perrault: Senator, just let me conclude my remarks, will you?

The principle of this bill is to be found in clause 4, subclauses (a) and (b), which are as follows:

> The Institute may
>
> (a) encourage and promote the establishment in Canada of an industry producing solar energy equipment and parts;
>
> (b) undertake intensive research leading to the development of a technology that will permit the use of solar energy for domestic and industrial purposes as a viable alternative to non-renewable resources—

I think we all support the principle that we should have development of solar energy equipment and parts, and we support the principle of research leading to the development of a technology.

It seems to me that what we should do is get this bill into committee as quickly as possible so that all of the important questions which have been asked by the opposition and others

may be answered. I understand the sponsor of the bill has offered to appear before the committee, and I would think that the committee might wish to call certain other witnesses. It may be that this proposal in its detail and in its suggestion that we establish an institute for solar energy application is not the appropriate course of action, but certainly the Senate can support the principle that we need research into this important field. And this is really all I want to bring to the debate this afternoon; that is, to suggest that we can all certainly support the principle.

Let us get the bill into committee where a detailed examination can be made. If honourable senators do not believe that it merits support, after probing the reasons for the institute and so on, then let them reject it.

Senator Flynn: The principle of this bill is not the study of solar energy; it is the creation of an institute, and we want to know what kind of a creature you are proposing to us. We don't know. This is the principle of the bill.

● (1430)

MOTION IN AMENDMENT—DEBATE ADJOURNED

Senator Godfrey: Honourable senators, I should like to say a word or two about this bill. I must confess that I agree with Senator Flynn that the principle of the bill is not that we approve of and want to encourage research into solar energy. The principle is whether or not we believe we should establish an institute to do this.

We have heard the technical difficulties which have been referred to, but there is more than a technical difficulty with respect to this bill. We are asked to approve a bill setting up an institute when there is no indication of who is to be behind it and who is to operate it. It is completely contrary to all the principles held by the Senate. Whenever the Senate approves the incorporation of a corporation of any kind by a special act it always insists on knowing who is behind it. They must know who are the first directors. They must be named in the special act. That is very important.

The same principle applies to the Bank Act. If a private bill is brought in to incorporate a bank, we have to follow the form set out in the schedule of the Bank Act. It sets out the people who are to be the provisional directors. That is very relevant. The same applies to the incorporation of an insurance company by special act.

I agree with Senator Perrault that this bill should be considered by a committee. But I do not agree that the principle of the bill should be approved by the Senate at this time. We have a very simple procedure. We can refer it to committee without approving the principle. We can have the sponsor of the bill before the committee, and the committee can report back. We can then consider what is presented to the committee—we would want to know who will be the provisional directors, for example—and we can then resume the debate.

Therefore, I move, seconded by Senator Cook, that the bill be not now read the second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for examination and report.

The effect of my motion will be that the bill will be taken off the order paper for the time being, it will stop the debate at this particular moment, but it will come back on to the order paper for debate on second reading at a later date when the committee makes its report.

The Hon. the Speaker: It is moved by the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, that this bill be now read a second time.

In amendment, it is moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Cook, that this bill be not now read the second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for examination and report.

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

Senator Austin: Honourable senators, I wish to speak on the motion in amendment. If the motion in amendment is not approved, do I understand that I shall then be allowed to speak on the motion itself?

Senator Perrault: Yes.

Senator Flynn: Certainly.

Senator Austin: Honourable senators, I am sorry that Senator Godfrey has seen fit to move this amendment, because I believe this bill is deserving of support on second reading. I believe that the bill offers a very useful advance for the development of a solar energy program in Canada.

Senator Godfrey's suggestion that the bill go to committee without approval on second reading would put the Senate in the position of refusing to make any comment in support of a badly needed solar energy program. I would compare that position with the position taken by the other place, where the bill received support from every party and where the sponsor was encouraged to proceed with the bill and thus provide the public with a higher degree of awareness of the importance of solar energy in our society.

I urge honourable senators to accept the bill in principle on second reading. In my introduction I indicated that the bill was defective in its drafting, that it set up an inchoate organization, that many provisions with respect to the establishment of the institute would have to be amended by the Senate before it could pass the bill. I said also that there was a crying need in this country for a program of this kind, that there is a crying need for an institute which, as conceived by the bill, would act as a bridge between the public and private sectors.

Honourable senators, the purpose of the creation of the institute is to put in the private sector an organization to be run by people in the private sector, to provide a higher level of consciousness and awareness by the Canadian people of the role of solar energy; to seek funds from both private and public sources; to conduct that program of education and awareness; and to do research in the area of the commercial application of technology. It will not seek to do basic and primary research of

the kind done by the National Research Council, by the Department of Energy, Mines and Resources, or any other agency. It will take that research and promote its commercial application by companies in the private sector.

In addition, as is clearly stated, the bill seeks to promote the use of solar energy in Canada. The institute, as a concept, is a desirable one. There is no similar agency in this country which now provides, on a full-time basis, that type of direction or which gives promise of that type of coordination and organization. I did not say, in my introductory remarks, that the institute would do the research, or that it would have an exclusive part of any research or even commercial application program. I did say that it would make a valuable contribution in that area if it were created and allowed to proceed.

Honourable senators, the creation of the institute should be encouraged and supported, and the role of the Senate is in the proper modelling of this particular institute so that those tasks can be performed.

Therefore, I ask honourable senators to defeat Senator Godfrey's amendment and allow the bill to proceed to the Standing Senate Committee on Banking, Trade and Commerce, where those who seek the creation of this institute can describe its purposes and its organization and deal with amendments that are required, and where scientific witnesses, as well as those from the field of commercial application, can give evidence as to the pressing need for a higher level, an advanced technological level, of solar energy effort in this country.

Senator Godfrey: Honourable senators, I have a question for Senator Austin. Can the honourable senator tell us the names of those who will take on the responsibility of running this institute, either by way of being directors or members? If not, would we not be simply creating something that will float in mid-air for someone to grab at some particular time?

Senator Austin: I have no names. If this institute is created by an act of Parliament, there will be provision as to how its members will be recruited. I am sure that responsible Canadian citizens will come forward to further the objectives of this entity.

Senator Lamontagne: Honourable senators, may I ask a question of the sponsor of the bill? Do I understand that this proposed institute would be a private institution?

Senator Austin: Yes, it would be a private institution, but it would, of course, make representations to government and seek to work in that area which, as Senator Lamontagne knows so well, is deficient—that is, the area of coordination of public and private activity.

● (1440)

Senator Lamontagne: It seems to me, honourable senators, that if it is to be a private institution, financed by whatever means, and regardless of whether it has access to public funds or not, it does not need an act of Parliament in order to come into existence. It has only to seek incorporation in the ordinary way.

Senator Austin: Honourable senators, that point was the subject of an argument by Senator Grosart yesterday, and I have not replied to it on the basis that I would have an opportunity to do so later in the debate. Let me say that a major reason why the creation of this institute by Parliament would be in the public interest is that Canadians are notoriously unready to deal with changes in patterns of energy consumption, conservation and price. It is clear from the scientific evidence—some of which I gave in my introduction, and of which I have more to give—that solar energy will have to play an important part in home and space heating in this country. An institute of this kind, as approved by Parliament, would put the stamp of recognition of Parliament on the critical nature of the energy problem and the critical need to advance in the solar sector.

Senator Grosart: May I ask Senator Austin a question? Would he not agree that the passing of this bill would create a precedent for bills setting up institutes of geothermal research, of tidal and hydraulic research, and of wind research, all of which forms of energy, according to the latest reports, will eventually make a more important contribution to filling the energy gap than solar energy? Does he not anticipate that this will create a precedent, and that we will be taking up the time of Parliament in setting up these kinds of institutions throughout the whole field of energy and scientific research and development?

Senator Austin: Honourable senators, as I said in my opening remarks on May 18, all of those forms of energy—tidal, geothermal and wind—I would include within the definition of renewable energy resources and of solar energy resources. They would be part of the program of this particular institute.

Senator Grosart: May I ask the sponsor of the bill, then, if he is really saying that a solar energy application institute, such as is proposed, will go so far beyond the terms of the bill that it will actually take in other fields of energy research over and above that which Parliament would permit it to do? Is he really telling Parliament that if we pass this bill this institute, in its activities, intends to go away beyond the approval given by Parliament?

Senator Austin: Honourable senators, as I said on May 18, the bill is deficient in that it contains no definition of solar energy. I gave such a definition in those remarks which was inclusive of the energy forms just mentioned. I do not believe that Parliament can be offended in any particular way by the passing of this bill by the other place. In terms of the rules of statutory interpretation, I believe that when Parliament speaks, or, at least, when one house of Parliament speaks, something of value is presumed to have been said, and in this case the other house has given us a bill. I presume that that house considers this bill to be of value. What I would like this chamber to do is make it a valuable, coherent, concise and better-oriented piece of legislation.

Senator Grosart: I would ask the sponsor if he would reply to my question. Does this institute intend to go beyond the terms of reference given it by Parliament? Does it intend, as I

believe he has just suggested, to be an institute dealing with geothermal, tidal and wind energy sources, none of which, by any possible stretch of the imagination, can be called solar energy?

Senator Austin: All the scientific literature, senator, describes solar, tidal and wind forms as part of the solar energy system.

Senator Grosart: Oh, please. I have to ask the sponsor if he really believes what he has just said, that geothermal power, which comes out of the bowels of the earth, can be described as solar energy, or that wind can be described as solar energy? There are divisions in the government service, all of which deal with these separately.

Senator Perrault: Ask your questions in committee, and then there will be no problem.

Senator Austin: Honourable senators, in the Department of Energy, Mines and Resources there is the office of renewable energy sources, and all of those items are dealt with in that one office. I wonder if Senator Grosart realizes that the sun is responsible for most forms of energy on earth.

Senator Grosart: Then I would ask the sponsor of the bill if he is really saying that because the sun is responsible for all forms of energy, this institute is going to investigate sex.

Senator Austin: I am open to an amendment from you to that effect, Senator Grosart.

Senator Grosart: You are making stupid statements.

Senator Flynn: Honourable senators, I think the motion proposed by Senator Godfrey is very reasonable in the circumstances. It would permit the Senate not to approve the principle of the bill before we have the necessary answers to the questions we are asking. The principle of this bill is not the study of solar energy, whatever that may be, but the creation of an institute. We have before us a bill which is not even a skeleton, not even half a skeleton. There is nothing there.

The Senate is asked to approve the principle of creating an institute concerning which we know nothing—nothing as to its composition, nothing as to its funding. That is insolent nonsense. All that Senator Austin, the sponsor of the bill, has given us about the intent of the institute are empty words. Nobody over there has been able to tell us exactly what the composition of this institute will be. It is the brainchild of a private member in the other place. But once it has been created, who will take it over? What will the institute do? Where will the members come from? We certainly cannot approve any bill that offers us nothing more than pious hopes that it will prove to be a good thing. We cannot incorporate any institute without knowing exactly what the definitive status of that creation will be.

I suggest that the motion made by Senator Godfrey is the only logical one. We should refer the bill to the committee. The committee would then report and we would probably say, "This bill would be acceptable if we had amendments along these lines," and so on. Then we would know what we were talking about.

I suggest to Senator Austin that he does not know what he is talking about when he expounds on the ideas behind the bill. There is nothing in this bill and nobody behind the bill which would justify his speaking in the way he has. If the Senate is going to be asked to make an act of faith, then, honourable senators, the last man I want to have broach the subject to me is Senator Austin.

Senator Choquette: As the thing stands now I suggest that we cannot even give it a solar second thought.

Senator Perrault: Senator, that isn't bad.

Honourable senators, it seems to me that the Honourable Leader of the Opposition has built an almost unassailable case for getting this matter into committee as quickly as possible so that we may ask these questions. The sponsor of the bill will be there, since he has committed himself to appearing, and we can decide at that time, surely, whether it is in the public interest to proceed with the establishment of this institute. The sponsor of the bill proclaims, and has proclaimed, both in the other chamber and to anyone he has discussed the matter with, that the principle of this bill, in his assessment and view, is the furtherance of an industry producing solar energy equipment in part and also intensive research into technology. He states and proclaims that is the principle of the bill. He said that in the other place.

• (1450)

Honourable senators, you and I may disagree with his assessment of what that principle may be, but I suggest to honourable senators here who have had considerable experience in legislatures and in Parliament that it is an entirely usual and ordinary procedure to give second reading support in principle to a great range of measures, then to change them in committee, and ultimately to either approve or reject them on third reading.

Senator Flynn: I disagree.

Senator Perrault: I think we are making too much of this issue. I think this is a good bill. I think the spirit of the bill is desirable, the principle is supportable, and I suggest that we get along with the job of approving it in principle and getting it into committee. I am sure the committee can hear the important observations that Senator Grosart and others may wish to make. It really is an almost unprecedented procedure to refer the content without at least giving it approval in principle.

Senator Grosart: Honourable senators—

Senator Argue: You can speak more than once at this stage.

Senator Grosart: It is not a question of speaking more than once. I am rising to speak in support of the amendment. I have previously asked some questions.

Senator Argue: Agreed.

Senator Grosart: If honourable senators opposite care to read the proceedings, they will find that in every case I asked a specific question, and I did not go beyond it.

Senator Perrault: We are not criticizing you.

Senator Grosart: Speaking to the amendment, I would say first of all that obviously the principle of the bill is not in support of solar energy as such, or of research into solar energy. The principle of the bill is clearly stated. It is for Parliament to establish, by an act of Parliament, a specific institute. It is an institute which may or may not decide to make a profit. It is an institute which may or may not have shareholders. It is an institute which may or may not be subject to audit.

The principle before Parliament is: Should we give approval at this stage to the principle of a bill of this kind, approving it in principle in the Senate? It is all very well for the Leader of the Government or the sponsor to say, "There have been assurances given." The sponsor in the other place has said this. The sponsor here has said this.

Senator Austin started to give us a lecture on the interpretation of statutes. I do not know how much study he has made of that particular subject, but I assure him that I should be very glad to sit in on a consortium with him at any time, if I can help him in his understanding of the principles of the interpretation of statutes. Certainly, it is no part of the principle of the interpretation of statutes that some comment made in respect of a bill, some assurance that is given, even by a cabinet minister, has anything whatsoever to do with the final authority or the final interpretation of that bill by the courts. If we give approval in principle to this bill we are giving approval in principle to an institute that can be a runaway institute, that can cause unbelievable problems in the future. Because if we do it with this bill we may create a precedent to do it with many others.

To my mind it is absurd, and I agree entirely with Senator Godfrey that if we approve the principle that this Senate will approve the principle of such bills, anyone can come in and say, "I want you to establish an institute for me. I won't tell you whether I am going to make a profit. I won't tell you if I have got shareholders. I will tell you nothing about it. I won't tell you if we have members. I will just tell you that we are limited; we must have twelve and not more than twenty-five directors." That is all. The bill itself authorizes—and this adds to the danger—this institute to collect money from the public. It authorizes the institute to seek money from the government. But there is no indication whatsoever of the control of that, which has always been the essence of our discussion of any such private bill, which in effect is what it is, to establish a private company with practically no knowledge of its structure, no knowledge of its handling of money, no control whatsoever.

For that reason I support Senator Godfrey's amendment, seconded by Senator Cook, that the substance of this bill be referred to the committee. It can be discussed there, without it going to that committee with the stamp of approval of the Senate, which it would have if we approved it in principle.

Senator Molson: Honourable senators, I should like to ask the sponsor if this is indeed a private bill, as is my understanding?

Senator Austin: It is a private member's public bill.

Senator Flynn: How public? What makes it public?

Senator Austin: You were in the other place, Senator Flynn. You know what a private member's public bill is.

Senator Flynn: What is a private member's public bill?

Senator Grosart: Define it.

Senator Austin: I am amazed that you should ask me to define it.

Senator Grosart: Don't be amazed.

Senator Argue: A public bill in the name of a private member.

Senator Flynn: Why is it public?

Senator Argue: Because it has to do with a public question.

Senator Flynn: Oh!

Senator Austin: Of course.

Senator Molson: Honourable senators, in the middle of a discussion on the definition of private or public bills, might I call your attention to rule 94, which states:

> After its first reading and before its consideration by any other committee, a private bill from the House of Commons, for which no petition has been received by the Senate, shall be taken into consideration and reported on by the Committee on Standing Rules and Orders in like manner as a petition.

I wonder if we have complied with our own rules in this respect.

Senator Argue: Honourable senators, I think the bill is perfectly in order. I think it is a public bill. It is a bill to deal with a public question in the name of a private member. I introduced many public bills in my day in the House of Commons, and others have done the same, and they are doing it today by the hundreds.

Senator Grosart: Nobody objects to that.

Senator Argue: This is one of those public bills in the name of a private member. I think the member who introduced the bill in the other place should be congratulated on the form of the bill. It is a far-reaching bill. It has to do with a very important subject. It is introduced by a private member, and he is able to introduce it and get around the question of its being an appropriation bill by saying in clause 5:

> Nothing in this Act shall be construed so as to require an appropriation of public revenue or an expenditure out of the Consolidated Revenue Fund.

The amendment moved by Senator Godfrey is a negative amendment. It is an amendment that the bill be not now read a second time but that the subject matter thereof be referred to a committee. That is an old trick. "Trick" is the wrong word, but it is an old method that is often used to kill a bill. You don't really dare vote against the bill on second reading and kill it that way, so you endeavour to kill it by moving that the bill be not now read a second time. That is the negative, and that is the way it is killed. The subject matter is referred

to the Standing Senate Committee on Banking, Trade and Commerce, where they go on a fishing expedition; they inquire generally into the subject, and that is where it ends.

I am no expert on the rules; that's for sure, and I bow to Senator Grosart on that. However, it seems to me that there is a rule which says you do not discuss the same question twice in the same session. If we kill this bill through adoption of this negative motion, which is a proper motion and one which is designed to kill the bill, then that would kill the bill for the balance of this session. The Banking, Trade and Commerce Committee can study the subject, but the rules do not allow the reintroduction of a bill during the same session.

● (1500)

I do not think the Senate needs to be afraid of the Senate. This is the last institution I am afraid of. I cannot see this house getting so revolutionary that it is going to pass a bill that is going to do all of the terrible things that have been suggested, and that the Banking, Trade and Commerce Committee, of all committees of this house, is going to let this revolutionary bill, somehow or another, get out of that committee and back into the chamber, at which time the revolutionists within the Senate chamber will pass this terrible bill with all of the dire consequences that flow therefrom. I think the Senate—

Senator Flynn: Don't get excited. You are getting more excited than any one of us.

Senator Argue: That's right. I don't mind getting excited. There is nothing wrong with being excited.

Senator Grosart: Make some sense.

Senator McElman: Would the honourable senator permit a question?

Senator Argue: Certainly.

Senator McElman: If there were such a referral of the subject matter to committee, is there anything to prevent the committee from making a report and returning the bill to the house?

Senator Argue: I am subject to correction on these matters, but I would think that if we took this negative attitude it would preclude us under the rules from discussing the same type of bill in the same session.

Senator McElman: But could the committee not return the same bill to the chamber?

Senator Argue: But we would have defeated the bill if we adopted this negative motion. In any event, that is my position; that is my understanding. I do not think the question removes the validity of what I have said; namely, that this is a negative motion. And the way to handle a negative motion, if you are positively in favour of this bill, is to defeat it. I am not afraid of the bill. To my mind we could pass the principle of the bill. We could take a chance on the learned members of the Banking, Trade and Commerce Committee dealing with the bill in a fair and reasonable manner. I am sure that committee would not return to the chamber a bill that would not warrant our sympathetic and immediate consideration.

So, I am going to vote against the amendment. If the amendment is defeated, it is my intention to support the bill.

Senator Austin: Might I ask the honourable senator whether he would agree that, if the motion for second reading of the bill were adopted and the bill was referred to committee, the committee would be obligated to work on the bill and refer it back to the Senate in an improved form? That would not be the case if the bill had not received second reading.

Senator Flynn: No, no.

Senator Argue: I would think that is right, and the Banking, Trade and Commerce Committee would decide, after hearing all the evidence, whether it wished to go forward with the bill, with some necessary amendments. If the committee thought that the bill should not be proceeded with, it would refer it back to the chamber with that kind of report. In any event, the Senate will deal with the bill on third reading. If at the third reading stage I see the bill as having many objectionable features, I would not hesitate to change my vote. A bill does not become law until it has received three readings in the House of Commons, three readings in the Senate, and royal assent.

Some Hon. Senators: Question!

Senator Godfrey: Honourable senators, I should like to point out that it was not my intention, in moving this motion, to kill the bill. I spoke to the Clerk this morning to determine the effect of such a motion. I was told that it would be perfectly in order and that the committee, when it reported back, would simply request that the bill be restored to the order paper to be proceeded with. The intention is not to kill the bill. The purpose of the motion is to enable us, when we continue the debate on second reading, to know more about what the bill will look like in its final form.

Senator Grosart: Of course.

Senator Molson: Honourable senators, I raised a point of order and I should like to have it dealt with. I do not know how important it is, except that half of this discussion has been on the question of whether it is right or wrong to refer this bill to committee at this stage. In that respect, I should like to know whether or not rule 94 applies.

Senator Flynn: On the point of order, we have to decide whether it is a private or public bill. I agree it was privately initiated. About that, there is no question. However, we are not able to ascertain from the text of the bill whether this is to be a private or public institute.

If I were to rise in the Senate and request the incorporation of an insurance company, that would be a private bill. If I ask for the incorporation of a charitable organization, that, again, would be a private bill. It is only when a bill puts any obligation on the public in general that it can be a public bill.

Senator Smith (Queens-Shelburne): Oh, wait a minute!

Senator Flynn: Well, try to explain your objection. In the case of the establishment of the Canadian Development Corporation, that was done through a public bill, but with private

initiative, limited initiative. Any corporation which is not controlled by the government or which has no authority over the public in a given area would be a private corporation. We do not know whether the proposed institute is to be private or public. There is nothing in the bill to indicate the nature of the institute.

The point raised by Senator Molson is a very important one. I suggest that the bill involves the establishment of a private institute. It has not received the approval of the government and there is no government control involved. We do not even know whether the Canada Corporations Act would apply. As I said earlier, the idea in itself may be a good one, but I think the motion now before the house should be adopted. It seems to me that the committee could study the bill at this stage and report back to the Senate that, if it were amended in a given fashion, it could be adopted. The point of order is well taken. I do not think it should be overlooked.

Senator Deschatelets: Honourable senators, a point of order has been raised by Senator Molson. I do not feel that this matter is of such importance that we should rush into it. I suggest that Madam Speaker take the point of order under advisement, for a decision on Monday evening.

Senator Austin: Honourable senators, I should like to speak on the point of order. I want to make two points in reply to Senator Molson, the first of which is that under the rules of the House of Commons this bill is described as a public bill. It is described as a private member's public bill. That is final on the definition of the bill. There can be no doubt it is a public bill.

Senator Molson: If I might make a point, we are not discussing the rules of the House of Commons, Senator Austin. I have asked, on a point of order, for a ruling in the Senate.

Senator Grosart: In the Senate, yes.

Senator Austin: May I say, secondly, that the Senate, by unanimous consent, has proceeded to second reading at this particular point and, therefore, should be taken as not being concerned with its own rules.

Senator Grosart: Where have you been?

Senator Flynn: In the PMO.

The Hon. the Speaker: Honourable senators, I shall take the point of order under advisement. Is the Honourable Senator Deschatelets moving the adjournment of the debate?

Senator Deschatelets: I suggest that Her Honour the Speaker take Senator Molson's point of order under advisement for a decision on Monday evening, if possible. For that purpose I move the adjournment of the debate.

On motion of Senator Deschatelets, debate on motion in amendment adjourned.

• (1510)

PETROLEUM CORPORATIONS MONITORING BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Barrow for the second reading of Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

Hon. Augustus Irvine Barrow: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Barrow speaks now, his speech will have the effect of closing the debate on the motion for second reading of Bill S-4.

Senator Barrow: Honourable senators, yesterday I adjourned the debate on second reading of Bill S-4 primarily to enable me to give Senator Grosart, and this chamber, more complete answers to some of his questions.

Senator Grosart asked whether this bill was the right way to go about getting information, and whether the government did not already have the information it was seeking. I am informed that reports with the proposed degree of detail and timeliness are not currently available from any other source, and, as I advised in my remarks yesterday, it was primarily because of the request of some of the companies that such legislation be obtained that this bill is now before us.

Senator Grosart made reference to Schedules I and II to the bill. If reference is made to clause 13 of the bill it will be seen that Schedule I refers to companies incorporated in Canada, whereas Schedule II refers to those incorporated elsewhere.

The companies required to report are those which deal in gas and oil—that is, primary production and exploration. It is my understanding that crown companies do not have to be legislated to report. However, Petro-Canada is required by its own act of incorporation, under section 7(3), to make full disclosure to the minister, and in any case it has voluntarily agreed to do so.

Senator Grosart is quite correct that the minister is being given the same powers as the Minister of National Revenue under the Income Tax Act in the case of suspected violations. I believe the phraseology is taken from the Income Tax Act, and is the same as in the Federal Investment Review Act, the Statistics Act, the AIB Act and the Petroleum and Administration Act.

A question was raised concerning the magnitude of the additional revenues, and what percentage of them the government would require the companies to spend on exploration. Of course, the purpose of the survey is to determine the amount of the additional revenues which are a result of the government's decision to increase the price of domestic crude oil, and to determine how those revenues are being spent.

On page 36 of the booklet, *An Energy Strategy for Canada*, to which I referred in my original remarks, there are schedules which show the distribution of the incremental net revenues

resulting from an increase in the price of crude. In the absence of additional exploration expenditures by industry, the federal government would collect 27 per cent of the additional production profits generated. With an increase in exploration costs of 50 cents per barrel, the federal share will fall to 3 per cent; the provincial share will fall as well, but industry's share will rise from about 25 per cent to 53 per cent. If exploration expenditures increase by 50 cents per barrel, when oil prices rise by $1 per barrel, the federal share of the additional production profits generated could fall to zero.

I thank Senator Grosart for his review of the bill and his comments. If I have not done justice to his questions, perhaps he will be able to receive a more complete explanation in committee, because, if this bill receives second reading, it is my intention to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. Perhaps representatives of the petroleum and gas producing industries could be available in committee, as well as officials of the department, to answer any further questions.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Barrow moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

CUSTOMS TARIFF

BILL TO AMEND (No. 2)—SECOND READING

Hon. Royce Frith moved the second reading of Bill C-55, to amend the Customs Tariff (No. 2).

He said: Honourable senators, the object of this bill is to amend the Customs Tariff. Like Gaul, the bill is divided into three parts and deals with three subjects. The first is products of interest to developing countries; the second is temporary tariff reductions due to the expected expiry on June 30, 1977; and the third is a package of miscellaneous amendments of the kind normally proposed in an annual budget.

Dealing with the first subject or first group, products of interest to developing countries, the tariff reductions on products of special interest to developing countries are provided for in clauses 1, 2 and 4 and in schedules I and III of the bill. They are designed to meet certain requests made by the developing countries in the tropical products group, as it is called, of the Trade Negotiations Conference. They are indicative of the government's desire to do what it can to improve the export earnings and the balance of trade of the developing countries even while the negotiations in Geneva are still in progress.

One of these concessions takes the form of amendments to the general preferential tariff, which applies only to imports from developing countries. Apart from that, the most-favoured-nation tariff is being reduced or removed on a number of other tropical products. They are produced mainly in developing countries. Imports worth about $100 million from developing countries are affected by these two measures.

The second group is comprised of temporary tariff reductions due to expire on June 30, 1977. The intention of the bill is to extend those temporary tariff reductions for another year until June 30, 1978, and clause 3 and schedule II provide for the extension until that date. They deal with reductions on consumer goods which were originally introduced in the budget of February 19, 1973. These tariff cuts apply to about $400 million of imports in the food sector, on the basis of 1976 statistics, and about $1 billion of non-food items such as drugs and pharmaceuticals, kitchen and dinnerware, hand tools, photographic equipment and sporting goods.

I should say there are some changes, but only a limited number of them, being made in these extensions, which can be found in the coverage of temporary reductions which were in force prior to the budget.

There are three of the limited number of changes under group 2 that I should mention specifically. First, the reduced rates on duty on lighting fixtures are being allowed to expire on June 30 in order to help domestic manufacturers in competing against imports. Those will not be extended. Second, the duty on refined sugar is being increased by one fifth of a cent per pound to provide refiners with the minimum amount of protection that the Tariff Board recommended when it reviewed the tariffs on sugar some time ago. However, honourable senators, as you may be aware, the new rates on refined sugar are still below those which were in effect prior to that 1973 budget. They are simply being restored to the levels which were in effect between February 1973 and November 1974.

● (1520)

The third of the class that are to be extended—but which, in this case, are not going to be extended—are tropical products. They are being removed from the temporary measure so that the reduced rates can be continued in force on a permanent basis pursuant to the provisions in the bill relating to concessions for developing countries. That is really a reference back to the first part.

The third subject, as I said, is a package of miscellaneous amendments of a kind that are normally provided in a budget. They are covered by clauses 5 and 6 and schedules IV and V of the bill, and include a provision to make certain machinery and related equipment from Britain and Ireland subject to the 15 per cent most-favoured-nation rate rather than the British preferential tariff of 2½ per cent. I am instructed that this is an amendment decided upon as a result of the study of the tariffs on machinery from Britain and Ireland that was announced in the 1976 budget. As we all know, these two countries withdrew their preferences on Canadian goods when they joined the EEC, and thus we were no longer required to accord preferential tariff treatment to their exports to Canada.

There is also an amendment to tariff item 69605-1. I mention that because it relates to an undertaking given to a Senate committee. It provides for free entry of scientific apparatus, preparations and other goods used by public hospitals and institutions established for religious, educational and scientific purposes. Honourable senators will recall that this item was amended by Bill C-15 insofar as it related to scientific preparations, but that the amendment turned out not to have the desired effect. Temporary relief was provided by an order in council under the Financial Administration Act. When the Minister of Finance appeared before the Standing Senate Committee on Banking, Trade and Commerce in connection with the bill, he undertook to amend the item again at the earliest opportunity to give statutory effect to the order in council. That present amendment fulfills that undertaking given to the Senate committee.

The last clause of the bill, clause 7, is the usual provision for the mechanics of implementation. It contains provisions regarding the coming into force of the various clauses and the expiry of the temporary tariff cuts on June 30, 1978. There is, in addition, what I understand to be a normal provision in bills of this kind, a provision for restoring reduced rates of duty—that is, to bring them back up—to their previous levels by order in council prior to June 30, 1978. This is an authority that would be used to deal with any cases where it is judged that continuation of the tariff cut until that date would cause genuine hardship to Canadian producers or workers.

Honourable senators, after second reading, I will move that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Senator Grosart: Honourable senators, it is my intention to move the adjournment of the debate. I presume the honourable sponsor meant to say that if second reading is given he will move that the bill be referred to committee.

Senator Frith: Did I say something wrong, senator?

Senator Grosart: You said that after second reading you will so move, but it is only if the bill receives second reading that you will move. I was referring back to our last discussion.

On motion of Senator Grosart, debate adjourned.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Peter Bosa: Honourable senators, I am delighted to take part in this debate on national unity. I wish to thank the Leader of the Government in the Senate for giving us the opportunity to express our opinions and our thoughts on such a crucial and vital topic. I also wish to thank and congratulate the senators who have preceded me in this debate—Senator Steuart, Senator Frith, and my confrere Senator Rizzuto, who made a very good speech on national unity yesterday in this honourable chamber.

I was sorry to hear the announcement today of the death of Senator Leonard. I did not know him, and I am sorry that I did not have an opportunity to benefit from his experience. I wish to express to his family and relatives my sincere condolences.

[*Translation*]

Since this is my maiden speech in the Senate, may I be allowed to express my gratitude to the staff of the Senate for their courtesy and invaluable help in organizing my office.

I also wish to thank most sincerely Madam Speaker, the Leader of the Government in the Senate, as well as the many senators who have helped me through their wise counsel and cooperation.

I also take pleasure in thanking the Clerk of the Senate, the Gentleman Usher of the Black Rod, Mrs. LaTrémouille, Mrs. Sutherland, Mrs. Barnwell and Miss Shirley Tink for their valuable assistance. Thank you very much.

[*English*]

I should also like to express my thanks to the security guards for being so courteous towards me. I can assure you, honourable senators, that they make me feel like a senator. I also draw the attention of the *Hansard* reporters and interpreters to my accent. I hope it is not too difficult for them to understand me well. We all have some handicaps. I learned how to speak English from a Scotsman while working on a Royal Air Force base in northern Italy. There was a Flying Officer named McRae who taught me a song. I thought it was an English song. I did not find out until three years later, when I came to Canada in 1948, that it was a Scottish song that is sung on those occassions when a person has had a "few." The name of the song is *Just a Wee Doch-an-Dorris.* I was grateful to him for having given me the opportunity to learn my basic English because when I came to Canada it enabled me to become integrated into Canadian society very quickly.

One of the things that impressed me most about Canada was the fact that people of different religions and racial backgrounds were getting along so well. These people were mostly from Europe, where governments had been at each other's throats for centuries. Instead, here in Canada, as individuals, they worked together in harmony for the betterment of all. As I became involved in clubs, associations, life in the community, and in municipal and federal politics, this feeling that Canada is a somewhat different and unique country grew within me.

Last year I became quite concerned about the kind of thoughts Canadians were expressing in their "Letters to the Editor" in connection with the air pilots' strike, and I was delighted when the Minister of Labour, the Honourable John Munro, who was then the Minister of State responsible for multiculturalism, asked me if I would accept the chairmanship of the Canadian Consultative Council on Multiculturalism. I accepted that position because I said to myself, "Here is an

opportunity for me to do something for my adopted country and for the unity of Canada."

While we have two official languages, or two languages of equal status, in Canada, we do not have an official culture. The Prime Minister, when he announced this policy in the other place, said that the cultures of all the people who live in Canada put together equal the Canadian culture. It is not the Scots, the Welsh, the Irish, the English, the French, the Ukrainian, the German or the Italian—it is all these cultures put together that make the distinctive and colourful culture which is the culture of Canada.

● (1530)

It is a tribute to the Prime Minister, to the government, and to Parliament as a whole that such a policy was adopted which recognizes the reality of the different cultures of the people that live in this country, because this recognition has given millions of people a feeling of belonging to this country. Multiculturalism is not just for the minority groups or ethnic groups, as some people seem to think. It is for all Canadians. Under the multicultural umbrella people can see a little bit of themselves, which makes them feel part and parcel of the fabric of Canadian society. This is a tremendously powerful feeling, honourable senators. It is a powerful feeling which instills loyalty to Canada and greater dedication to national unity.

We at the Multicultural Council believe that cultural values and cultural identity are of primary importance. If an individual, no matter to what ethnic affiliation he belongs, knows that he is accepted by other Canadians and if he knows that he is understood, then that gives him a sense of worth and a sense of belonging that enables him to stand beside other Canadians as an equal partner sharing in the future of this country.

When we speak of culture we sometimes seem to get the wrong impression of what culture is all about, and I should like to give a very brief definition of culture. In addition to the classical aspect of culture—language, painting, music, poetry, literature, sculpture—there is also the more mundane aspect of culture—the traditions, the folklore, the dialects, the food we eat, our way of life. There are some people who take a very simplistic view of life. They say, "Well, why do we have so many cultures? Why do we speak so many languages? Would it not be better if we all spoke English or if we all spoke French, if we all dressed the same way, and if we did not have all this confusion?"

On the surface that argument might appear to make some sense. However, assimilation is just impossible to achieve. Even if we all wanted to do the same things and adopt the melting-pot approach like our neighbours to the south, who after two centuries have discovered it does not work, we would also come to the same conclusion.

If we take a look at the 5,000 years of written history we find that the peoples who were making history 5,000 years ago are still here today. The Egyptians, the Syrians, the Philistines, the Jews, the people that inhabited the lands of Mesopotamia, have still retained their individuality and cultural characteristics. Maybe their cultures have changed a little, but each one is still different from the others. Consider the wars that have taken place between these peoples, the atrocities that they have inflicted on one another. They survived Alexander the Great; they survived the Persian Empire, and they survived the crusades. There have been dictators of the left and dictators of the right who have tried to build a homogeneous society of the people under them but they did not succeed. Why not? They did not succeed, honourable senators, because it goes against the grain of nature. We are what we are and we have to accept each other for what we are. We cannot change anything even if we wanted to. Assimilation can only take place through intermarriage, but intermarriage does not happen that frequently, consequently people retain their characteristics. And what is wrong with accepting each other for what we are?

Look at world history. It is strewn with examples of intolerance; people and countries have fought one another because of their differences. Going back to people who take a simplistic view of society, they say that we should speak one language because it is too costly to speak more than one. Let me tell you, honourable senators, that countries of the world have invested not only their capital but also the cream of their youth to fight each other for their differences, and even that did not assimilate people.

The problems we had 4,000 or 5,000 years ago are still with us today. Let us just take a cursory look at the map today. What do we see? Look at Northern Ireland, look at Cyprus, look at Lebanon, look at the Middle East, look at South Africa, look at Pakistan and Bangladesh and India. All over the world there are people who are still fighting for the same reasons they were fighting each other at the time when man lived in caves. What have we in Canada done? We have adopted a policy of multiculturalism which, I believe, is the most civilized and the most mature approach to coexistence. It is the most advanced way in which people can live together.

There is another point I wish to raise, honourable senators. Some of our confrères from the Province of Quebec seem to misunderstand the intent and scope of multiculturalism. Multiculturalism is not in conflict with the official languages; it complements them. We are not trying to make the languages of the other minority groups the official languages of Canada. It is an accepted fact that English and French are the official languages of this country. We recognize that the people who live in the province of Quebec are the leaders in cultural identity. If it were not for the people of the province of Quebec we would not have a policy of multiculturalism today. We would not have the kind of society we have today. We are going to do all we can to help them achieve their just aspirations.

I get the impression that some people criticize the Senate as an institution. We are respected as individuals, and there is a degree of prestige that goes with our position, but as an institution we are criticized. I cannot understand why this is so, because in the few weeks that I have been here I have witnessed a great deal of talent and I have heard penetrating

debates. Perhaps what is wrong with the Senate is that we are not public-relations conscious. We are not letting the people of Canada know what is happening here. And I think, perhaps a little presumptuously because I am the most junior senator in this chamber, that the Senate should, in addition to its existing responsibilities, adopt multiculturalism as a means to promote national unity. We should take this concept, this ideology, and try to make Canadians more aware of it. Canadians should know the purpose and the intent of the policy of multiculturalism because, I believe, that multiculturalism has given Canadians that common denominator which enables all of us to stand up and say, "Je suis canadien;" "Sono Canadese;" "I am Canadian."

On motion of Senator Cottreau, debate adjourned.

The Senate adjourned until Monday, May 30, at 8 p.m.

THE SENATE

Monday, May 30, 1977

The Senate met at 8 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker *pro tem* informed the Senate that, in accordance with rule 112, the Clerk of the Senate had laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1976-77.

REFERRED TO COMMITTEE

Senator Langlois moved:

That the Clerk's accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the National Energy Board entitled "Canadian Oil—Supply and Requirements," dated February 1977.

Report of The Fisheries Research Board of Canada for the year ended December 31, 1976, pursuant to section 12 of the Fisheries Research Board Act, Chapter F-24, R.S.C., 1970.

Copies of document entitled "Agenda for Co-operation," a Discussion Paper on Decontrol and Post-control Issues, issued by the Minister of Finance.

ENERGY

ACQUISITION OF OIL SUPPLIES FROM MEXICO—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have the answer to a question posed by the Honourable Senator Austin on April 28 last. The question was:

> I should like to ask the Leader of the Government a question concerning a visit to Mexico by the Secretary of External Affairs, the Honourable Don Jamieson. Press reports indicate that Mr. Jamieson is engaged in negotiating the acquisition of oil supplies from new Mexican production. Could the government leader tell us whether this is, in fact, the case, and, if so, (a) what quantity of oil will be imported into Canada from Mexico; (b) what will be the role of private companies in acquiring this oil, as they are the only refiners in this country; and (c) will Petro-Canada have a role in this matter?

The answer is: The Secretary of State for External Affairs, the Honourable Donald Jamieson, did not "negotiate the acquisition of oil supplies from new Mexican production" during his recent state visit to Mexico. The possibility of oil exports to Canada was discussed only in broad terms during the minister's talks with Mexican officials. At the same time that the minister was in Mexico the President of Petro-Canada, Mr. William Hopper, visited Mexico and had private talks with officials of the Mexican national oil company. However, there have been no indications to date that any Canadian company has contracted to import crude oil from Mexico on a regular basis.

FINANCIAL ADMINISTRATION ACT

CROWN CORPORATIONS NOT SUBJECT TO AUDIT—SUPPLEMENTARY QUESTION ANSWERED

Senator Perrault: The Honourable Senator Grosart, supported by the Honourable Senator Smith (Colchester), on May 18 last posed a question regarding crown corporations not subject to audit by the Auditor General. The question inquired why the constituent acts of the six corporations permitted the appointment of auditors other than the Auditor General, rather than appointment being made under the Financial Administration Act.

In actual fact the constituent acts of many crown corporations do prescribe that the Auditor General will be the auditor, while others permit the appointment of auditors from the private sector. Appointment from the private sector enables the rotation of the audit. In one instance, the Central Mortgage and Housing Corporation is required to have two auditors and the act provides for their terms to overlap. More recent practice is to call for a five-year term for the auditor, with the first year to overlap with the outgoing auditor and the last year to overlap with the incoming auditor. Very recent legislation included this requirement for Petro-Canada and the Federal Mortgage Exchange Corporation.

● (2010)

While Senator Grosart's question implies that where an auditor is appointed under the Financial Administration Act that auditor is automatically the Auditor General, this may not be the case at all. Section 67 envisages the Auditor General as the alternative, or second choice, to an auditor from the private sector, or as a joint auditor with such an auditor, and reads as follows:

67. (1) Where, in respect of a Crown corporation,

(*a*) no provision is made in any Act for the appointment of an auditor to audit the accounts and financial transactions of the corporation, or

(*b*) the auditor is to be appointed pursuant to the *Canada Corporations Act* or *the Canada Business Corporations Act*,

the Governor in Council shall designate a person to audit the accounts and financial transactions of the corporation.

(2) Notwithstanding any other Act, the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation.

Senator Grosart: I wonder if I might ask the Leader of the Government if I heard him say that my question had an implication. I do not think it did. Would the leader not agree that my question was merely related to those crown corporations whose books were not subject to audit by the Auditor General?

The government leader has given his reply. He has provided the names of the six corporations which are currently not subject to audit by the Auditor General, although I understand now that there is legislation pending in the form of Bill C-20 which will at least give the Auditor General access to the information contained in those books, if not the right to audit. But the Leader of the Government has indicated an implication in my question that I do not think was there.

Senator Perrault: If there is any further clarification required, I would be pleased to make further inquiries. The information is as complete as has been made available to me to this time.

CANADIAN BROADCASTING CORPORATION

SALARY OF FORMER EMPLOYEE—REQUEST FOR FURTHER ANSWER

Senator Ewasew: Honourable senators, some weeks ago a question was asked of the Leader of the Government as to the salaries paid to former members of the CBC, or Radio-Canada, have it as you wish. One person in particular is now a member of the Parti Québécois cabinet. The answer given by the government leader was to the effect that Radio-Canada, or the CBC, felt that, basically, it was none of our business.

Having been trained in the law—rather feebly perhaps, having none of the laudatory titles that some honourable senators have; nonetheless, having studied at McGill under some of the country's greatest constitutional law professors, I decided to not only research this question myself but to seek their advice, and the collectivity of this effort leads me to question the partisan attitude of certain senators in this house to which I cannot subscribe—

Senator Grosart: Question!

Senator Ewasew: I am interrupted. Someone shouts "Question!" Well, question or no question, I did some research and I asked myself whether or not we, as the Senate, were not somewhat made fools of by the CBC reply. Is not the Senate, regardless of who asked the question, entitled to the answer to any question put during the Question Period as a matter of law, delicate though it might be to the government, especially when put by a senator appointed by the reigning government?

I ask the government leader, very frankly and very firmly—and, hopefully, not too aggressively—that the answer be insisted upon and provided just as soon as possible. Furthermore, I reiterate that the position that I just adopted has nothing to do with partisan politics, but with what I believe to be the prerogatives of this body, the Senate collectively, and its members whatever their political beliefs individually.

Senator Norrie: Honourable senators, I concur 100 per cent with what the honourable senator has said.

Senator Perrault: Honourable senators may avail themselves of the opportunity, at periodic intervals, of having officials of the Canadian Broadcasting Corporation appear before the appropriate committee of the Senate. I suggest that honourable senators avail themselves of the opportunity for cross-examination on such matters at that time. Certainly, I can convey to the appropriate authorities the dissatisfaction on the part of certain senators with the reply to the question posed about the former CBC entertainer who is now an active member of a political party in the province of Quebec.

• (2020)

Senator Ewasew: Honourable senators, may I just put this supplementary question to the Leader of the Government in the Senate? This is not just a matter of questions being asked by individual senators. It somehow strikes at the prerogatives of this house. I think, Radio-Canada or the CBC notwithstanding, a question like that, as innocently and as frankly as it was asked, obliges a reply, but the reply which the leader unfortunately had to give this house—and I am not blaming him personally—is totally and wholly unsatisfactory. I am sorry.

RAILWAY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 19, the debate on the motion of Senator Bosa for the second reading of Bill C-207, to amend the Railway Act.

Hon. John M. Macdonald: Honourable senators, as mentioned by the sponsor in his brief yet comprehensive explanation, Bill C-207 is an amendment to the Railway Act which would require a railway to give 30 days' notice of its intention to expand or change an existing line if such line is located within 1,000 feet of a residential, commercial or public building. The purpose of the 30 days' notice is to give interested persons an opportunity to make representations about the proposed change to the Canadian Transport Commission, and the commission could then require the railway to submit formal and detailed plans and, indeed, to hold public hearings if it thought it desirable to do so.

As was also mentioned by the sponsor, this is a non-controversial bill which was approved by all parties in the House of Commons. Indeed, it is strange that up to now public notice

was not required to be given by a railway unless it was intending to construct a branch line.

Since this bill concerns only subsection (4) of section 119 of the Railway Act, I was interested in seeing, first, what section 119 deals with. As we do not see many amendments to this statute I will read subsection (1), which is the operative part of section 119. It reads as follows:

> If any deviation, change or alteration is required by the company to be made in the railway, or any portion thereof, as already constructed, or as merely located and sanctioned, a plan, profile and book of reference of the portion of such railway proposed to be changed, showing the deviation, change or alteration proposed to be made, shall, in like manner as hereinbefore provided with respect to the original plan, profile and book of reference, be submitted for the approval of the Commission, and may be sanctioned by the Commission.

It is easy to see that it could be a time-consuming and expensive proposition for the railway to make such a plan, profile and book of reference. These are documents which require time and expert knowledge in order to be made and assembled. Consequently, subsection (4), which is amended by this bill, provided that the commission could dispense with such requirements in certain cases. So, since public notice was not required considerable alterations could be made, or at least commenced, by the railway before the public was aware such changes were contemplated. And such changes could have a very poor effect upon persons living in the vicinity.

It is interesting to note that the wording, though not the substance, of the bill was changed when it was considered by the Transport and Communications Committee of the House of Commons. The original bill, introduced on October 22, 1976, added to subsection (4) the words "or if such deviation, change or alteration does not in any way decrease the use or enjoyment that residents in the immediate vicinity of the railway may make or have of their residences." This wording was so vague and imprecise that it would be practically impossible to give it a judicial interpretation. The added subsection (4.1) then dealt with notice.

The amended bill clarifies the matter. It retains subsection (4) as it is in the present act, but it changes subsection (4.1) and adds subsection (4.2). It drops the wording "or if such deviation, change or alteration does not in any way decrease the use of enjoyment that residents in the immediate vicinity of the railway may make or have of their residences." Subsection (4.1) compels a railway to give public notice of a proposed change if a residential, commercial or public building is within 1,000 feet of the proposed change. Subsection (4.2) deals with the notice, and also authorizes the commission to dispense with or to shorten the time for such notice to be given if it deems it proper to do so. The bill as amended is an improvement over the original. It is worthy of support, and I do support it. Since its effect is clear I do not believe any useful purpose would be served in sending it to a committee for further study.

Honourable senators, since we are dealing with an amendment to the Railway Act, may I digress for a moment to mention another railway matter?

On Thursday last the government leader tabled a document entitled "Atlantic Provinces Transportation Program." I expect legislation concerning this will be introduced in due course so that there will be opportunity for full debate. It is an incredible document. Apparently, the Atlantic premiers agreed with the Minister of Transport at a meeting on February 27 last that the railway passenger service in the Atlantic region should be reduced to one daily train from Halifax to Montreal.

Personally, I find it incomprehensible that the Government of Nova Scotia would agree to eliminate rail passenger service between Sydney and Halifax. To my mind, that shows a shocking disregard for the interests of the people of Cape Breton—a disregard which is reprehensible in the extreme and impossible to understand. Moreover, the document calmly assumes that the hearings of the CTC on rail passenger service will recommend the elimination of all but one passenger train. Since the agreement was reached in February and the hearings by the Canadian Transport Commission commenced on May 17, one can only conclude that these hearings are nothing but window dressing, a publicity stunt, which can only lead to a complete lack of confidence in the CTC.

Honourable senators, I thank you for your indulgence. I will speak on this matter at greater length and condemn it more vigorously when the legislation comes before us.

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Petten moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from Thursday, May 26, the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

[*Translation*]

Hon. Ernest G. Cottreau: Honourable senators, first I would like to commend the government Senate leader for raising on May 17, 1977, the inquiry on the issue of national unity, in terms that lend themselves beautifully to this day's discussion, offering at the same time a range of alternate choices of interest to the various regions in Canada. It presents the opportunity, and I quote:

> Of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

I also commend the honourable senators who have already taken part in this debate.

It is therefore from that point of view, perhaps a little too regional in aspect, that I propose to make a few remarks.

In my capacity as a Canadian of French origin, born in the province of Nova Scotia which in 1604 was host to the first French settlers in Canada, and more especially as a representative in this house of some 80,000 people of Nova Scotia that are recognized throughout the world as "Acadians", I feel I have a duty to state how Nova Scotia Acadians feel toward problems that are now menacing this country's unity, after the Parti Québécois was elected in Quebec on November 15 last.

[*English*]

Honourable senators, although the main thrust of my remarks will bear on the Acadians of Nova Scotia, I am in no way oblivious of the fact that there are equally important and even more important French-speaking minorities in the other provinces of Canada. Nor do I want in any way to slight the feelings of the other ethnic groups, all of whom, in my estimation, contribute substantially to the richness of the Canadian mosaic.

In Nova Scotia the distribution of the Acadian population is not uniform and therefore it is difficult to obtain a consensus of opinion from them. There are three main areas in which we find concentrations of Acadians. One is in the southwestern part of the province and the two others are in the Cape Breton and Antigonish areas. The Acadian, by nature, is an industrious and adept worker and will usually seek employment wherever it is available. For that reason, many are scattered throughout the province. For instance, in Halifax there are nearly 22,000 Acadians. I usually make it my business to contact as many of them as I can, and it is my opinion that, by and large, they view the current unrest in Canada in terms of the relationship between French and English with grave apprehension. There is no doubt that the threatened separation of the province of Quebec from the rest of Canada looms as a disquieting black cloud on the horizon, and one which they do not want. Like all other Nova Scotians, with whom they now blend so well, they sense a weakening of the economic climate in the province should there ever be a breakdown of Confederation, and they also foresee another disaster for them as far as their cultural and linguistic rights are concerned. Therefore, first and foremost, they want a united Canada, and they will categorically oppose any movement within Canada designed to weaken its unity.

● (2030)

However, I would be less than truthful if I were to insinuate in any manner that the Acadians of Nova Scotia are completely devoid of sympathy for those in Quebec who strive to protect their own cultural and linguistic rights. Having themselves experienced the erosion of their culture over the years, they recognize the need and the wisdom of the French majority in Quebec establishing now sound basic principles which will safeguard their culture in the years ahead.

[*Translation*]

After all, it is a well-known fact that French-speaking minorities have suffered throughout the years because of the assimilation of their culture. The last census indicates, for instance, that there are 80,222 Acadians in Nova Scotia. Of these, only 39,335 put down French as their mother tongue, which means that 40,887 Acadians have become anglicized. The Fédération des Francophones hors Québec, of which the Acadian Federation of Nova Scotia is a member, has just published a report entitled "The Heirs of Lord Durham" which foresees that within the next 25 years 71 per cent of French-speaking people outside Quebec will be anglicized. According to this report which, as a matter of fact, draws a gloomy but true picture of the situation of French Canadians outside Quebec in the nine Canadian provinces where French is the language of minorities, there are 1,417,265 Francophones who are Canadian born. Of these, only 924,790 claim French as their mother tongue. According to these same statistical data which have been drawn from the 1971 census, one out of every four Francophones who indicated French as their mother tongue is no longer using this language; therefore, only 675,210 Francophones outside Quebec are still using French in their daily life.

This report, which is certainly the best documented work on the French-speaking minorities in Canada since the Commission on Bilingualism and Biculturalism, sounds the alarm and warns us that the time has come for us to act if we want to preserve what remains of our culture. I consider therefore as quite natural that Acadians should feel very strongly about the decline of the French culture in Canada and be ready to do the utmost to contribute to its renewal, both in Quebec and outside Quebec.

[*English*]

On the other hand, being staunch supporters of the concept of Canadian unity, they do not associate the need in Quebec for the preservation of cultural and linguistic rights with the need for separation from Canada. They hope, as do the majority of Canadians, that the malaise currently rampant in Quebec will be resolved to the satisfaction of all concerned, and within the framework of the Canadian Confederation.

As to the aspirations of my area, they are purely and simply tied to the development of the area as a whole. There is no desire on the part of Acadians to be treated as an isolated group in terms of regional development, nor is there any way to do so. The fabric of the society in southwestern Nova Scotia is closely knit and is made up of the various racial elements found in the area. The word "assimilation" has become of late a household word, but that is not to say that it is something that all Acadians seek to avoid.

Due to the fact that English is the dominant language and that Acadians are bilingual, linguistic difficulties are all but eliminated in the conduct of business everywhere in the community—in the fields of finance; of government, both provincial and municipal; of communications; and in practically all socioeconomic activities. This is a situation which necessarily confronts any ethnic minority which fate has placed within the confines of an English majority. However, there are rewarding merits in that both communities can work together. As a matter of fact, one of the serious factors which complicates the

trend towards so-called assimilation is that of intermarriage between the French and the English. It is quite obvious, from the rate at which these marriages are now taking place, that the relationship is good, and it can be said that in the majority of cases the parties to these mixed marriages are partial to the French culture.

At the same time, unless there is a vibrant economic life in the area, people will migrate elsewhere and their departure will have adverse effects on both cultures.

As I was looking for material to compile these few notes, I came across two reports. The first I have already mentioned, and quoted from a cultural standpoint; the second is a 200-page report which was received jointly by the Nova Scotia Department of Development and the Nova Scotia Department of Municipal Affairs, with the object of preparing an economic base study of the southwestern region of Nova Scotia and identifying economic development opportunities for the region.

I am very pleased with this last-mentioned report because it states very realistically the potential of the area. This part of the province, because of its geographic location, is unlikely to attract big corporations and, therefore, it has only one choice, which is to recognize that its industrial development is for the most part tied to the available natural resource bases which are the sea and the forest. The full development of these resources holds the key to the continuing good living standards which the people of this area now enjoy.

Therefore, within the region we aspire to a good employment climate so that the ranks to our population will not be further depleted. We would like to keep more of our young people in the region. We hope that the English-speaking population will continue to appreciate the Acadian culture.

The basis of the local economy is the fishing industry. I believe the Minister of Fisheries is fully aware of the importance of this natural resource, and that he wants to conserve it. I would hope that the fishermen will continue to receive the cooperation of government in their efforts to keep up to date with the latest techniques in fish processing and marketing. In line with a good research program, I believe the government should locate a fisheries school in the area.

I said earlier that due to its geographic location the southwestern area of Nova Scotia is not likely to draw big outside industry, yet, by virtue of its being within easy reach of the New England states, it is an ideal terminal for ferry services between Yarmouth and Bar Harbour, Maine, and Portland, Maine. At present, there are two such ferries. One, the *M.V. Bluenose*, is operated by the CNR, and the other, the *Caribe*, by a private company. It is of the utmost importance that these services be maintained. In the first place, they offer a means to the fishing industry of carrying its fish directly and rapidly to market and, secondly, it brings into Nova Scotia an influx of tourists which are a great boost to local trade. The *M.V. Bluenose* needs to be replaced. It is our hope that the government will keep its word, and provide this replacement.

• (2040)

We hope to be able to maintain better schools, where the French language can be effectively taught in a manner which will enhance its present low standard. In a further attempt to combat the watering down of our language and culture, we desperately want to convey to the three levels of government our need to keep our bilingual college, le College Sainte-Anne, whose services ought not to be measured in dollars and cents but rather on the value of its contribution to the cultural life of the community.

I will serve no useful purpose in further expanding the list of our aspirations, honourable senators, because I know I have exhausted your patience. I shall therefore terminate my remarks with this thought: We should always bear in mind that, regardless of race, colour, religion or language, men and women all over the world were meant to work together in order to make the world a better place in which to live. It seems to me that our most pressing need in Canada today is tolerance. Narrow, bigoted nationalism, indeed bigotry of any kind, should find no place in the context of Canadian society.

On motion of Senator Austin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, May 31, 1977

The Senate met at 2 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting certain compensation plans, as follows:

1. National Grocers Co. Ltd. and the group of its employees engaged in Cash and Carry operations in Timmins, Ontario and from the date of certification, namely, 9 February 1976, represented by the Retail, Wholesale and Department Store Union, Local 429. Order dated May 27, 1977.

2. Ozite Corporation of Canada Ltd. and the group of its employees represented by Le Syndicat des Salariés de Ozite, St-Jean, Québec. Order dated May 27, 1977.

CLERESTORY OF THE SENATE CHAMBER

NOTICE OF COMMITTEE MEETING

Senator Connolly (Ottawa West): Honourable senators, before the Orders of the Day are called I would remind the members of the Special Committee on the Clerestory of the Senate Chamber that the committee will meet when the Senate rises today.

RAILWAY ACT

BILL TO AMEND—THIRD READING

Senator Bosa moved third reading of Bill C-207, to amend the Railway Act.

Motion agreed to and bill read third time and passed.

SOLAR ENERGY APPLICATION BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, for the second reading of the Bill C-309, intituled: "An Act respecting the domestic and industrial use of solar energy", and

On the motion in amendment thereto of the Honourable Senator Godfrey, seconded by the Honourable Senator Cook, that the Bill be not now read the second time but that the subject-matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for consideration and report.—(*Honourable Senator Deschatelets, P.C.*).

Senator Deschatelets: Honourable senators, I understand that we are awaiting a ruling by the Chair, so until this is made I think this matter should stand.

Order stands.

CUSTOMS TARIFF

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE

The Senate resumed from Thursday, May 26, the debate on the motion of Senator Frith for second reading of Bill C-55, to amend the Customs Tariff (No. 2).

Hon. Allister Grosart: Honourable senators, this is the second bill we have had in this session to amend the Customs Tariff, and for that reason it is designated as Customs Tariff (No. 2). We have these bills from time to time, and what we find on examining them is that they increase and decrease tariffs, raising the eternal question of what Canada's policy should be on protection versus free trade.

• (1410)

It is an argument that has been going on for a long time. Some of us will remember one very distinguished senator, once here, Senator Roebuck, who took the position that the only answer to Canada's problem was complete free trade. We give lip service as a country; the government gives lip service to the principle of multinational free trade. We say: "This is our target, but we do not really believe it," and for good reasons, because every time there is a question of increasing or decreasing tariffs, it raises questions and problems that affect the whole community. Every increase or decrease in tariffs will in some measure affect consumer prices and jobs. There is always the problem when tariffs are increased to protect an industry: "Which industry should we select to protect?" Almost invariably there is a penalty against other industries.

Consumer interest, of course, is always present and we find immediately when we look at this bill that one of its first provisions deals with measures taken a few years ago, in 1973, to give some relief to the problem of inflation in Canada and, particularly, consumer prices.

The question that one should ask and to which we should receive an answer is, of course: have these measures done what they are intended to do? One of the things that has always

surprised me when these bills are before us, before the other place or in committee, is that we never seem to get any kind of indication, any kind of cost-benefit assessment, either when the bill is before us or later on, as to whether it did what it was intended to do. One has to presume, of course, that within the department these considerations have been taken into account and that someone, somewhere knows what the effect of a reduction or an increase in the tariff would be and, sooner or later, at some time along the road, assesses the result in relation to the target. However, I see no evidence of this on a continuing basis. Once in a while a question is asked with respect to a specific item and an answer may be given. In my opinion it is something that our committee or, perhaps, a committee especially charged with a mandate to look into this whole question, should consider.

The bill before us, for example, is in three main sections, as indicated by the sponsor. It deals, first of all, with those anti-inflation measures of which I spoke; secondly, with some special concessions to third world countries and, finally, some miscellaneous changes, mainly relating to machinery, equipment and scientific apparatus. The specific purpose of the reductions that were made following the budget speech in February of 1973 was to lower prices. For this reason there was a general reduction of tariff items, some in the food area, some in other areas affecting trade, now of the magnitude of $1.4 billion. Of this amount, food items account for $400 million and the others for $1 billion.

This was a temporary measure and one which has been extended from time to time. One of the purposes of the bill before us is to extend some of those reductions for another year, to June 30, 1978. There are, however, exceptions. In this area, too, the old story is repeated—we reduce some tariffs and increase others. Exceptions are made to the reductions that were put into effect in 1973, and subsequently. Items such as lighting fixtures now go back to the rates in effect prior to the temporary reductions being brought in. There will be an actual increase in the tariff on refined sugar, amounting to one-fifth of a cent. That increase is intended to net-out the position of the sugar refining industry in Canada, although even with that increase the tariff will still remain below the level of 1973.

There are special reductions added for certain tropical products. This, again, deals with the second group, which consists of concessions to developing countries. These are what are known as items in the tropical products group.

Honourable senators will be aware that there has been considerable discussion at the international level as to the type of help that developed countries can give immediately to Third World countries, and one of the concessions taken was that countries such as Canada could move in this direction immediately.

This, of course, causes some problems. We are now entering the final stages of the GATT renegotiations, the so-called Tokyo Round, and our negotiators and the government itself find themselves in a bit of a dilemma. There are definite concessions all across the board which we are prepared to make, but the minister and those negotiating wish to hold those as bargaining items. In spite of that general policy of holding back on those concessions for purposes of bargaining in Tokyo, the decision has been taken to go ahead immediately and give special concessions to Third World countries, not only in respect of tropical products and food but across the board. So, we are adding some items to the general preferential tariff, the tariff concessions extended by developed countries to Third World countries only. That measure will affect $100 million in imports.

The general preferential tariff has been somewhat controversial in our foreign affairs history. At one time we flatly refused to extend it, even when other nations were doing so. We had a reason for taking that position. We attempted to argue that position with other countries, but it was not accepted, as a result of which the government decided to join those other developed countries in extending general tariff concessions to Third World countries. This bill, if passed, will add a number of products to the general preferential tariff rate; at the same time, we will remove the MFN tariff, the most-favoured-nation tariff, on a number of products. Those are two means of achieving the same result.

Finally, there is a group of miscellaneous tariff changes. Here again, we have pluses and minuses, increases and decreases. The major item is perhaps in the area of the importation of machinery and equipment. Honourable senators will recall that when the United Kingdom entered the European Common Market, it automatically lost the British preferential tariff. At that time the decision was made not to cancel the entire British preferential tariff immediately, but to let it continue and see what developed. It was again the intention, I believe expressed, to hold that as a bargaining item with the U.K.

● (1420)

The present bill would remove some nine categories of machinery and equipment from the British preferential tariff, which is 2½ per cent, and bring it under the most-favoured-nation tariff, which is 15 per cent. This is the kind of item that again raises the whole question: Whom are you protecting? Obviously if it is easier financially and commercially to bring in this machinery, it means that possibly some Canadian firms which might be in more or less the same business areas will find themselves at a disadvantage. However, if this is of "a class or kind"—to recall a famous phrase that Senator Hayden will remember—if this machinery is of a class or kind made in Canada, then a rebate is available to those who may be affected. I often wonder why this is necessary. Why could there not be a positive rather than a negative correction of any disadvantages? But that is the way it has been done for years.

There are some relieving clauses; that is, relieving certain items from duty, such as cameras which are for use in the film industry. Here is a clear case where it has been decided that it would be to the advantage of a Canadian industry to reduce import duties. This does not very often happen, and there are some in business who think it should happen more often. The problem here, of course, is our cost of production. Any con-

sideration of tariffs raises not only the question of their effect on prices and jobs directly in Canada, but also on the viability of our own exports and export markets. What has been discovered over and over again is that if we have to import items necessary for the manufacturing or processing of goods here, if we have to use imported components, then this becomes a special factor. Our problem all along the line in the export market, which is so important to Canada, is that at the moment for various reasons we are becoming less and less competitive rather than more so. Evidence heard in our committees this year indicates that this is probably the most serious problem affecting Canada; that is, costs in the domestic market in Canada. Manufacturing prices are rising faster in Canada than in any other OECD country. This is an essential problem, and it is very closely connected with our tariff policy because, of course, we seek easier access to other markets; that is to say, we seek lower tariffs around the world and yet we raise our tariffs as we are doing in this case. In specific cases we were subject to retaliation, and we have had numerous cases of retaliation already. We have special names for the various kinds of retaliation, such as countervailing duties, and so on. One has to assume that all these have been taken into very careful consideration in the bill before us.

When the sponsor of the bill is making his reply, I would be interested in hearing what other countries are doing with regard to concessions to Third World countries following the international negotiations. Has there been general agreement that there will be specific concessions made by each of the countries who were party to those negotiations? It has been said many times that we in Canada tend to be a bit "patsy" in this field; that we tend to take a high moralistic stand, and an unrealistic stand, in terms of the action on the very same items which other countries are taking. We had clear evidence of that only the other day in one of our committees.

The field of agriculture is a good example of the kind of situation we face in the tariff field. I must say I was amazed by evidence we were given recently that we are importing more and more of certain basic food items than we did a few years ago. There is a tremendous demand from the agricultural community now for tariff protection. The disposition is apparently not to grant that protection. I am not sufficiently expert in the whole field to say whether that decision is good or bad, but the facts are that over the last ten years, for example, the import of apples into Canada has increased from 54 million pounds to 148 million pounds; of onions, from 63 million pounds to 96 million pounds; of tomatoes, by 48 million pounds; of broccoli, from nine million pounds to 34 million pounds; of strawberries, from 15 million pounds to 55 million pounds. Generally, those figures are over a period of ten years.

What does this mean? Well, of course, it is partly as a result of our so-called "affluent society." Canadians, to some extent, are not prepared to wait for Canadian produce. They want the early, early market items. But that does not totally account for these figures. It seems to me that there must be something wrong somewhere when a country such as Canada, which has more farm land per capita than any other country in the world, finds itself in the position of steadily increasing its importation of food from other countries. All of the items I referred to are imported from the United States.

I should mention on that with respect to the general area of machinery and equipment the Standing Senate Committee on Banking, Trade and Commerce played a significant role. Honourable senators will recall that when we were discussing an earlier bill, it was discovered in the Banking, Trade and Commerce Committee—and closely followed up—that a situation had developed in which the intent of the government had apparently not come through in the legislation. The Supreme Court handed down a decision which had the effect of creating a result other than that which had been intended by the government in its legislation. That matter was discussed in full in the Banking, Trade and Commerce Committee, and the committee thereafter suggested a solution. It obtained from the minister an undertaking that the necessary steps would be taken immediately. Those steps were taken under the Financial Administration Act by order in council and the matter was corrected. We now have in this bill the follow-up of that undertaking to our committee, where the correction is now legislative rather than by order in council.

● (1430)

I draw your attention to this because I am one who has commented a number of times on what I have called the Hayden formula for amending legislation. My view has always been that I would much prefer the amendment be a Senate amendment. Knowing that this has not always been possible, it is fair to pay a compliment to this new formula, which achieves the same result in the long run but not always with the same credit to the Senate as would be achieved if the amendment went back to the House of Commons from the Senate.

Honourable senators, I have no very strong views as to whether or not it is necessary for this bill to go to committee. I have raised a few matters, but it seems to me that they are beyond the normal discussion and examination of a bill. I will leave it to the sponsor of the bill and to other honourable senators to suggest whether or not it should go to committee.

Senator Greene: Honourable senators, may I be permitted a question? As the deputy leader of Her Majesty's loyal opposition in this house is leading in this matter, I assume—and I believe properly—that he is speaking for his party. I listened as carefully as I could to his speech, but I am not clear as to whether his party still advocates its traditional policy of protection—the old national policy on which the Conservative Party was founded—largely for the industries of central Canada? Is this still Conservative Party policy?

The Deputy Leader of the Opposition went so far as to speak of absolute free trade. Has the Conservative Party policy now gone to the opposite extreme, and is for absolute free trade? Where does the Conservative Party philosophy stand at the present time on this question of protection?

Senator Grosart: Honourable senators, I should say at once that I was not speaking for the Conservative opposition. I had

not consulted anyone on this matter, and it would be presumptuous of me to say that in my attitude toward the bill I was speaking for the Conservative Party. No one is more aware than Senator Greene that when one speaks from this side of the house or from the other side he is not necessarily enunciating party policy.

On the broader matter of protection versus free trade, which is the phrase that has been used over the years, I can only say that so far as I know—and I am not stating Conservative policy—we are in exactly the same position as the Liberal Party, in that we examine every single proposal for an increase or decrease in tariff and ask, "What will it do to the economy; what will it do to prices; what will it do to jobs; what will it do to this region or that region?"

We are even starting to go a little further and consulting the provinces—perhaps not far enough at the moment, but the matter now goes beyond federal jurisdiction because we have what are called non-tariff barriers set up by provinces. Liquor listings and prices are a good example, and there are many others.

The position of my party, so far as I know, is that we will examine every single proposal. I do not know of anyone in Canada today who, in his right senses, would be for immediate free trade, or for an immediate increase in the total tariff wall.

Senator Greene: Then, I take it, from the answer of the Deputy Leader of the Opposition, that the Conservative Party is now following Liberal Party philosophy on this question of protection versus free trade?

Senator Grosart: In reply to the honourable senator, I would put it the other way around, because the fact of the matter is that, as I recall my history, the Conservative Party was originally dedicated to the new national policy of 1874, I think, upon which our present economy is founded. But the Conservative Party moved away from that gradually after about 1912. The Conservative policy from then on, as I recall, was never one of 100 per cent protection. It was the kind of saw-off that was made, say, in the famous Imperial preferences, which were not complete but, rather, partial protection. That is a good example because in 1933, I think, we had what were then called the Imperial tariffs—later the Commonwealth tariff structure—which went both ways. It was both protective and free trade. It meant freer trade to one part of the world; protection against another.

Hon. Royce Frith: Honourable senators—

The Hon. the Speaker *pro tem:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, the analysis of this bill that Senator Grosart made was entirely consistent with the instructions and briefing I had received. He suggested that perhaps it is not necessary for the bill to go to committee, but it seems to me that he raised three questions which, while not necessarily controversial, are questions that I would like to have answered, and perhaps the committee is the best place for that.

The first of these is whether or not the other nations who gave undertakings at Geneva were as swift in implementing those undertakings as Canada had been. That is information I do not have, but it is information that I am sure the Senate would like to have, and we can get it by directing the attention of the officials concerned to Senator Grosart's remarks.

The second question concerned the matter of the increase in agricultural imports. My inclination would be to follow the hypothesis that Senator Grosart gave, namely, that it might very well be explained by the seasonal need to take advantage of earlier crops in broccoli and the other items of produce that Canada cannot produce in quite the same quantities in those seasons. However, it might well be that there is another explanation, and the question he raised seems serious enough to require one.

The third point that Senator Grosart made was with reference to the Senate undertaking. He said, as I understood it, that the legislation resulting from the Supreme Court case was an over-correction, and was more severe than the department and government really intended. The Senate committee pointed out, and the government agreed that the Senate committee was correct, that it was an over-correction. Therefore, it has now been adjusted to the point where it should be in this bill.

For those reasons, honourable senators, I shall be moving that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Jack Austin: Honourable senators, the Senate has not been engaged for some time in an activity more valuable to our Canadian family than this debate, the purpose of which is to promote among Canadians a better understanding and appreciation of the nature and character of our national unity.

● (1440)

We are at a time in the life of our community, now nearly 110 years old, when a good many of its members are questioning the fundamental concepts on which this nation has been constructed. Quite a number of Canadians are asking: What

has been achieved for us in Canada? Who has benefited more and who less from the way our Canadian Confederation was established and has evolved? What are our outstanding domestic problems, and how truly serious are they for the well-being of us all? How shall we best evaluate and accommodate the real and even the merely apprehended grievances which exist in our Canadian community?

When this debate was launched by the government leader, none of us in this chamber were so naive as to believe that the Senate press gallery would be filled and would report our every word, or that the country would wait with breath suspended. But if we believe at all in the validity of why we are here as senators, then from that belief springs a clear duty to employ our knowledge of this country, our experience in its public affairs, and our judgment as to its well-being in a way which can inform and influence its citizens about the state and importance of its unity. We need to address ourselves to this contemplative and introspective period in Canadian affairs in a way that will not allow Canadians to lose sight of the magnificent success story which Canada has been in the community of nations, and the truly great future which Canada holds for all of its family from coast to coast. Canada, in the eyes of the world, is a country of unparalleled economic prosperity and an unparalleled economic future. Canada, in the eyes of the world, is a country of unparalleled personal and political freedoms, and, in our democratic political process, I am sure that we will continue to guarantee those freedoms.

In preparing my thoughts for this debate, I have had the guidance of my colleagues who preceded me in this debate. I believe that the contribution in thought and understanding is a substantial one. In particular, I offer my congratulations to three of our colleagues who spoke for the first time as senators in this debate. I refer to Senator Steuart, Senator Frith and Senator Bosa. Clearly, each brings to this chamber a wealth of experience in understanding and dealing with the problems of our country, and a great talent to apply to the future moulding of our national well-being. They will make an undoubted contribution here to public affairs, and I look forward to working with each of them.

Hon. Senators: Hear, hear.

Senator Austin: In launching this debate, Senator Perrault made it clear that what the government had in mind was to ask members of this house—who, after all, represent all the regions of Canada and, in total, most walks of life and experience in our community, whether it be law, medicine, business, labour, native affairs, and so on—to express their views and feelings about Canada so that parliamentarians in the other place, the media and others in particular who are following these events closely, can have access to an examination of these issues and to a body of information and opinion of Canadian affairs. For one, I am aware that there is much interest among the community, generally, and the media in particular, in what we say here, and I am told that the best of our thoughts may well appear in an article to be written on the Senate and on this debate. I believe that the government is considering the establishment of a parliamentary committee on national unity to hear the views of Canadians directly, and our work here may well influence the shape and nature of the government's decision.

Accordingly, I urge all of our colleagues who can possibly do so to participate in and contribute to this debate in the Senate on national unity, and to speak out for and on behalf of those aspects of life in Canada which they represent, and which they believe to be most valuable to the continuity of our community. Indeed, if enough senators on both the government and the opposition side do participate, I would like to suggest to the government leader that he consider publishing these debates in a separate document which can then be made widely available in Canada, to schools and community associations everywhere, as a subject of study and discussion.

From the comments which some of our Quebec colleagues have made, I am aware of the sensitivity which they feel toward public comment and debate on national unity as that topic affects events in Quebec. Of course, this debate is concerned with issues relating to Canada which are current everywhere in our nation—issues such as western regionalism and alienation, the economic consequences of Confederation for the maritime provinces, Sir John A. Macdonald's grand national policy, and the centralization of manufacturing and the financial community in the Golden Triangle of Quebec and Ontario. There is also the development of the political identity and nature of the Northwest Territories—on which I shall speak later this afternoon—and many other issues which quickly come to all our minds.

In each part of Canada there is a preoccupation and a concern with some critical question which, in effect, amounts to a sense of grievance against Canada as a whole. For example, Senator Rowe has made it clear to us in times past that Newfoundland has a real sense of grievance concerning the responsibilities of Canada for such matters as transportation within that province, and between that province and the mainland of Canada. Senator Bonnell on many occasions has raised with us the problems affecting Prince Edward Island.

All senators here have spoken about the particular problems and situations in their parts of the country. In Quebec, a party has come to power which seeks not merely to redress grievances and to argue for a better and more equitable arrangement within Confederation but, instead, seeks sovereign independence from Canada. Its leader, René Levesque, has so stated. And that, of course, if achieved, would be the end of this nation as we know it.

I do not believe that the political events of November 15, 1976, and their aftermath, in Quebec are the business only of the Québécois, but I do agree that in the final analysis only the Québécois, and by that I mean all of the people who are resident in the province of Quebec—can determine whether the best chance for their political, social and economic prosperity resides in a partnership with other Canadians, or whether it resides in some other choice. The debate in Quebec, however, is one which also decides the future political, social, and economic affairs of the residents of the province of British Columbia, and for that reason people in my part of Canada

believe absolutely that their attitudes and intentions for Canada and for Quebec must be made known in Quebec before the Québécois make any decision about their future. It is not, therefore, to interfere in the debate amongst Quebecers, but to give realism to Quebecers in their internal debate, that the people of my province and of other parts of Canada wish to have their views and attitudes made known.

I well appreciate and understand the fear of Quebecers who favour and fight for Confederation that stupid things will be said by people elsewhere in Canada about Quebec, about French-Canadians and about Canada itself, and that these stupid statements, made, I believe, more out of ignorance than malintent, can be used by the separatists to argue that a state of attitude exists in the rest of Canada which justifies the separation of Quebec from Canada. I know that those in Quebec who defend the continuation of Confederation in a viable form resent silly statements from the rest of Canada that require them to go on the defensive in their debate in Quebec, rather than being able to carry at all times the attack to the separatists. I ask my colleagues from Quebec who support Confederation, as I do, not to be defensive about silly remarks, but to point to the strong feelings of mainstream Canada which seeks, and indeed demands, that Confederation continue as the best answer to the well-being of us all, and as the best system for adjusting the grievances of our nation, as well as distributing in an equitable way its undoubted benefits.

● (1450)

I firmly believe that by letting all of Canada speak to the Quebec question the goodwill and support of all Canadians for the people of Quebec will be apparent. Those who fight for Confederation in Quebec need not fear the real mood in the rest of Canada, and therefore need not be on the defensive in their struggle.

It has to be appreciated also by the people in Quebec that as there are real concerns in that province about Confederation and the way in which it operates, there are also other real concerns, quite different from those which Quebec holds, in other parts of Canada about Confederation and the way in which it operates. When the question is opened in Quebec and the debate accepted, then it cannot be forestalled in terms of the regional grievances in other parts of our country. For my part, I think that is well and good. Once every hundred years is not a bad interval for Canadians to take stock of and assess what they have accomplished, and to study and agree on the tasks which lie ahead. As we are engaged in that task, whether we agree or not, let us take our places and play our roles for the betterment of our country and our people.

I turn to my own province to give some views of people in the mainstream of British Columbia. I wish to give this chamber two examples, out of a profuse number, of the feeling of the people in British Columbia towards Confederation. What I refer to here is representative of the great majority of opinion in my home province. The Vancouver Board of Trade, representing 3,000 business and professional men and women in that community, last week issued a statement of position on national unity, which I would ask this chamber to agree to have appended to the *Debates* of today. I have copies in both official languages.

The Hon. the Speaker *pro tem:* Is that agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of statement see Appendix, p. 786.*)

Senator Austin: I select out of this excellent statement three paragraphs:

> We believe that, with common purpose, understanding and goodwill, together we can maintain the unity of our country while preserving its two official languages and its many cultures.
>
> We believe that, together, we can achieve the climate and the circumstances which will make it possible for those whose first or only language is French to meet their linguistic, cultural and economic aspirations within a united Canada.
>
> We pledge our understanding of and support for those aspirations.

I congratulate David R. Fraser, President of the Vancouver Board of Trade, and R. J. Rogers, Chairman of the National Unity Committee, for their initiative and clear devotion to public responsibility in preparing and issuing this document.

The second example comes from the brief of the South Cariboo Labour Council of Williams Lake to the British Columbia federal Liberal caucus. The council is a Canadian Labour Congress affiliate, and it met with Senator Perrault, myself and others last Saturday, May 28, in Williams Lake. The men and women of the council did not take advantage of the meeting to complain about wages or working conditions, or any federal expenditures in their town. Instead, a committee headed by Mr. J. W. Lawrence presented a brief on the subject of national unity. Here are their own words, taken from page 3 of their brief:

> We as Canadians have a great pride in this country of ours, and the thought of any portion of the country wanting to break away or in fact being allowed to break away is beyond comprehension. We feel that this country of ours has only begun to make its mark on the history of the world and now it is sure no time to have any fringe of population, no matter how large, taking it upon themselves to split up what we consider to be a great nation.
>
> We feel that the government of the land should not allow any area such as Quebec to separate from the rest of the country; and if in the process of negotiating on a new confederation any one area or province is allowed to chip away in the direction that has been suggested by the province of Quebec and by elements in British Columbia and Alberta, then the nation and its future are doomed. We say that a New Confederation must be negotiated, and it must happen soon. But we stress that the nation must remain whole and intact as it is now known.

Honourable senators, that is the voice of real people speaking in positive and realistic support of their country. They must be

believed, and their voices made known and appreciated in Quebec and throughout Canada.

Now I want to say a few words about British Columbia, and the worth of this country. When British Columbia joined Confederation on July 20, 1871, The *British Colonist* of Victoria, a paper still in existence, had this to say:

> To-day British Columbia passes peacefully and, let us add, gracefully into the confederated empire of British North America . . . To-day British Columbia and Canada join hands and hearts across the Rocky Mountains . . . let us join hands among ourselves in a friendly but firm resolve to begin our new political life a united and harmonious band for the purpose of making British Columbia—what Nature designed her to be—the Queen Province of the Dominion.

Have no doubt, honourable senators, that British Columbia still feels that way, and I include also the sentiment of a rather general but undoubted feeling of superiority over the rest of Canada.

The debates in British Columbia pro and con Confederation prior to the summer of 1871 were not for idle chatter. Many wanted independence within the British Empire. Many wanted to join the manifest destiny of the United States. But the confederationists won out in the end because, led by one of the most colourful people ever to be in public life, a Nova Scotian by the name of Smith, who changed his name to Amor de Cosmos—"lover of the world"—British Columbians had grasped, not merely an economic proposition, but the essential nature and concept of Canada itself. I have never seen, honourable senators, that concept more beautifully or exactly expressed than by Prime Minister Trudeau when he spoke on national television and radio on November 24, 1976. He said:

> Our forefathers willed this country into being. Time, circumstance and pure will cemented us together in a unique national enterprise, and that enterprise, by flying in the face of all expectations, of all experiences, of all conventional wisdom, that enterprise provides the world with a lesson in fraternity.

Honourable senators know that the great experiment of two communities, French and English, and many cultures living together in this Canada is an experiment for the world. It is an example to a world in great turmoil and pain of a country living in harmony and prosperity. It would be a great pity and, in the Prime Minister's sentiments, a great tragedy if that experiment in fraternity were ever allowed to be dissolved.

The session of the British Columbia Legislature begun in February 1870 was given over to the debate on Confederation. The Attorney General, Henry Crease, made an eloquent plea, and here I should like to read from the debates:

> We are sandwiched between the United States territory to the north and south—indeed on all sides but one, and that one opening is towards Canada. Our only option is between remaining a petty, isolated community, 5,000 miles from home—

He was speaking about England.

> —eking out a miserable existence on the crumbs of prosperity our powerful and active Republican neighbours chose to allow us, or, by taking our place amongst the comity of nations become the prosperous western outlet on the North Pacific of a young and vigorous people, the eastern boundary of whose possessions is washed by the Atlantic.

● (1500)

I believe it is clear that British Columbians in the beginning of their relationship with Canada understood what Canada was about, and believed in the dream of Canada. I assure you, honourable senators, that that understanding and that belief remain undiminished in British Columbia.

I would like now to turn to an emerging issue in national unity, the political development of Canada's north, the Yukon Territory and the Northwest Territories. In the early 1960s I served as a member of the staff of the late Honourable Arthur Laing, then Minister of Northern Affairs and National Resources. In that capacity I became well acquainted with the north and I assisted in the establishment of the Carrothers Commission to report on the political development of the Northwest Territories. That report was a landmark and led to the location of much of the territorial government in Yellowknife, with a resident commissioner there for the first time. Subsequently, it has led to a fully elected territorial council of 15 persons, of whom today nine are of native descent. In other words, honourable senators, in ten years I have seen a process take place in which Ottawa has given up a good deal of administration and control of an area one-third the total size of Canada. I have seen a real transfer of political authority to northern residents, both in the Yukon and in the Northwest Territories, authority exercised by them in a real, although not yet satisfactory, measure.

In the Northwest Territories, one of the territorial ministers, out of three who are also members of the territorial council, is an Inuit, Peter Ernerk, who is responsible for economic development and tourism. He is the first Inuit or Eskimo minister. That shows you something of the evolution of the native community in Canada. In addition, our recently appointed colleague, Senator Willie Adams, was at one time an elected member of the Council of the Northwest Territories, and brings us a real knowledge of what is happening there. I hope he may find the opportunity to speak in this debate on questions of national unity in the north.

Honourable senators, following May 9 and the release of the Berger Report, I pressed the government leader here for a debate on the Berger Report and its reference to a Senate committee so that we might have public hearings and the response of people in the north and elsewhere to the views of Mr. Justice Berger. Senator Perrault has indicated that this debate encompasses my concerns about national unity in the north and the Berger Report. Therefore some of the remarks which I would have made in that debate, I wish to make here.

Let me be clear that Mr. Justice Berger has rendered a national service in providing Canadians with his report, *Northern Frontier, Northern Homeland*. His work is seeing

the communities of the Mackenzie Valley and hearing what the people think is worthy of admiration. His sincerity in reflecting and giving full voice, particularly to the native community, deserves praise. It is vital to our unity that Canadians south of 60 hear and understand the people of the north and appreciate their concerns.

What I question is Mr. Justice Berger's political judgment and political conclusions for the evolution of the political institutions of the north. I am not concerned with the issue of whether at this time or in the immediate future the Yukon Territory or the Northwest Territories should become provinces. Those territories have always been and are today part of Confederation. They have evolved rapidly in their form of government. Today the Yukon Territory and the Northwest Territories have their own territorial governments, very much in charge of their day-to-day affairs.

I wish to focus on that critical element of northern life that deals with the role of the native communities in the political process. I concentrate on that issue in particular because of my great concern for the conclusions that Mr. Justice Berger has come to in his report. Honourable senators, if I may refer you to pages 173 to 180 of the reports under the title "Self-Determination and Confederation" Mr. Justice Berger asked this question in beginning the chapter:

> Why do the native people in the North insist upon their right to self-determination? Why cannot they be governed by the same political institutions as other Canadians?

Mr. Justice Berger then comments and concludes:

> The native people are, therefore, seeking a fundamental reordering of the relations between themselves and the rest of Canada. They are seeking a new Confederation in the North.
>
> The concept of native self-determination must be understood in the context of native claims. When the Dene people refer to themselves as a nation, as many of them have, they are not renouncing Canada or Confederation. Rather they are proclaiming that they are a distinct people, who share a common historical experience, a common set of values, and a common world view.

In other selected portions, Mr. Justice Berger at page 173 asked the question:

> Why should the native people be allowed political institutions of their own under the Constitution of Canada, when other groups are not?

He answers as follows:

> The answer is simple enough: the native people of the North did not immigrate to Canada as individuals or families expecting to assimilate. Immigrants chose to come and to submit to the Canadian polity: their choices were individuals choices. The Dene and the Inuit were already here, and were forced to submit to the polity imposed upon them. They were here and had their own languages, cultures and histories before the arrival of the French or English. They are the original peoples of Northern Canada. The North was—and is—their homeland.

Then, with respect to the pipeline, he says at page 176:

> Both the white and the native people in the North realize that the government's decision on the pipeline and on the way in which native claims are settled, will determine whether the political evolution of the North will follow the pattern of history of the West or whether it will find a place for native ideas of self-determination.

Finally, at page 180 I quote from a proposal to the federal government made by the group in the Northwest Territories calling themselves the Dene:

> There will therefore be within Confederation, a Dene government with jurisdiction over a geographical area and over subject matters now within the jurisdiction of the Government of Canada or the Government of the Northwest Territories.

Mr. Justice Berger says:

> The native people seek a measure of control over land use, and they see that the ownership of the land and political control of land use are intimately linked.

He continues:

> These claims leave unanswered many questions that will have to be clarified and resolved through negotiations between the Government of Canada and the native organizations. A vital question, one of great concern to white northerners, is how Yellowknife, Hay River and other communities with white majorities would fit into this scheme. Would they be part of the new territory? Or would they become enclaves within it? It is not my task to try to resolve these difficult questions. Whether native self-determination requires native hegemony over a geographical area, or whether it can be achieved through the transfer of political control over specific matters to the native people, remain questions to be resolved by negotiations.

He then goes on to discuss questions of a guaranteed number of seats on the Territorial Council, questions of political representation for natives similar to that in New Zealand with the Maori, and the desire, again, of the Dene to establish political institutions of their own fashioning.

● (1510)

Very recently—in fact late last week—there was a conference held in Vancouver which is reported in the Vancouver *Sun* of Saturday, May 28. George Erasmus, who is the President of the Indian Brotherhood of the Northwest Territories, is quoted as saying that political institutions imported from the south destroyed Dene decision-making structures which were more democratic. He also said, "We will have to go through a period of decolonization. That's what we are working for." And a gentleman described as a University of British Columbia professor, Michael Jackson, who was special counsel to Mr. Justice Berger during the Mackenzie Valley pipeline inquiry, said:

> The Dene need the interval [that is to say, the 10-year moratorium on pipeline construction] to develop their own political, educational and economic systems to withstand the impact of the pipeline's construction . . . The Dene want their own government in a defined area, with a political system based on consensus rather than majority rule.

Honourable senators, I well appreciate the feelings of natives in the Northwest Territories with respect to what must appear to be a monstrous cultural invasion from the south. I well appreciate what Mr. Justice Berger has to say about the right of people in the north, whites and natives, to reflect their interests on the issue of the construction of a pipeline through the Mackenzie Valley. All of us must ensure that there is no tyranny by the majority over the minority, just as much as in a democracy the minority must ensure it does not tyrannize the majority.

I have stood for a long time for the political evolution of the Northwest Territories. I believe in a transfer, over a period of time, of more and more authority to the Northwest Territories including the administration and a share in the value and benefits of resource developments and production in that area. I cannot see how in the country which I understand to be Canada we can do other than encourage the present process of political development in the Northwest Territories, and that is the encouragement of the natives to take their place in the elective process which leads to representation on the Territorial Council, and to govern people without ethnicity, to govern people without tribal interests, to govern people without tribal representation.

I truly believe that if we try to insert political tests such as ethnicity and tribalism in a country such as ours, those qualities will slowly change the appearance in the minds of Canadians of the value and work of an individual in our society. They will create differentiations that will eventually lead others to hive off, and an entire process of political feudalism will begin. Once begun, it will not stop with natives only. I think it is imperative that the people of southern Canada assure natives in the north of a genuine and even generous role in their affairs—that is, in northern affairs and national affairs generally.

I think we are doing that. Honourable senators are quite aware of, and have approved, the expenditures to which the government is committed in order to foster the political development of northern and other natives. I fear very much indeed, however, that Mr. Justice Berger is giving cause to people like George Erasmus to argue for the establishment of a special Indian state in the Northwest Territories. I have in my possession a statement by the vice-president of the same brotherhood arguing that that is his purpose. I regret I cannot find it in my documents at the moment, but it appeared in one of the native publications within the last few weeks.

I would ask honourable senators to be aware of this problem, and to be concerned with this problem as an emerging issue in our nation's unity.

Honourable senators, I wish to conclude by saying only that I have every confidence and every optimism in the future of our unity. There is no doubt in my mind that the Prime Minister's course, and that of the government, is the correct one. That course is to refuse to negotiate with separatism, wherever it may appear in Canada, and yet to admit that our Confederation is not cast in iron. It is not fixed once and for all in its present form. It is amenable to amendment, and it is amenable to change in the context of the total benefits which all Canadians wish to have from their roles as citizens of this country.

On motion of Senator Cook, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Second Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Perrault, P.C.*).

Senator Perrault: I yield to Senator Langlois.

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

Hon. Senators: Agreed.

Hon. Léopold Langlois: Honourable senators, I am grateful to my leader for yielding so that I may speak on this item today. I should like to open my remarks by referring to what Senator Flynn said when he spoke in this debate. I regret that my honourable colleague is not in the house today. He is absent on official business on the west coast of Canada.

Senator Grosart: He is here in spirit.

Senator Langlois: In his remarks the honourable senator congratulated the Standing Joint Committee on Regulations and other Statutory Instruments for its tireless work in connection with the scrutiny of statutory instruments. I feel I must also congratulate the committee on the amount of work it has done in examining the great number of statutory instruments that have been made since the Statutory Instruments Act came into force. I wish also to avail myself of this opportunity to offer my most sincere congratulations to our colleague, Senator Forsey, for his most excellent introduction of the committee's second report to this chamber.

I must say, however, that I am concerned with some of the statements that have been made in connection with the second report of the committee, both in the report itself and by senators who have taken part in this debate.

When Senator Flynn spoke he stated that much of the present subordinate legislation seems not to be founded in law. I do not accept this as being an accurate analysis of what the report in fact states. In the introduction of its report, the

committee indicated that out of the 1,348 instruments it examined there were only 24 instances where it was not satisfied with explanations provided to it by the various departments of government. In that portion of the report under the committee's terms of reference for headings dealing with examination of the authority for statutory instruments, only a few statutory instruments have been cited as examples of where the committee feels there was no authority.

● (1520)

I do not know how many statutory instruments have been found by the committee to be lacking in authority—the report unfortunately does not say—but from the examples given it does not appear that it is any such number as would support the sweeping statements that have been made in this debate that suggest that the government has in the main been operating illegally when it comes to statutory instruments.

Senator Flynn also spoke, as did others, in this debate about the matter of the difficulties that arose between the committee and the Department of Justice. Senator Flynn suggested that the reason the Department of Justice refused to provide legal opinions to the committee was that it had something to hide or that the opinion, if given, would support the committee's views that the instruments in question were *ultra vires*.

This was not the reason given by the Minister of Justice. In fact, the minister explained to the committee that under the Department of Justice Act the department can only provide legal advice to the government. The minister also explained to the committee that traditionally the Justice Department has never provided legal opinions to Parliament or its committees because to do so would create difficulties concerning the solicitor-client relationship that exists between the department and the government.

For some reason the committee seems to feel that the legal advice it gets from its counsel is not sufficient, and if it relies on it alone it could be embarrassed if it turns out to be wrong. The wording of the committee report under the heading "Withholding of Information from the Committee" in item 76 A(i) of the report states that if the committee does not get legal explanations from the Department of Justice, and the opinion of its own counsel turns out to be wrong, "the committee would then appear foolish and would in short measure become either discredited or overcautious." I see this as a small consideration compared with the results that could occur if the committee received legal advice from two sources, one of which is tied to its client, the government. The committee is independent of the government, and it seems to me that government lawyers should not be given an opportunity of influencing the committee in its task of deciding where a statutory instrument stands legally. The committee should take its advice from its own counsel, and not from counsel for the Crown who is affected by the best interests of its client, the government.

In any event, what would come of a situation where the committee's counsel and the Justice Department do not agree? Where does it leave the committee? Would it then want an opinion from another legal adviser? Where would it all end? It seems to me that legal counsel must analyze a legal problem from both sides, and then render an opinion. If lawyers stood about waiting to hear the views of lawyers from the other side, nothing would get done in the business of law, and I hardly think the committee could expect to accomplish its massive work if it stood about waiting to hear what the government lawyers have to say. The proposition that the committee would be embarrassed if it turned out that it made an incorrect decision on the validity of an instrument is, in my view, not really valid.

On the whole, the committee's report is, I think, a bit too legalistic for many to comprehend. As one newspaper put it: "The whole report is suffused with the kind of precious verbiage which would offend even constitutional lawyers." I am inclined to agree, and I am not convinced that the emphasis on legal issues and matters is particularly useful to us or anyone else in a report of this nature. Perhaps in future reports the committee will be a little more specific about the numbers of instruments it thinks are illegal, and we will not be left to wade through the technical and legal discussions and to guess at the extent of the supposed illegalities in instruments. Frankly, I wonder whether complexity of this report does not do more to make the committee's work inaccessible to the public.

The report also goes to great lengths to point out what the committee feels were defects in procedural matters regarding statutory instruments. As far as I can ascertain from the report, most of these procedural problems have been cured or are in the process of being cured, and I fail to see why the committee pursued the matter to such lengths when it seems to be more or less resolved.

The report also points out what the committee feels are defects in the Statutory Instruments Act. What it really boils down to is that the committee disagrees with the Department of Justice as to what the definition of "statutory instrument" in the act means. It seems to me that this matter should be taken up by the committee with the Minister of Justice who is responsible for the act, and if amendments to the act are felt necessary the minister would probably be quite willing to do whatever is needed to alleviate the difficulties by way of amendment of the legislation.

The committee has now tabled its third report, and I would like to speak briefly to it. The third report expresses the committee's view that the recent increase in postal rates under the authority of section 13(*b*) of the Financial Administration Act is an unusual or unexpected use of that authority. The report suggests that postal rates should be increased only by means of amendment of the Post Office Act by Parliament, and not by means of the Financial Administration Act.

In my view, the committee has made a curious distinction in how it construes something to be unusual or unexpected. Under section 13(*b*) of the Financial Administration Act, fees for service may be increased by orders in council. The committee has not taken issue with the legality of what was done, but has taken issue with the propriety of using the Financial Administration Act to do it.

In 1973 the fees set out in the Copyright Act and the Industrial Design Act were amended pursuant to orders in council under section 13(*b*) of the Financial Administration Act, and the committee, when it examined the instruments by which this was done, thought they were proper and did not contest them. Yet when the fees in the Post Office Act were recently amended in the same manner, the committee says it is an unusual and unexpected use of that provision in the Financial Administration Act.

I find it difficult to accept the distinction that the committee makes in support of this report when it says in effect that it is all right to change fees under one type of statute but not under another using the authority in question. Section 13(*b*) of the Financial Administration Act does not make any distinction as to the type of statute that it can be used for. It says, ". . . notwithstanding the provisions of any Act . . .". Consequently, I am not convinced that there is anything unusual or unexpected about what was done.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 780*)

NATIONAL UNITY

STATEMENT BY VANCOUVER BOARD OF TRADE

En route to maturity, each nation must go through its own ordeal, its testing time. For Canada and Canadians, the time of testing is now.

The Vancouver Board of Trade believes that, in order for Canada to survive as a nation, Canadians—at this moment—must individually and collectively—make a commitment to united Canada.

The position of the Board of Trade is plain.

We want an undivided Canada.

We want all our fellow citizens whose first or only language is French to remain in Canada.

We believe that, with common purpose, understanding and goodwill, together we can maintain the unity of our country while preserving its two official languages and its many cultures.

We believe that, together, we can achieve the climate and the circumstances which will make it possible for those whose first or only language is French to meet their linguistic, cultural and economic aspirations within a united Canada.

We pledge our understanding of and support for those aspirations.

We will give every consideration to and support for those whose purpose is to keep Canada together.

We value and defend the differences and diversities which, in total, constitute our heritage and our future.

We accept that this country faces many problems. We do not accept that any problem has more importance or significance than the problem of national unity.

We hold that our national will to remain strong and undivided must be expressed by individual attitudes and actions and that when our national will has been made plain and positive, that simple action of itself will provide the impetus and energy to solve our other problems.

The times call for strong voices, speaking clearly.

The Vancouver Board of Trade invites and urges all Canadians to make their own personal commitment to the principle of one undivided Canada and to make that commitment publicly.

David R. Fraser,
President

R. G. Rogers, Chairman
Committee on National Unity

THE SENATE

Wednesday, June 1, 1977

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

Prayers.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, to amend the Export Development Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to amend the Judges Act and other acts in respect of judicial matters.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Charterways Company Ltd. (Air Terminal Transport division) and certain employees, as follows: the dispatcher group and the garage group, represented by the Canadian Brotherhood of Railway, Transport and General Workers, Local 342; and (Air Terminal Transport) drivers, represented by the Teamsters Union, Local 352, dated May 24, 1977.

2. Province of New Brunswick, Treasury Board, and certain employees, as follows: the engineering and field group, the forestry group, and the pharmacy, mental, and physical rehabilitation group, represented by the New Brunswick Public Employees Association, dated May 24, 1977.

3. Victoria General Hospital, Winnipeg, Manitoba and the engineers represented by the International Union of Operating Engineers, Local 827, dated May 24, 1977.

Report on the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1976, pursuant to sections 17 and 18(2) of the Currency and Exchange Act, Chapter C-39, R.S.C., 1970.

Capital Budget of the National Battlefields Commission for the fiscal year ending March 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-1226, dated May 5, 1977, approving same.

Report of the Postmaster General respecting Olympic coins for the period ended March 31, 1977, pursuant to sections 17(2) and 17(3) of the Olympic (1976) Act, as amended, Chapter 68, Statutes of Canada, 1974-75-76.

Report of the Minister of Finance respecting Olympic coins for the period ended March 31, 1977, pursuant to section 17(1) and 17(3) of the Olympic (1976) Act, as amended, Chapter 68, Statutes of Canada, 1974-75-76.

CUSTOMS TARIFF

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-55, to amend the Customs Tariff (No. 2), and had directed that the bill be reported without amendment.

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

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1410)

CANADA-UNITED STATES RELATIONS

ROSS DAM—SKAGIT VALLEY FLOODING—QUESTION

Senator Austin: Honourable senators, I have a question of urgency and importance for the Leader of the Government in

the Senate, of which notice in writing was given to him yesterday afternoon.

Senator Flynn: Bravo!

Senator Austin: I regret that Senator Flynn was away and that as a consequence I could not speak to him about this matter.

1. Is the Leader of the Government in the Senate aware of reports from Olympia, Washington, that the Washington State Governor, Dixy Lee Ray, has announced that she has reversed the previous position of the State of Washington on the Ross Dam, which was not to construct any additional work on the Skagit River in order to avoid flooding and environmental damage in Canada, and that she now proposes to raise the height of the Ross Dam by 122½ feet, which would flood over 5,000 acres in the Skagit Valley in British Columbia?

2. Can the Leader of the Government in fact advise whether Governor Dixy Lee Ray is now in favour of the Skagit Valley flooding, and whether it is legally possible, under arrangements between Canada and the United States, for this newly proposed construction to take place?

3. Will the Leader of the Government advise this chamber whether the Government of Canada has been asked by the Province of British Columbia to take any steps to counter Governor Ray's decision, and whether the Province of British Columbia either proposes to hold direct discussions with Governor Ray, or to ask the federal government to make representations to the United States State Department to be communicated to Governor Ray?

4. If the reports about Governor Ray's new position are true, then in view of that unfriendly policy towards British Columbia would the Government of Canada, after consultation with the Province of British Columbia, be prepared to withhold any accommodation requested by officials or agencies of the United States federal government, or of the State of Washington, which would have the effect of increasing stream flow of Canadian rivers which flow into the State of Washington to accommodate United States users who are suffering from partial drought conditions, until such time as the Ross Dam matter has been cleared up to Canada's satisfaction?

Senator Perrault: Honourable senators, I want to thank Senator Austin for providing me with prior notice of this rather detailed question, and I welcome the opportunity to reiterate the government's position on the Skagit flooding question. This position is well known to United States and Washington State authorities. It was recently expressed in an aide-mémoire delivered by our embassy in Washington to the United States Department of State on February 25 of this year. The aide-mémoire reiterates the firm opposition of the Canadian government to the proposed flooding, and supports, as the best means for resolving the situation, the on-going discussions between the Province of British Columbia and the City of Seattle, the parties whose interests are most directly at stake. This is also the position held by the Government of British Columbia. Following a recent exchange of views on this subject with provincial authorities, federal officials are now considering appropriate steps to facilitate continued negotiations between British Columbia and Seattle with a view to reaching a mutually satisfactory conclusion.

These actions were in train well before Governor Ray's latest statement on the issue, about which I have only the same media information as the honourable senator. We would not consider it necessary to reply directly to these statements, since the matter is before the United States Federal Power Commission, rather than the State of Washington, for approval. I understand that a final decision from the FPC is not expected in the immediate future. There is, therefore, likely to be a considerable delay before the raising of the dam can legally be commenced, giving time for the British Columbia-Seattle negotiations to proceed. Our aide-mémoire of last February, in fact, suggests that the FPC and other outside agencies refrain from intervention in the Skagit question pending direct resolution by the local parties.

The Canadian government would not consider it beneficial to add to the controversy by tying the Skagit flooding question together with other Canada-United States issues such as increased stream-flows in rivers flowing into Washington State. It is our view that the best long-term resolution of the difficulties to the benefit of both British Columbia and Washington State lies in increased overall cooperation and mutual consideration, rather than confrontation in areas such as energy and the environment. We will continue to work towards this end.

If further information is made available by the Department of External Affairs or other sources within government, it will be communicated immediately to the Senate.

Senator Austin: I might point out to the Leader of the Government that although the Canadian government may not find it beneficial, the comparison between accommodation in today's world as requested by U.S. officials, and the possibilities of promises in the future of friendly behaviour towards British Columbians, is not a very good deal. I would hope that the Canadian government would keep in mind that there are acre-feet of water behind the Mica Dam which we have no obligation to release into the Columbia River system—

Senator Flynn: Order.

Senator Austin: Thank you very much, Senator Flynn.

Senator Grosart: There is no debate on questions.

Senator Perrault: Honourable senator, I have always felt that one of the most commendable aspects of the Senate is that there is a degree of flexibility permitted in matters of unquestioned importance to the country. I know that honourable senators have unfailingly shown tolerance in this direction in the past, and I hope that they will in the future.

Senator Grosart: We might also observe our rules.

Senator Perrault: Honourable senator, if you wish to make remarks would you please rise from your seat in the appropriate fashion?

Senator Flynn: You should address that to Senator Greene.

Senator Perrault: Honourable senators, may I say that the important observations of Senator Austin will be communicated to the appropriate areas in government. The Skagit situation will be monitored closely. And, as I have said before, any additional information will be communicated to the honourable members of the Senate as quickly as possible. The question of possible Skagit Valley flooding, together with certain other questions in other provinces, is of some importance to Canada nationally.

TRANSPORTATION

FERRY SERVICE BETWEEN NORTH SYDNEY, NOVA SCOTIA, AND PORT-AUX-BASQUES, NEWFOUNDLAND—QUESTION ANSWERED

Senator Perrault: Honourable senators, on May 12, Senator Duggan asked a series of questions with respect to the ferry service between North Sydney, Nova Scotia and Port-aux-Basques, Newfoundland. The first question was:

> Can the Leader of the Government advise whether it is necessary to have a reservation to sail to Newfoundland via CN Marine ferries during the tourist season of 1977?

Technically, it is not necessary, but as a full reservation system for the convenience of the travelling public is in effect through toll-free service, the travelling public would be wise to avail themselves of this service. The second question was:

> If the answer to question No. 1 is "yes," was approval for this range of policy granted by the Canadian Transport Commission to the CN operating ferry service between North Sydney, Nova Scotia, and Port-aux-Basques, Newfoundland?

The answer is:

> No, the Canadian Transport Commission does not have jurisdiction over the operations of CN Marine.

Because the answer to the second question is "No," a third question asked by Senator Duggan is not applicable.

THE HONOURABLE PAUL YUZYK

FELICITATIONS ON HONORARY DEGREE

Senator Macdonald: Honourable senators, before the Orders of the Day are called I should like to draw your attention to a happy event which took place recently. I refer to the conferring on Senator Paul Yuzyk of the degree of Doctor of Laws, *honoris causa*, at the University of Saskatchewan, on May 19, 1977, by the Chancellor, the Right Honourable John G. Diefenbaker.

● (1420)

The citation is too long for me to read now—of course, it would have to be lengthy in order to describe, even in a concise way, the work of our distinguished colleague—so I should like to quote from a publication called *On Campus 77*, which is a bi-weekly newsletter published by the University of Saskatchewan. Referring to the degrees which were to be conferred, it had this to say about Senator Yuzyk:

Senator Yuzyk has had a distinguished career as a teacher, scholar and politician, and has been widely honoured for initiating the movement to have Canada recognized as a multi-cultural nation. The policy of multiculturalism which he vigorously promoted was adopted by Parliament in 1971.

A graduate of the Universities of Saskatchewan and Minnesota, he has taught history and Slavic studies at the University of Manitoba and is presently a professor at the University of Ottawa, where he teaches Russian history and Canadian-Soviet relations.

He has written books concerning the place and role of Ukrainian Canadians in the life of the nation and the social history of Ukrainians in Manitoba. A collection of his speeches in the Canadian Senate, entitled "For a Better Canada", has been widely read throughout the nation. He has also collaborated in the writing of several books and has written a variety of articles, many of them dealing with ethnic questions and multi-culturalism. In addition, he directed a seven-year research project entitled "Statistical Compendium on the Ukrainians in Canada, 1891-1971".

Senator Yuzyk organized the 1968 Thinkers' Conference on Canadian cultural rights, which was the first national conference of ethnic groups in Canadian history. He has also participated as a resource leader or speaker at conferences across Canada dealing with Canada's cultural mosaic.

He founded the Ukrainian National Youth Federation of Canada, the Ukrainian Canadian University Students' Union, and the Canadian Association of Slavists. Among a variety of other positions, he has served as president of the Ukrainian Cultural and Educational Centre in Winnipeg, director of the Canadian Council of Christians and Jews, and chairman of the Human Rights Commission, World Congress of Free Ukrainians.

In 1973, he received the Gold Medal of the Ukrainian Canadian Committee. He had previously been awarded the Shevchenko Gold Medal and Gold Medal of the City of Sudbury.

I am sure honourable senators join with me in congratulating our colleague on this honour which has been bestowed on him, an honour which has been richly deserved.

Hon. Senators: Hear, hear.

Senator Argue: Honourable senators, as a senator from Saskatchewan I should like to agree with everything that has been said by Senator Macdonald in tribute to Senator Yuzyk. Not only are Saskatchewan citizens of Ukrainian origin and descent extremely proud, as they should be, of Senator Yuzyk and his accomplishments, but all people in Saskatchewan, no matter what their country of origin, are proud of the leadership he has given in this most important field.

It is my honour to sit in this chamber with Senator Yuzyk. He is one of the hardest working members of this house. He is tireless in the pursuit of his ideals and objectives, and those

ideals and objectives are most worthy. I believe this honorary doctorate brings honour not only to Senator Yuzyk but to the Senate itself, to the work of the Senate and to all Canadians who cherish democratic freedom.

Senator Perrault: Honourable senators, it is entirely appropriate for Senator Macdonald to bring to our attention the great honour paid to one of our colleagues. Senator Yuzyk joins that great line of senators who over the years have brought distinction and honour to this chamber, those senators who have been awarded honorary degrees by the leading educational institutions in this country.

Senator Bélisle: Honourable senators, may I be permitted to associate myself with the tributes paid by Senator Macdonald and Senator Argue? I have been closely associated with Senator Yuzyk. I confide that not only did we go to church together, but we shared the same apartment. His sagacity has assisted me many times. Without making a long speech, I must say that he is an outstanding scholar, an outstanding Canadian and an outstanding senator.

Senator Yuzyk: Honourable senators, I deem it a very high honour to have received the honorary degree of Doctor of Laws from my alma mater, the University of Saskatchewan. It was, indeed, a proud moment in my life when the degree was conferred on me by the Right Honourable John G. Diefenbaker, the Chancellor of the university, and the distinguished former Prime Minister of Canada who was responsible for my appointment to the Senate nearly 15 years ago—an unusual set of circumstances from a historical viewpoint.

Of course, this honour brings me everlasting happiness and satisfaction as it is in recognition of the work I have been doing, and shall continue to do, in the Senate and in the academic field for the good of my country, Canada. It particularly notes my contributions to the promotion and development of multiculturalism as a national policy of unity, and to human rights here and in eastern Europe, which I profoundly appreciate.

I am, indeed, most grateful to Senator Macdonald for bringing this matter to the attention of the Senate, to the government leader, Senator Perrault, to Senator Argue, and to my close friend Senator Bélisle, for their kind expressions. I also thank my colleagues in this chamber for their congratulations and warm applause, which have made this honour more meaningful to me.

Hon. Senators: Hear, hear.

THE HONOURABLE GUY WILLIAMS

FELICITATIONS ON HONORARY DEGREE

Senator Perrault: Honourable senators, I draw your attention to the fact that another of our colleagues, a distinguished Canadian of native Indian descent, Senator Guy Williams, had conferred upon him last weekend the degree of Doctor of Laws, *honoris causa*, by Simon Fraser University in British Columbia, for his great contribution to his province and to the advancement of the native peoples of our nation.

Senator Williams has the warmest best wishes of all his Senate colleagues on the occasion of this high honour.

Hon. Senators: Hear, hear.

• (1430)

SOLAR ENERGY APPLICATION BILL

SPEAKER'S RULING ON POINT OF ORDER

On the Order:

> Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, for the second reading of the Bill C-309, intituled: "An Act respecting the domestic and industrial use of solar energy", and
>
> On the motion in amendment thereto of the Honourable Senator Godfrey, seconded by the Honourable Senator Cook, that the bill be not now read the second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for consideration and report.—(*Honourable Senator Deschatelets, P.C.*).

The Hon. the Speaker: Honourable senators, on Thursday, May 26, 1977, the Senate resumed the debate on the motion for second reading of Bill C-309, "An Act respecting the domestic and industrial use of solar energy." During the course of the debate, the Honourable Senator Godfrey moved, in amendment, that the bill be not now read a second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for examination and report. During the debate on the Honourable Senator Godfrey's motion in amendment, the Honourable Senator Molson raised a point of order concerning the nature of the bill when he asked for a ruling on whether or not rule 94 of the Rules of the Senate applies to Bill C-309. Rule 94 reads as follows:

> After its first reading and before its consideration by any other committee, a private bill from the House of Commons, for which no petition has been received by the Senate, shall be taken into consideration and reported on by the Committee on Standing Rules and Orders in like manner as a petition.

Since rule 94 speaks of a "private bill from the House of Commons, for which no petition has been received by the Senate," it is clear that the Honourable Senator Molson, in raising a point of order in respect of this rule, is seeking a ruling on whether or not Bill C-309, which is from the House of Commons and for which no petition has been received by the Senate, is, in fact, a private bill that must be dealt with in accordance with Rule 94.

In speaking of the distinctive character of private bills and the manner in which they are passed in the British House of Commons, Erskine May's *Parliamentary Practice*, Nineteenth Edition, at page 857, states the following:

> Private bills are bills for the particular interest or benefit of any person or persons. Whether they be for the

> interest of an individual, of a public company or corporation, or of a county, district or other locality, they are equally distinguished from measures of public policy; and this distinction is marked in the very manner of their introduction.
>
> The essential difference in procedure between a public bill and a private bill is that, whereas a public bill is either presented direct to the House or introduced on motion by a Member of Parliament, a private bill is solicited by the parties who are interested in promoting it and is founded upon a petition which must be duly deposited in accordance with standing orders. Furthermore, the payment of fees by the promoters is an indispensable condition of its progress.

While there may be some differences of opinion among honourable senators as to the principle of Bill C-309 and its objects, and while some may argue that in substance it has more of the characteristics of a private bill than of a public bill, the facts, as revealed by the proceedings in the House of Commons, are that this bill was not solicited by interested parties, it was not founded on a petition and no fees were paid prior to its introduction. Instead, the bill was introduced by a Member of Parliament as a private member's public bill and was treated as such during the entire course of its progress through the House of Commons.

In view of the discussion that took place on the point of order, it will be of interest to honourable senators to note that in Erskine May's *Parliamentary Practice*, Nineteenth Edition, at page 872, it is pointed out that:

> It is, in any event, a more difficult task to argue that a public bill should have been brought in upon petition than vice versa, since many bills will contain some element of public policy which, while insufficient to debar a bill from proceeding as a private bill should it be introduced as such, will yet sustain it if introduced as a public bill.

Rule 94 is contained in Part VII of the Rules of the Senate. Part VII deals exclusively with the procedure relating to private bills in the Senate. Private bills can only be introduced on petition since their purpose is to provide for exceptions to the general law. While a private bill may be initiated in either house, a separate petition must be filed with each house prior to its introduction in that house. Rule 94, in my opinion, is intended to apply only to a private bill that has been introduced on petition in the House of Commons, has been passed by that house and has received first reading in the Senate, but in respect of which no petition has been received by the Senate.

In the present case, Bill C-309 was introduced in the House of Commons as a private member's public bill. It was not founded on a petition sponsored by interested parties and it was not subjected to any of the procedures relating to private bills. While some senators may argue that the bill should have been founded on a petition, the point of order that has been raised has to do with whether or not rule 94 applies to the bill as received from the House of Commons. Procedurally, it was received from the House of Commons as a public bill. Thus, from a procedural point of view it cannot in the present circumstances be regarded as a private bill. In my opinion, therefore, rule 94 does not apply in the circumstances, and I rule that the Honourable Senator Molson's point of order is not well taken.

The Chair is grateful to all honourable senators who have taken part in the discussion on this point of order and who have presented learned arguments in a conscientious and intelligent manner.

MOTION IN AMENDMENT NEGATIVED—SECOND READING

Senator Deschatelets: Honourable senators, now that the ruling by Madam Speaker has disposed of the point of order raised by Senator Molson, it is clear that Senator Godfrey's motion in amendment is in order, and that it can be discussed on its merits. This means that the subject matter of this bill can be referred to a standing committee before the question is put for adoption of the bill on second reading.

I intend to make some brief remarks on the merits of the motion in amendment by Senator Godfrey. I am going to support this motion in amendment for two reasons, but with the understanding that if the amendment by Senator Godfrey carries and the subject matter is referred to a committee, that committee will report so that a decision can be reached on second reading when the bill comes back to the chamber. In this connection, I think Senator Godfrey was very clear that the intent of his motion was not to kill the bill, but to seek further information in order that we could decide on the principle of the bill with more information than we now have.

This having been said, I have two reasons for supporting Senator Godfrey's amendment. First, we are dealing here with a bill which proposes the creation of an institute for solar energy, a private corporation. Although we are dealing with a public bill sponsored by a private member, it is not clear in my mind why the promoters who are at present unknown to us have not sought to proceed by letters patent in the ordinary way, without going through the procedure of having a bill presented in Parliament.

Secondly, since the principle of the bill is the creation of a private corporation, how can we assess it on second reading when so many questions governing its incorporation and its purpose remain at this stage unanswered?

• (1440)

I should like now to refer to some interesting remarks made on this subject by my deskmate, Senator Hicks, who wondered why the National Research Council, for example, would not have had something to do with such an important subject at this time.

Having said that, honourable senators, I must say I will support the amendment. However, I should like to make it perfectly clear that I understand the importance to Canada of research in solar energy at this time and, in my opinion, immediate steps should be taken in that direction, but I would

prefer to have before us a government bill on the matter. Nevertheless, because of the importance of having additional sources of energy, unless there are extenuating circumstances indicated in the report from the committee when it reaches us, my intention is to support the bill on second and third readings on the assumption that we have obtained the information which Senator Godfrey is seeking. I should like to be clear on that point.

Most senators who have spoken on this matter have been quite clear on the fact that the intent of the amendment is not to kill the bill, but to seek further information. The suggestion that the intention is to kill the bill has, I think, made many senators uneasy, and I should like Senator Austin to clarify his position and tell us why he would not support Senator Godfrey's amendment. After all, that amendment will permit the promoters to be heard and will give them a chance to answer all of our questions. The Senate will find it more easy to deal with the question of principle on second reading when the committee makes its report.

Senator Austin: If I may answer Senator Deschatelets's question, the purpose of the bill is to further the commercial application of solar energy in Canada.

Senator Flynn: No.

Senator Grosart: No, it is not.

Senator Austin: The purpose of the bill is to mark for public attention, by its passage through Parliament, the high degree of importance which should be given to renewable energy resources in Canada in the coming era of energy shortages.

The bill, as I said when I began my address on second reading, is deficient in certain aspects of definition and of its constitutional structure. But the Senate must take into account the fact that this bill has passed all three readings in the House of Commons. Its principle has been adopted there.

Senator Asselin: That is no reason for us to adopt it.

Senator Austin: I would urge honourable senators to give serious purport to the legislative efforts of the House of Commons. I would ask honourable senators to pass this bill on second reading, and then allow it to go to committee, as I said it should, in order to have answered all questions which they have with respect to its scientific importance, economic viability, and even procedural character. With all respect to Senator Deschatelets, I see a difference between having those questions asked in the Banking Committee, after approval in principle of this bill by this chamber—

Senator Flynn: No.

Senator Molson: That is not the question Senator Deschatelets asked you.

Senator Austin: I beg your pardon, Senator Molson?

Senator Molson: That is not what Senator Deschatelets asked you. He asked you why you would not support the amendment.

Senator Austin: I am saying to Senator Deschatelets that I see a difference in principle between having those questions answered after approval on second reading and having them answered in committee before the bill is given second reading, in which case the bill will have been sent to committee by this chamber without its approval in principle. I greatly fear, regardless of the good intentions of Senator Deschatelets and those of Senator Godfrey, that if this bill does not have this chamber's support in principle when it is before the committee then, there will not be a feeling of responsibility in the members of the committee to improve it and report it back to this chamber with amendments. Therefore, I say to honourable senators that if this chamber accepts Senator Godfrey's amendment we stand in great danger of being understood by the country as not interested in the development of renewable energy.

Senator Grosart: Nonsense.

Senator Austin: And I would like to say to Senator Flynn that I like his jacket.

Senator Flynn: That is the only sensible remark you have made this afternoon.

Senator Carter: Honourable senators, I wish to say a few words in support of the bill and against the amendment. Most of what I intended to say has already been said by Senator Austin, who was too quick for me when I tried to catch the Speaker's eye.

If this bill were being initiated in this house I would support the amendment, because I think the amendment is the correct procedure. However, that is not the case, as Senator Austin has pointed out. This bill has already passed the other place. Admittedly, it has defects. Nevertheless, this is the first time I can remember that we in this chamber have rejected a bill, or failed to send it to committee, because it contained defects. Practically every bill coming to us from the other place has defects. The normal procedure is to send bills to the appropriate committees to have those defects corrected. I see no good reason why we should single this particular bill out for different treatment.

Surely, there is no doubt in anyone's mind here that the Banking Committee, and its able chairman, will scrutinize this bill in such a way that the concerns of various senators will be taken into account and the interests of the Senate protected. Surely, the same results can be achieved and questions can be answered, and the bill reported back in a proper form, if that committee sees fit to do so. If the committee, after examining the bill and hearing witnesses, decides that that bill should not be proceeded with, then all we have to do is adopt the committee's report.

I agree with Senator Austin that Senator Godfrey's amendment, although it is made with the best of intentions, is a procedure which at this particular stage in the session might well result in killing the bill. That is a risk we ought not to take. No one who has spoken against the bill has given any good reason why the bill should be killed. They have pointed out its defects, but we have a way of correcting those. We should adopt the normal procedure that we follow with every bill. We should send the bill to committee and have it corrected there.

• (1450)

Senator Austin: May I ask the honourable senator a question? Is he aware that on May 25 Senator Flynn urged this house to kill the bill?

Senator Flynn: Yes, but more in the sense of an abortion.

Senator Croll: Honourable senators, first let me deal with one matter that was raised, namely, why this is being dealt with by Parliament rather than by letters patent. I believe the answer is that it is a new undertaking and there is the prestige of Parliament as compared with letters patent. I understand that thoroughly. They had a choice and this is the choice they made.

We should not lose sight of one thing, that to bring this bill before this house is an amazing achievement. Those of us who have spent years in the House of Commons cannot recall an occasion when a private member was able to get a public bill through that house. There is very little time for it. One needs patience, and it has to be something which has wide appeal.

In this case the matter came up quickly. They did not really expect that the house would call it and go on with it, and some of the things that might have been put in the bill did not get into it.

What Senator Carter has said reminds me of what took place on Wednesday, May 25, when we resumed the debate on the motion for second reading of the Petroleum Corporations Monitoring Bill. Honourable senators will recall that Senator Grosart made a formidable speech and asked a number of important questions. Senator Barrow said that he would try to provide the answers later. The next day he was able to provide some of them, and he told Senator Grosart that the remainder of the questions would be answered in the usual way when the bill was before the appropriate committee. He then moved that the bill be referred to committee.

That is the normal procedure here. When a senator moves that a bill be referred to a committee, I am not concerned with his intentions. We either approve or disapprove of a bill. There are no "maybes" about a bill, but they have been thrown into the discussion. It is a question of yes or no.

Any information that is necessary will be adduced before the committee and the committee will report. It is as simple as that. That has been our practice for as long as I or any other senator can remember. That is the way we deal with these matters. When someone tells me, "Well, a bank does it this or that way, and names the directors," I know that after the bill is passed new directors, persons who were not named originally, appear on the scene. There is nothing sacrosanct about naming directors.

Senator Flynn: How will you proceed to name them?

Senator Croll: The matter will be proceeded with by asking the sponsor of the bill what he has in mind, and if we are not satisfied we will vote against it.

Senator Flynn: That is not in the legislation.

Senator Croll: The government welcomed this bill as it never welcomed another bill in all the years that I can remember. Clause 4 says:

> Nothing in this Act shall be construed so as to require an appropriation of public revenue or an expenditure out of the Consolidated Revenue Fund.

We should endorse this bill immediately.

Senator Robichaud: Honourable senators, I think I can say in all honesty that in all my years as a parliamentarian at the provincial level and in the Senate I have never witnessed such an exercise in futility as this debate.

It seems to me that we have a clear issue before us. We have a bill that has gone through the normal process of three readings in the other place, and here we are trying to give sober second thought, as was said a few days ago, to something which is really important not only to the Canadian people but to mankind—the harnessing of solar energy. Members of this chamber, who should be among the brightest in the land, are quarreling over the matter of an amendment to a motion—an amendment which could have the effect of delaying the eventual passage of the legislation. What other effect can it have? What is the difference whether we vote for the motion or for the amendment to the motion? To me it makes absolutely no difference so long as the Standing Senate Committee on Banking, Trade and Commerce, as soon as possible, is in possession of the bill and can call witnesses and proceed to study it.

I cannot, in all conscience, support the amendment, although I am sympathetic to Senator Godfrey. What is the reason for moving this amendment? I do not even know why I have to stand here today and take a few minutes of honourable senators' time to say how frustrated I am by that motion.

The committee will hear all the witnesses, and will report to this house, regardless of whether the bill receives second reading today, tomorrow, next week, or the week after. The bill will go before the committee eventually, so why not send it to the committee right away? The members of the committee are adults; they can handle the matter and report the bill back in amended form, if they so wish, or perhaps kill it, if they so wish. However, I hope that it will be reported back.

While I was listening to the remarks which have been made I wrote down some words, and I believe that for the record I should read them: "If the sun had as much energy to waste as is being wasted today in this debate on a simple matter of procedure, then let us through research find ways and means to harness such energy for the benefit of mankind.

Senator Perrault: Honourable senators—

Senator Flynn: Does the honourable senator—

Senator Perrault: If the honourable senator wishes to speak, he should rise at the appropriate time to do so. He should allow other honourable senators the opportunity to speak. He has had enough experience to understand this basic principle.

Honourable senators, I believe we all appreciate the remarks made by Senator Robichaud. I say it is time to have the question put. I urge the defeat of this amendment, and the second reading of the bill. Let us get it to committee, where it can be reviewed in detail.

The Hon. the Speaker: Order. The Leader of the Government has already spoken on the amendment. Is he asking leave to speak again?

Senator Perrault: I understand that I spoke on the motion for second reading. I do not believe that I have spoken on the amendment.

Hon. Senators: Question.

• (1500)

The Hon. the Speaker: It is moved by the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, that this bill be now read the second time.

In amendment, it is moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Cook, that the bill be not now read the second time but that the subject matter thereof be referred to the Standing Senate Committee on Banking, Trade and Commerce for examination and report.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the motion in amendment is lost.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator Godfrey negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Godfrey
Beaubien	Grosart
Bélisle	Haig
Burchill	Lafond
Cameron	Macdonald
Cook	McNamara
Deschatelets	Molson
Desruisseaux	Phillips
Ewasew	Quart
Flynn	Smith (Colchester)—21.
Fournier (Madawaska-Restigouche)	

NAYS

THE HONOURABLE SENATORS

Adams	Austin
Argue	Barrow
Bonnell	Langlois
Bourget	Macnaughton
Carter	Manning
Connolly (Ottawa West)	McDonald
Cottreau	McGrand
Croll	McIlraith
Davey	Molgat
Denis	Norrie
Duggan	Paterson
Eudes	Perrault
Fournier (Restigouche-Gloucester)	Petten
Frith	Rizzuto
Giguère	Robichaud
Graham	Rowe
Greene	Smith (Queens-Shelburne)
Hayden	Sparrow
Inman	Stanbury
Laird	Steuart
	Thompson
	Williams—42.

The Hon. the Speaker: Honourable senators, I declare the motion in amendment lost. The debate is now resumed on the main motion.

Hon. Senators: Question.

Senator Austin: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Austin speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Austin: Honourable senators, I stand only for the purpose of closing the debate and thanking the honourable senators who supported the defeat of the amendment.

Senator Flynn: That is irrelevant. You are out of it.

• (1510)

Senator Austin: Honourable senators, I move the second reading of this bill.

Senator Flynn: You got up for nothing.

The Hon. the Speaker: It is moved by the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, that this bill be now read the second time.

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

Senator Flynn: On division.

Motion agreed to and bill read second time, on division.

MOTION TO REFER BILL TO COMMITTEE—MOTION IN AMENDMENT—DEBATE ADJOURNED

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

Senator Flynn: Now.

Senator Austin: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. The Speaker: It is moved by the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

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

Senator Flynn: Honourable senators, I suppose, taking my lead from Senator Robichaud, I should say that I regret having to take up more of the time of this house. I say this because it seems, according to Senator Robichaud, that time taken up in debate in this house is time wasted. The members on the other side of the house, it appears, are so busy, especially Senator Robichaud, that they cannot stay here longer than a few minutes.

The motion is to refer this bill—

Senator Robichaud: On a point of order, I would like to state to the Leader of the Opposition that I at no time said that I could not stay here for a few minutes. Perhaps he would act as the gentleman I know him to be and withdraw that statement.

Senator Flynn: I do not have to withdraw. That is what Senator Robichaud said a few minutes ago.

Senator Langlois: Be a gentleman, for once.

Senator Perrault: Don't let the polls bother you so much.

Senator Flynn: There is nothing wrong with what I said. I was merely referring to the point made by Senator Robichaud, that this was a ridiculous debate, causing us only to lose time, et cetera. Every time opposition is raised in this place, one hears groans from the other side. If it is not from Senator Robichaud it is from Senator Denis.

Senator Robichaud: On a point of order, I still state that at no time did I say that I did not have time to stay here for more than a few minutes. This is the statement attributed to me by the Leader of the Opposition. This is the point I would like him to withdraw.

Senator Flynn: I will accept that you never said that. I do not think that I said anything that meant that you used precisely those words. But the gist of what you said gave me that impression. As I said, if one doesn't hear groans from Senator Robichaud, they will be heard from Senator Denis or especially from my good friend Senator Langlois. This invariably happens when we have the audacity to oppose any bill.

Senator Perrault: Let's gallop along now.

Senator Flynn: I will gallop at the pace I choose, and certainly not at a pace chosen by a government leader. Senator Perrault came to the rescue of one of the government's supporters in the other place. I do not mind that. It was quite obvious that the Senate's Grits wanted to present a gift to the sponsor of the bill in the other place. That is all very touching. But what they are really telling the Senate to do is make a decision on a stillborn piece of legislation. It cannot be passed. I would dare the government to let it pass third reading now, without reference to the committee.

Senator Perrault: We would want it to go to the committee.

Senator Flynn: You don't want to have the bill given third reading now because you know very well that it is not a piece of legislation that can be adopted as it now stands, with all its deficiencies. In any event, you want to refer this bill to the Standing Senate Committee on Banking, Trade and Commerce. I have no objection. But since the sponsor of the bill and all those who spoke in favour of the bill insist that the principle of the bill is not to create an institute but to promote solar energy, it therefore is a scientific matter and should be referred to the Standing Senate Committee on Health, Welfare and Science. If you want to act logically and consistently with the decision you have just taken, honourable senators, this is a matter of solar energy and of science and must be sent to the Health, Welfare and Science Committee. That, in my view, is quite obvious.

Therefore, I move that the motion be amended by striking out the words "Banking, Trade and Commerce", and substituting therefor the words "Health, Welfare and Science".

● (1520)

Senator Austin: I refer honourable senators to rule 67(k), which establishes the terms of reference for the Standing Senate Committee on Banking, Trade and Commerce, part of which refer to "natural resources and mines."

Senator Flynn: Natural resources?

Senator Langlois: The sun is a natural resource, of course.

Senator Grosart: I move the adjournment of the debate.

The Hon. the Speaker: It is moved by the Honourable Senator Grosart, seconded by the Honourable Senator Macdonald, that further debate on the motion in amendment be adjourned until the next sitting of the Senate.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Langlois: Claude Wagner won't like that.

The Hon. the Speaker: This motion is not debatable.

Senator Robichaud: I think, to be completely fair, Senator Grosart is perfectly within his rights to adjourn the debate. I don't like it, because it is still another delaying tactic, but he is perfectly entitled to adjourn the debate.

Senator Asselin: It is not debatable.

The Hon. the Speaker: I will put the question again and ask honourable senators to say "yea" or "nay." Is it your pleasure, honourable senators, to adopt the motion? Will those who are in favour please say "yea"?

Senator Croll: Honourable senators, as I understand it, this is a motion to adjourn the debate; that is what we are adopting, as I understand.

Senator Flynn: Yes.

The Hon. the Speaker: It is a motion for adjournment of the debate. Will those who are in favour please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

Senator Flynn: If the "nays" have it we will call for a vote, but I think the "yeas" have it.

Senator Grosart: On a point of order. Could I ask the Honourable the Speaker to repeat her statement as to the result of the poll by voices?

The Hon. the Speaker: I said that the "nays" have it.

Senator Flynn: We will call a vote on that.

Senator Grosart: Very much so.

Senator Flynn: We will see whether you are going to refuse the adjournment all the time. This is a precedent.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1530)

Motion of Senator Grosart carried on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Haig
Barrow	Inman
Bonnell	Langlois
Bosa	Macdonald
Bourget	Manning
Burchill	McDonald
Cameron	McGrand
Carter	McIlraith
Cook	McNamara
Cottreau	Michaud
Croll	Molgat
Davey	Molson
Denis	Norrie
Desruisseaux	Paterson
Duggan	Perrault
Eudes	Petten
Everett	Phillips
Flynn	Quart
Fournier (Madawaska-Restigouche)	Rizzuto
	Robichaud
Fournier (Restigouche-Gloucester)	Rowe
	Smith (Colchester)
Frith	Sparrow
Giguère	Steuart
Graham	Yuzyk—49.
Grosart	

NAYS

THE HONOURABLE SENATORS

Austin	Hays
Deschatelets	Smith (Queens-Shelburne)
Godfrey	Stanbury—7.
Greene	

The Hon. the Speaker: I declare the motion carried.

On motion of Senator Grosart, debate adjourned.

EXCISE TAX ACT

BILL TO AMEND (No. 2)—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Ewasew, for the second reading of the Bill C-54, intituled: "An Act to amend the Excise Tax Act (No. 2)".—(*Honourable Senator Macdonald*).

Senator Macdonald: I yield to the Honourable Senator Grosart.

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

Hon. Senators: Agreed.

Hon. Allister Grosart: Honourable senators, yesterday we discussed Bill No. 2 of the session to amend the Customs Tariff. The bill before us today is the second bill of the session to amend the Excise Tax Act. There is a connection between the Customs Tariff and the Excise Tax Act which is not always recognized; nevertheless, it is there.

This particular bill has the usual features in that there are increases to, exemptions from, and adjustments of the existing provisions of the Excise Tax Act, but there is one very unusual feature which has become controversial. Perhaps it is less controversial than the matter we have just dealt with, and I doubt that it will raise the same climate in the Senate. However, it will be my duty to comment particularly on that controversial aspect of the bill.

I said there is a connection between the Customs Tariff and the Excise Tax Act. It arises from the fact that very often suggestions are made that amendments to the Excise Tax Act be used as trade-offs for changes in the Customs Tariff. One expert put it rather well when he said:

> Bearing in mind the fact that many industries and producers in Canada believe that this country is a saint in a world of sinners as far as tariffs and trade are concerned, I should like to ask the minister this: do we intend to take a hard stand so that we are not the first to give things away as in the past? Will we be conceding tariff levels which are of importance to the electronics industry, for example, or mobile home manufacturers, or producers of farm products, to improve the position, say, of natural resources or CANDU reactors? Or will the minister go—

The reference, of course, was to the Tokyo Round.

> —in with a hard line, such as I understand the United States intends to adopt, so that we may be able to put our unemployed to work in the manufacturing industry or in small business?

The reason that this connects with the Excise Tax Act is that the alternative suggestion has been made that where Customs Tariff changes are disadvantageous to some individuals or some businesses, relief should be given to those individuals or businesses by exemptions in the Income Tax Act. Secondly, there is a direct reference to the Customs Tariff in clause 18 of the bill before us, in which the Customs Tariff is used to designate certain products which this present act would exempt from one of the excise taxes, namely, the sales tax.

It appears to me that this type of argument in favour of trade-offs with respect to the Excise Tax Act makes a good deal of sense, because nowhere in the whole revenue area of the government can a better case be made for a reduction in the provisions which provide the revenues of the government.

• (1540)

Customs duties provide no more than 6 per cent of total revenues, which translates into not quite $2 billion. On the other hand, excise duties, sales tax, and other excise taxes provide—and this may surprise some honourable senators—over $6 billion, or 21 per cent, of the total of some $30 billion in revenues. Personal income tax, which is the major item, accounts for 41 per cent of total revenues, while corporate taxes account for some 19 per cent. The balance is derived from miscellaneous taxes.

I want to thank Senator Godfrey for his excellent explanation of this bill. I regret to say that, while speaking to Bill C-55 yesterday, I omitted, through a slip of memory, to thank Senator Frith for his excellent exposition of that bill. I very much appreciate his decision to move that that bill be referred to committee for further examination.

The bill before us, as Senator Godfrey pointed out, breaks down into three main areas, the first of which deals with the controversial items I have spoken of. It has the effect—and I will not go into this in detail—of imposing what is called a transportation tax, which is a tax on airline tickets purchased for the purpose of departure from Canadian airports to foreign airports. As honourable senators are aware, there is currently a tax in existence and paid, for the most part, by Canadians purchasing airline tickets at any airport. Foreigners leaving Canada, having purchased their tickets outside of Canada, were exempt from that tax. That exemption will no longer be in effect.

It is estimated that approximately 2.3 million travellers will be affected by this bill, 2 million of whom will be foreigners. The question arises, therefore, as to whether this particular amendment to the Excise Tax Act is to the benefit of Canada. We had evidence before a committee of this house that these particular provisions would have a disastrous impact on the Canadian tourist industry. Honourable senators are no doubt aware that our deficit in tourism is one of the most pressing problems facing Canada today. We are experiencing a galloping deficit in trade, in our balance of payments, and one of the important contributors to that deficit is the growing imbalance of the tourism account.

One wonders whether there was any consultation whatsoever between those in the government with responsibility for promoting tourism and those whose main interest is in getting more money into the Consolidated Revenue Fund, which would be Mr. Macdonald, the Minister of Finance, supported by the Minister of National Revenue. I looked for some suggestion that the minister had consulted his colleagues, but found none. In his presentation to the House of Commons he referred to consultation, but with no mention whatsoever of the effect on tourism. My own view is that the effect of this measure, while perhaps not being disastrous, will certainly be to the disadvantage of Canada. It seems incredible, at a time when the government is spending millions upon millions of dollars in promoting tourism into Canada, particularly tourism from the United States, that we should be setting up this kind of barrier.

It can be said, of course, that it amounts to only $8 on an airline ticket, and that is not all that much. However, there is evidence that the reason for the decrease in tourism in Canada, particularly from the United States, is the dissatisfaction on the part of tourists with this kind of red tape. There are other dissatisfactions with the way we treat tourists, but the evidence is there—and it was available to the minister—that it is exactly this type of thing that has contributed to our balance of payments deficit in respect of tourism. To my knowledge, no rationale has been given for it, except to say that because Canadians have to pay it, foreigners should have to pay it. That would make sense, I suppose, if it could be shown—and it has not been shown—that the $15 million in additional revenues that this tax will provide will not be more than wiped out by its effect on tourism. As I said earlier, the evidence is that some two million tourists coming into Canada will be adversely affected. This measure will certainly not increase their feeling that we are welcoming them to Canada.

The second general area into which these proposed amendments to the Excise Tax Act fall is that of taxes on gasoline and diesel revenues. it is neither a formal increase nor a decrease; it is actually an adjustment to change from one method of totalling taxes to another. It refers, of course, to the current 12 per cent federal sales tax, and that is to be changed to what is called a specific levy. That, again, was explained by Senator Godfrey. This tax will be paid by manufacturers, and the definition at this time is that an importer will be considered a manufacturer. Why that is so, I do not know. There has been objection to it.

The minister gave the reason for the amendment as being to correct administrative and compliance difficulties. I hope in due course we will be told exactly what those difficulties are. I hope we will be told—and it is essential to our consideration of the bill that we be told—how much money has been lost through the use of the former method of estimating this tax, and how much is expected to be gained as a result of the new

method. Will there be a plus or minus effect on the balance of revenue as a result of this change? We are not told that, and we are not told that the purpose of the proposed change is to increase revenue. It is important that we know the effects.

To date, Revenue Canada, which is the collector of the tax, has allowed manufacturers to account for the taxes on all sales on the basis of the weighted average, which is a price determined periodically by Revenue Canada. The proposal in this bill is that the present determination as to how this tax should be estimated by Revenue Canada will now become a specific levy. The levies are set out relative to the various types of gasoline uses. The present determinants were put into effect in March, I believe, by Revenue Canada, and those are to become permanent.

● (1550)

The third area is what might generally be described as the closing of some loopholes, and the extending of relief of certain users of products. Perhaps the major item here provides for an increase in the volume of sales that may be eligible for exemption from the sales tax. The present level is $3,000, and the new level will be $10,000. The question has been raised as to whether this exemption is enough. It would appear to do no more than acknowledge the current inflation rate, and there has been the suggestion that it should be raised. Perhaps in committee, or in his speech in closing the debate, Senator Godfrey would indicate to us what the rationale is for the $10,000 limit.

For the benefit of honourable senators who have not been following the excise tax changes over the years, this means that certain industries to be designated by the minister—and I think this is an area of ministerial discretion that makes sense—can be designated for tax exemption, initially because they are in the crafts area, and have special attributes that would indicate it is in the public interest that they should be encouraged, and perhaps the best way to encourage them is to exempt them from this taxation. There is a further change. If I recall correctly, the $3,000 level, when it was available, was not available at the retail level, but now there is a proposed change to extend the sales area of exemption as well.

There are some other items that I refer to as coming largely under customs tariff classifications relief—such things as wheelchairs and other vehicles used for special non-commercial purposes. These are all set out in the act. Senator Godfrey has indicated the general scope of these, and perhaps in committee or before the debate on second reading has been completed there might be a little more detailed expplanation as to what they are and the rationale for each one.

Other than that, honourable senators, I see no objection to the passage of this bill, but I would like to express the hope that the day will soon come when we will have before us bill No. 3 to amend the Excise Tax Act, and that it will substantially decrease this inordinately high level of excise duties, sales tax and other excise taxes in Canada, because this high level is one of the very serious constraints under which our economy is operating.

The last time I saw an estimate of the burden of this particular group of taxes—which, as I say, account for 21 per cent of our revenue—a comparison between Canada and the United States was indicated as being in the ratio of 25 to 15. As I think any Canadian manufacturer or any Canadian housewife will tell you, the imposition of these particular taxes, hidden taxes, is a substantial burden and a definite constraint on the development of the Canadian economy.

The sales tax, as I say, is a hidden tax. Suggestions have been made over and over again that this is one of the worst features of excise taxes and duties, and particularly the sales tax. Provincial sales taxes, of course, are levied on top of this tax. Because of an anomaly—and I think it is an anomaly—in the Constitution, they must be shown, and they are shown. When we make a purchase in Ontario or British Columbia—I think it is 7 per cent in Ontario, and 6 per cent in British Columbia—we know what the provincial sales tax is, but we do not know by looking at the price what the burden of this federal tax is. Whether it is practical to segregate this tax as one that must be shown in the consumer price, I do not know. It could be argued that there are many other components of price that should also be shown. But the fact that it is hidden has always seemed to me to be one of the best arguments for caution and care in imposing excise taxes of all kinds, particularly the sales tax. I hope that the time is not far off when we will have a bill before the Senate indicating a substantial reduction in the burden of excise taxes on the Canadian economy, Canadian business and Canadian individuals, particularly consumers.

Hon. Ernest C. Manning: Honourable senators, I should like to associate myself with what Senator Grosart has just said about this particular bill, and also to draw the attention of the Senate, and especially of the Leader of the Government and the members of the committee who will be studying the bill, to what I believe is one additional important reason why the government would be wise to withdraw the provision relating to the excise tax being applied to airline tickets bought by people from outside Canada using Canadian airports.

In addition to the very valid points that Senator Grosart has made, members of this house are aware of the change made last year in United States income tax law that now prohibits Americans coming to Canada for conventions from deducting the expenses of such conventions for income tax purposes. The Montreal morning papers today gave some very disturbing figures to illustrate the impact this is having on conventions in Canada. They referred to the many convention cancellations in hotels in Montreal, and I am quite sure the same is true of other hotels across Canada. One example alone was a convention which would have required 3,000 rooms for five days having been cancelled as a result of this change in American income tax law. You can easily see what this is going to do to the hotel business in Canada. It also has a tremendous bearing on Canada's already serious balance of payments deficit.

If this bill goes through, in addition to an American citizen's no longer being able to deduct convention expenses for tax purposes, he is going to be required to pay an excise tax on his

airline ticket if he lands at and takes off from an airport in this country. It seems to me that with the combination of those two things coming at this particular time when, as Senator Grosart has said, our tourist industry is away below normal and our balance of payments deficit extremely serious, it is short-sighted and counter-productive for Canada to apply a tax of this kind. I would therefore earnestly appeal to the sponsor of the bill and the Leader of the Government and the members of the committee who will be studying the bill to urge the government to withdraw at least this one provision of the bill until the tourist and convention situation significantly improves over what it is today.

• (1600)

Hon. John Morrow Godfrey: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Godfrey speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Godfrey: Honourable senators, I would not like to pass an opinion at this time on whether the air transportation tax will have a disadvantageous effect on tourism. That is the kind of information which can be provided in committee, and I think the members of the committee could judge that more accurately for themselves.

I should like to comment on two statements of fact, however. I am not sure whether the figure was correct, but Senator Grosart at one point referred to the fact that the bill would affect two million foreigners, and then later on stated that it would affect two million tourists. Those two categories are not identical. I would be interested to know—and I am sure we could get the information in committee—roughly how many of the "two million" are businessmen who would not ordinarily be affected that much, and how many of the "two million" are tourists.

With respect to Senator Manning's statement, I should say that I have just returned from the Canada-United States Inter-Parliamentary Group meetings in Victoria, during which one of the subjects of discussion did concern the American bill, and I can say that it does not prevent conventions from taking place in Canada. What it does is limit the number of conventions to two a year, restrict the amount of money that can be spent in Canada, and permit deductions for economy fare only. On top of that, it is necessary for American taxpayers to prove they have been to a certain proportion of the convention meetings. Obviously, that has had a bad effect on our convention business, as has been reported in the newspapers. However, my own personal opinion—and again the committee can look into this for itself—is that the tax being imposed by this bill would be properly deductible for at least two conventions a year, and probably would not impose any particular burden on Americans or discourage them from coming to Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Godfrey moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Eric Cook: Honourable senators, let me discuss my own province first. What are the cultural aspirations of the province of Newfoundland and Labrador? Before attempting to answer that question I thought it a good idea to consult the dictionary to discover what one means when one talks about culture. The Oxford Dictionary gives a rather full definition as follows:

> The training and refinement of mind, tastes and manners; the condition of being thus trained and refined; the intellectual side of civilization.

It seems that perhaps the intellectual side of civilization is overlooked during the rather shrill arguments which different sections of Canada have when disputing whose tastes and manners are the best tastes and manners. So far as we in Newfoundland are concerned, we are simply not interested in these arguments. We do not feel inferior to anyone, nor do we feel superior. Notwithstanding all the "Newfie" jokes, which we also enjoy, we have a nice comfortable feeling of complete equality with everyone.

Hon. Senators: Hear, hear.

Senator Cook: To quote from Gilbert and Sullivan, Newfoundlanders think that "when everybody's somebody, then no one's anybody."

So far as our cultural aspirations are concerned, therefore, we will just go happily on in our own way, confident that when God made time he made plenty of it. We think, thus, that those who dispute so much will, together with the subject matter of their disputes, be forgotten in a few years.

The economic side of the situation is more complicated. When we joined Canada we had two successful paper mills, three mines, and the fisheries. We also had $40 million surplus in the bank, which does not seem much now, but was a lot in 1949.

Whatever differences one may have with Mr. Smallwood, even his worst enemies must give him credit for his almost superhuman effort to develop Newfoundland. Great effort and millions upon millions of dollars have been expended to obtain industries for the province. Those efforts and millions of dollars, I regret to say, have been spent almost in vain.

Nearly 30 years later in the island part of our province one mine has closed. That was the Bell Island Iron Ore Mine. We have gained one new small mine, the Advocate Asbestos Mine at Baie Verte. We have three medium-sized new industries, the Golden Eagle Oil Refinery at Holyrood, the shipbuilding yard at Marystown, and the Erko plant at Long Harbour which, however, I understand benefits to the tune of about $5 million a year because of the favourable power contract given it by the government to induce it to come to Newfoundland.

The brain-child of Mr. Sheehan, the Come-By-Chance oil refinery, might have succeeded had it been in operation for a few years before the great price increases, but the liner board mill should never have been constructed. This enterprise lost $21 million in 1974-75; $34 million in 1975-76; and $41 million in 1976-77. The Newfoundland government has now decided to close it down. There are a number of other small industries, such as a cement plant and a hardwood plant, to mention only two.

Through the initiative of the Smallwood government many Canadian and world-famous mining companies have gone over almost every inch of Newfoundland seeking minerals to develop, but they have had no success to date beyond the Advocate Mine.

Because of lack of soil, large-scale agriculture does not appear to be feasible.

The tourist industry, although unfortunately the season in short, should continue to grow.

Therefore, so far as the island of Newfoundland is concerned, notwithstanding every effort, we are, broadly and economically speaking, basically in the same position we were in 1949. This is not said to be critical of anyone. It is difficult to suggest what more could have been done. The entire island is littered with wrecks of enterprises which, with the gift of hindsight, seems to have been attempts to make water run up hill.

In the meantime, the $40 million has been spent, and a further staggering $2.094 billion has been borrowed and spent. The question must arise whether, despite what are doubtless good intentions, a large part of this huge sum was not borrowed for improvident purposes. Surely, further borrowings on a large scale, even if feasible, must nevertheless be irresponsible.

● (1610)

Notwithstanding this unhappy state of affairs, Newfoundlanders have benefited greatly from being part of Canada. When I view the great new university, the numerous magnificent schools, the hospitals, the public buildings, and the trans-Canada highway across our province, the advance is almost unbelievable. When I contemplate the numerous social benefits, family allowances, old age pensions, unemployment insurance, and so much else, I realize Newfoundland alone never, never could have been in a position to do so much and to give so much. The numerous shopping centres, all with their large supermarkets, are striking evidence of the impressive improvements in the standard of living of those who frequent them.

However, the Honourable William Doody, the Minister of Finance for Newfoundland, in his budget speech of Tuesday, April 28, 1977, summarized the situation clearly and truly when he said:

> The major economic problem in Newfoundland is the absence of immediate and significant employment opportunities. At the heart of our unemployment problem is the absence of a strong economic base, and hence, an expensive dependence upon Government. This dependence upon Government is illustrated by the fact that about 45,000 people are employed directly by the Provincial, Federal and Municipal Governments.

As I have said, apart from tourism, which unfortunately has a very short season, unless the Newfoundland fisheries can be developed to employ more people and to produce more wealth, the economic future of the province is, to say the least, uncertain.

In the hydro and oil potential of Labrador lies our hope for the future.

In Labrador there are problems between the Governments of Canada and Newfoundland with regard to oil, and problems between the Government of Canada, the Government of Quebec and the Government of Newfoundland with regard to hydro. I feel sure that if the same problems existed between two or three private enterprises, mutual self-interest would have dictated a solution long before this.

The recent history of Labrador may be of interest. The vast land mass that is Labrador slumbered in silence until 1936. In that year, the Government of Newfoundland, which was then the Commission of Government, granted Labrador Mining and Exploration Company, a Canadian company, a concession over a large part of the territory. After the end of the war, as a result of the work done and information gained, there followed in successive stages the building of a railway, and the opening up of two very large iron ore mining operations—one by the Iron Ore Company and one by the Wabush Company. A similar concession was in due course granted by the Smallwood government to Brinco, and the Churchill Falls development was eventually completed. All this was done by private enterprise.

The current situation seems to be like a game of snakes and ladders. If private enterprise raises it head and starts at square one, what man-made odds does it face? Well, first it will be up against the Foreign Investment Review Act, and no matter how far along, it may have to go back to square one to sort out that problem. If it overcomes that, it will probably have trouble with the environmentalist, and so back to square one again. If it clears those two hurdles, somewhere along the way one or other of the provincial governments and Ottawa will have conflicting laws and regulations, so it returns to square one once more. Finally, if all else fails, it will be bang up against the tax collector, who will do everything to make sure that the gains will not justify the risk—so back to square one

again. At this time the investor will publicly say, "To hell with it." If Sir Wilfrid Laurier could have foreseen the rise to power of the bureaucrat and the academic, I doubt very much if he would be of the opinion that the twentieth century belongs to Canada!

In the meantime, Labrador still sleeps, and its potential resource of hydro and oil waste into the sea or remain untapped at the bottom of the ocean. The prizes, if sufficient oil is discovered off Labrador, and if the hydro resources are fully developed, are very great and would accrue to the whole of Canada.

I have criticized the Government of Quebec for being too greedy over Labrador hydro, and I must in all fairness criticize the Government of Newfoundland if it is being too greedy over Labrador oil. No matter how strong a legal case Newfoundland has—and I believe it has a very strong case—Newfoundland should be satisfied with receiving the same treatment as the maritime provinces have agreed to accept. Newfoundland shares equally in all the benefits of being a member of the Canadian family, and we should accept the same burdens as other members. If, therefore, the province is holding out for more than the maritime provinces, that, in my opinion, is wrong.

So my answer to the question of what are the economic aspirations of Newfoundland and Labrador is to implore all governments concerned to cease and desist sitting on their hands, and to cooperate actively and urgently to develop the hydro and oil resources of Labrador. If they would get together, and if each would be a little more accommodating and generous one to the other, the gain would be to Canada.

Referring once again to the fisheries, I believe the federal Department of Fisheries has the interests of the Newfoundland fisheries very high on its list of priorities, and is doing a great deal to encourage and foster the industry. I thank the department for this, and trust that it will be encouraged to continue this help.

I regret the only possible conclusion, which is that unless some major breakthrough occurs in the search for and exploitation of oil, and the development of hydro in Labrador, and unless public expectations are severely curbed and public expenditure ruthlessly curtailed, Newfoundland will face financial collapse in a very few years.

Now a few words about the difficult questions which are on all our minds about the future of Canada herself. Fifty years ago next October I became an articled law clerk to a very senior lawyer who taught me that the first thing to do when considering a problem is to find out what are your legal rights and duties before you think about what you will or will not do. Therefore I propose to consider the legal position should Canadians living in Quebec record a clear and decisive vote of want of confidence in Canadians living elsewhere in Canada, and thus express a desire to have a separate independent country.

If we assume that such a regrettable event does take place, we must further assume that all Canadians living in Quebec and elsewhere in Canada will respond and act as intelligent, sensible men and women, and will therefore respect the verdict of the people and accept in principle the ultimate division of our country.

If the foregoing is the sequence of events, what happens next? Let me assure honourable senators that there will be more to it than merely counting the votes for or against. Changing one's country is a good deal more complex and complicated than changing from one government made up of one political party to another government made up of an opposing political party. While it will not be the end of the world, there are many of us who think it would be terribly unwise and that no good would come of it. Indeed, both Canada and the new independent Quebec might suffer for a long time to come. But life would go on, and eventually things would straighten out.

The first big task facing both countries would be to sort themselves out. How would this be done? You may recall that when we in Newfoundland voted in favour of union with Canada, that vote was held in the summer of 1948 and we became Canadians on March 31, 1949. Between the date of the vote and the date of union, representatives from Canada and Newfoundland negotiated a treaty called the Terms of Union, which treaty was approved of by an amendment to the British North American Act. In the same way, should Quebec vote against remaining part of Canada, representatives from Canada and Quebec would have to negotiate a treaty which might be called the Terms of Separation, and which also, in its turn, must be approved of by an amendment to the British North America Act.

● (1620)

To negotiate the final terms would probably take a number of years. No doubt there would be provisional terms, and separation would take place in stages. However, if and when final separation did take place, the question of the economic relationship between the two countries would arise. The separatist government, having made life in Quebec as difficult as possible for what they term the English, and having finally broken up the country, would be completely insane to expect Canada to enter willingly into any mutual association, economic or otherwise.

While separation was taking place in stages, there would be commissions of both sides studying important questions such as the rights and protection of our native peoples, the rights of minorities, language rights, territorial problems, the division of the national assets and the national debt, and a host of other problems. A vital issue would be the fixing of a date by which people would have to elect what nationality they would be. However, until some treaty, provisional or otherwise, was settled and agreed upon, it is very important to remember that Quebec would still be Canadian, and Quebecers still Canadian citizens.

A very major problem to which both sides would have to address themselves would be the boundaries of the new state. A great deal of nonsense is being talked by the separatists, and part of this nonsense is that Quebec is indivisible. The correct

position is that by the Treaty of Paris of 1763 all the land then occupied by Quebec became British North America. During the course of the years, British North America became Canada, and British citizens became Canadians. Therefore, as I have said, the assumption that Quebec is indivisible, but that Canada is divisible, is absolute nonsense. Heretofore Canadians outside Quebec have been too polite to argue this issue, and indeed up until now it was purely academic, and no good purpose was to be served by refuting it. The fact is that since the Treaty of Paris in 1763, Quebec has been first British and is now Canadian. Every bit of soil, every tree, every drop of water, every breath of air, and every man, woman and child in Quebec is Canadian. And never forget that all Canadians fought two world wars to keep Quebec, as well as the rest of Canada, free, independent and Canadian.

This is all a matter of fact and incontrovertible history. The land and people of Quebec, and the land and people of the Yukon, the Northwest Territories, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland are all Canadian. Like the young lady who couldn't be only a little bit pregnant, you can't be a little bit Canadian. You are all Canadian, or not Canadian at all. Therefore, the voters of Quebec are Canadians now, will be Canadians on the day of the plebiscite, and will remain Canadians until—in the event that the vote rejects Canada—the day royal assent is given to an amendment to the British North America Act passed by the Parliament of Canada.

How much and what parts of the land of Canada will be ceded to the new state of Quebec will be one of the first questions to be settled, and this will not be settled by Quebec alone. The only way Mr. Lévesque could attempt to do this would be to copy Mr. Smith of Rhodesia and proclaim an illegal unilateral declaration of independence, which I venture to suggest will not get him very far.

It is crystal clear that the Atlantic provinces cannot be placed in jeopardy to satisfy the ambitions of the separatists, and the terms of separation must therefore provide adequately and beyond any possibility of question for all necessary land, rail, water and air corridors and communications between the Atlantic provinces and the rest of Canada. At the very least, all avenues of access which now exist will have to continue to exist, without restriction or interference of any kind. Perhaps rights of way, roads and railways and so forth would remain completely Canadian, or become the subject matter of joint ownership. Any proposal to the contrary would be simply disregarded.

Not only is this the correct legal position, but even if the new state of Quebec has to be divided by these rights of access, the balance of simple justice and convenience is in favour of accommodating those living in the two parts into which Canada would be divided rather than the much smaller number who would be living in the two parts of Quebec.

There are only large areas of what is now Quebec which would be the subject of conflicting claims. It does not necessarily follow that the new state would be given all the land now forming the province of Quebec, and we have to remind ourselves that large areas of Canadian territory have been vested in Quebec since 1867. Furthermore, both Canada and the new state would have to be given equal rights to the St. Lawrence River.

Indeed, the final settlement of the question of where the boundaries of the new state would be may require the holding of further plebiscites to ascertain the wishes of people living in different areas of the province. If this should prove to be necessary, then we can surely assume that the citizens of the new independent state would also respond and act as intelligent, sensible men and women, and would therefore respect the verdict of non-separatists by accepting in principle that these areas form part of Canada.

To sum up, if Quebec separates, it will adversely affect all Canada.

However, there seems to be no valid reason to assume that if Quebec separates, Canada would cease to exist as a country. Nor is there any need to be too pessimistic about our future. Canada would still be a great country with a great future, while Quebec, I fear, would have a much more uncertain future on its own, and would have a somewhat lower standing of living. Her citizens would be rather fenced in as citizens of Quebec, and shut out from the rest of Canada of which they are now a part.

It is difficult to see what separation will give to Quebecers over and above what they now enjoy. In 1977, except for the government of Réné Lévesque, there is no government—I repeat, no government—in Canada, whether federal or provincial, which will not listen with sympathy to the legitimate, reasonable aspirations of any minority. The present Quebec government seeks to turn back the hands of the clock to before 1763 and deny, by legislation, a right vested in every child born in Quebec since 1763 and that is the right to be taught in his or her own language, be it French or English.

If the policy statements made from time to time by the Premier of Quebec and his ministers are examined closely, one is reminded of the nursery story about the emperor's wonderful suit of clothes. After all the silly bystanders had congratulated the emperor on his beautiful garments, one sensible little boy cried out, "The emperor is naked". In the same way, the Premier and his ministers use words, words and more words, and say nothing of substance.

The choice is for Quebec to make, but I feel strongly it is the duty of the Parliament of Canada to ensure that all the facts are placed before all the people. Canada should campaign just as hard and just as strongly for Confederation as the provincial government is going to campaign for separation, and ways must be found for all of us to express our concerns. We must keep reminding ourselves that Quebec's choice could be Canada's tragedy.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 2, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Commission of Inquiry on Health and Safety in Grain Elevators, dated October 1976, appointed by the Minister of Labour on October 17, 1975, pursuant to section 86 of the Canada Labour Code (Dr. William Daniel Finn, Commissioner).

Copies of contract between the Government of Canada and the Province of Manitoba for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contracts between the Government of Canada and the municipalities of St. Andrews (*English Text*), St. Quentin (*English Text*), Minto (*English Text*), and Cap Pelé (*French Text*), New Brunswick, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970.

Copies of contract between the Government of Canada and the municipality of Labrador City, Newfoundland, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contract between the Government of Canada and the municipality of Digby, Nova Scotia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contracts between the Government of Canada and the municipalities of Kindersley and Yorkton, Saskatchewan, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of Trade Agreement between the Government of Canada and the Government of Colombia. Ottawa, November 17, 1971. In force January 25, 1977.

Copies of Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents. Done at New York, December 14, 1973. In force for Canada February 20, 1977.

Copies of Agreement between the Government of Canada and the Government of the Hellenic Republic on Commercial Air Services. Athens, January 18, 1974. In force definitively January 26, 1977.

Copies of Convention on Registration of Objects Launched into Outer Space. Done at New York, January 14, 1975. In force for Canada September 15, 1976.

Copies of Convention between Canada and the State of Israel for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital. Ottawa, July 21, 1975. In force July 27, 1976.

Copies of General Technical Co-operation Agreement between the Government of Canada and the Government of the Republic of Guatemala. Guatemala City, February 16, 1976. In force October 26, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the Islamic Republic of Pakistan relating to Canadian Investments in Pakistan insured by the Government of Canada through its agent the Export Development Corporation. Ottawa, February 24, 1976. In force February 24, 1976.

Copies of Agreement between the Government of Canada and the Government of the Republic of Finland concerning the Uses of Nuclear Material, Equipment, Facilities and Information transferred between Canada and Finland. Helsinki, March 5, 1976. In force August 15, 1976.

Copies of Exchange of Notes between Canada and the United States of America extending and amending the Agreement concerning a Joint Program in the Field of Experimental Remote Sensing from Satellites and Aircraft (ERTS) of May 14, 1971. Washington, March 19 and 22, 1976. In force March 22, 1976. With effect from May 14, 1975.

Copies of Exchange of Notes between the Government of Canada and the Government of Fiji constituting an Agreement relating to Canadian investment in Fiji insured by the Government of Canada through its agent the Export Development Corporation. Canberra and Suva, February 25 and March 29, 1976. In force March 29, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the Republic of Guinea relating to Canadian Investments in Guinea insured by the Canadian Government through its agent the Export Development Corporation. Dakar and Conakry, March 29 and April 1, 1976. In force April 1, 1976.

Copies of Exchange of Notes between Canada and the U.S.A. to provide for the Continued Operation and Maintenance of the Torpedo Test Range in the Strait of Georgia including the installation and utilization of an advanced underwater acoustic measurement system at Jervis Inlet. Ottawa, January 13 and April 14, 1976. In force April 14, 1976.

Copies of Exchange of Notes between Canada and the United States of America extending until April 24, 1977 the Agreement on Reciprocal Fishing Privileges in certain areas off their Coasts signed June 15, 1973 as extended. Ottawa, April 14 and 22, 1976. In force April 22, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the Federal Republic of Germany amending the Agreement concerning the Training of Bundeswehr Units in Canada (CFB Shilo) of January 23, 1973. Ottawa, February 27 and April 23, 1976. In force April 23, 1976.

Copies of Agreement between the Government of Canada and the Government of the Polish People's Republic on Mutual Fisheries Relations. Ottawa, May 14, 1976. In force May 14, 1976.

Copies of Agreement between the Government of Canada and the Government of the Union of the Soviet Socialist Republics on their Mutual Fisheries Relations. Moscow, May 19, 1976. In force May 19, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Gambia constituting an Agreement relating to Canadian Investments in Gambia insured by the Government of Canada through its agent the Export Development Corporation. Dakar, Senegal and Banjul, Gambia, May 24, 1976. In force May 24, 1976.

Copies of Long Term Commercial Wheat Agreement between the Government of Canada and the Government of the Democratic and Popular Republic of Algeria. Algiers, May 27, 1976. In force May 27, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the Republic of Ghana constituting an Agreement relating to Canadian Investments in Ghana insured by the Government of Canada through its agent the Export Development Corporation. Accra, April 2 and June 10, 1976. In force June 10, 1976.

Copies of Agreement between the Government of Canada and the Government of Spain on their Mutual Fisheries Relations. Madrid, June 10, 1976. In force June 10, 1976.

Copies of Air Transport Agreement between the Government of Canada and the Government of France. Paris, June 15, 1976. In force January 8, 1977.

Copies of Exchange of Notes between the Government of Canada and the Government of the United States of America constituting an Agreement concerning the Development and Procurement of a Space Shuttle Attached Remote Manipulator System. Washington, June 23, 1976. In force June 23, 1976.

Copies of Long Term Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics to facilitate Economic, Industrial, Scientific and Technical Co-operation. Ottawa, July 14, 1976. In force July 14, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the United States of America constituting an Agreement concerning the continued use of the Churchill Research Range. Ottawa, July 30, 1976. In force July 30, 1976. With effect from July 1, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Australia concerning the Use of the Australian Woomera Range for Launching a Canadian Sounding Rocket for Scientific Investigation. Canberra, August 26 and 27, 1976. In force August 27, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the People's Republic of China extending for three years the Trade Agreement of October 13, 1973. Ottawa, October 13, 1976. In force October 13, 1976. With effect from July 13, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of the United States of America concerning arrangements for the continuing use of Facilities at the Goose Bay Airport by the U.S. Armed Forces after September 30, 1976. Washington, November 24, 1976. In force November 10 and 24, 1976. With effect from October 1, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Israel amending the Schedule of Routes annexed to the Agreement of February 10, 1971, between the two countries on Commercial Scheduled Air Services. Ottawa, December 10, 1976. In force December 10, 1976.

Copies of Exchange of Notes between the Government of Canada and the Government of Grenada constituting an agreement relating to Investments in Grenada insured by the Government of Canada through its agent the Export Development Corporation. Bridgetown, Barbados and St. George's, Grenada, February 8, 1977. In force February 8, 1977.

Copies of Exchange of Notes between the Government of Canada and the Government of Montserrat constituting an Agreement relating to investments in Montserrat insured by Canada through its agent, the Export Development Corporation. Bridgetown, Barbardos and Plymouth, Montserrat, February 14 and 15, 1977. In force February 15, 1977.

Copies of Exchange of Notes between the Government of Canada and the Government of Dominica constituting an Agreement relating to investments in Dominica insured by Canada through its agent, the Export Develop-

ment Corporation. Bridgetown, Barbados and Roseau, Dominica, February 4 and 17, 1977. In force February 17, 1977.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

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

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday next, June 8, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted?

Senator Grosart: Honourable senators, might I ask the deputy leader if the granting of permission for committees to sit while the Senate is sitting, particularly on Wednesday next, means that the committees will meet at 3.30 p.m., or does it mean that the committees will meet at 2 p.m.?

Senator Langlois: I understand that the National Finance Committee is to meet at 2.30 p.m. on Wednesday next.

Senator Argue: Honourable senators, the Agriculture Committee is going to meet at 3 clock this afternoon.

Senator Langlois: The question was related to the committee meeting scheduled for next Wednesday.

Senator Flynn: Although your comment was not relevant, it was well put.

Senator Grosart: Honourable senators, this raises a question about changes in our normal arrangements for committee meetings. As honourable senators will recall, the Senate began Monday evening sittings this past week, at which time we sat for not quite three-quarters of an hour. The following day we sat for an hour and one-quarter, making a total of approximately two, two and one-quarter hours in two days of sittings.

I have no objection whatsoever to being called back any time when there is business, but I suggest that those who have the responsibility for the management of the Senate could at least make sure that there will be business before the Senate when it is sitting. That is not too difficult a task. Of the items on the order paper of Monday last, seven or eight were stood. I suggest that those whose responsibility it is to manage the affairs of the Senate speak to those in whose names the various items on the order paper stand to ensure that there is sufficient business before the Senate when it meets.

Calling the Senate back for Monday evening sittings disrupts a great part of the committee schedule. Honourable senators are aware that those of us on this side who are attempting to cover the various committee meetings are faced with an almost impossible task. That task is made that much more difficult when committees change previously arranged sittings.

We are all aware that committees call witnesses, sometimes a long time in advance, and it is not convenient for them to make these kinds of changes. But this sort of management seems to me to be unnecessarily disrupting to the business of the Senate.

● (1410)

Thirdly, we have the effect that if committees are sitting when the Senate is sitting we find ourselves dealing with important public business—perhaps the most important part of our responsibilities, which is bills that come before us for consideration—when there are very few senators here. On the last two occasions when we had that situation we came very close to not having a quorum. In one case we had an exact quorum, and in another case, for a considerable period of time we had only one senator more than the quorum. I suggest that these are aspects of our work that should be taken into more serious consideration than they appear to be. I know the problems and I know they are difficult to solve, but I would suggest that perhaps with more consultation, and with a little more pressure on some of us when we adjourn the debate on bills, that the work of the Senate in these three respects could be made much more efficient.

Senator Langlois: Honourable senators, last week when I announced that we were going to sit on Monday evenings until the end of June, which is the proposed date for the summer adjournment, I mentioned that the necessity of sitting on Monday evening was in order to enable committees to discharge their workload.

As far as the Committee on Banking, Trade and Commerce is concerned, this committee has quite a heavy workload, and I am informed that not only will it sit on Wednesday afternoon but that it will likely sit on Wednesday evening. Another aspect of this matter is that I am not the person who decides which committee is going to sit on a particular day. We have, as honourable senators know, a co-ordinating committee headed by Senator Bourget, and I have never introduced a motion to allow a committee to sit while the Senate is sitting without first checking with Senator Bourget to ascertain that these meetings have been cleared with him. I received information this afternoon that the committee meetings scheduled for next week have all been cleared with the co-ordinating committee. I am sure that if Senator Bourget and his committee came to the conclusion to suggest that these committees should be allowed to sit while the house is sitting next week, it was because there were good reasons to do so.

I am in the hands of the house, of course, but I have to follow the advice coming from the co-ordinating committee which this house decided, by common agreement between the two leaders last year, to establish. My responsibility ends there. But I am very much convinced, looking at what is on the Orders of the Day in this chamber at the present time, and considering what is likely to come to us from the other place next week, that we will have quite a heavy workload both in this house and in committee during the coming week.

Senator Grosart: Honourable senators, I want to make a comment. I was not aware that the deputy leader had definitely announced that we would sit every Monday night from now until the end of the session. My impression was that this was indicated but not stated. I may be wrong in that, and I am subject to correction. If that is so, then it would seem to me that there should be some rescheduling of committee meetings. On the last occasion, for example, no committee sat on Tuesday morning. If we are going to be here on Monday night, then surely some of these committees that are asking to sit on Wednesday afternoon might find it convenient to sit on Tuesday morning.

I am merely suggesting that if we now have a definite rule that we are sitting every Monday night from now on, there might possibly be some rescheduling of committees to avoid some of these problems that I have raised.

Senator Bourget: Honourable senators, I should like to thank Senator Grosart for his remarks. I think he is quite right. But he knows personally, and so does the Leader of the Opposition, that I am taking good care trying to organize the meetings of the committees so as to give a chance to the opposition because they are so few in number, and I realize that.

I should also like to take this opportunity to ask for the cooperation of all committee chairmen. This morning one committee sat without my permission, and I do not think that is fair. As I have said, I try to accommodate the committee chairmen, but honourable senators will realize that I cannot perform miracles. In the past we sat four half days or five half days and had eight or ten committee meetings. I wish to take this opportunity to ask for the cooperation of all committee chairmen, particularly at the end of the session when so many bills are coming from the other place. I repeat, I try to cooperate, but surely I can expect all the chairmen to cooperate with me.

Last night Senator Argue organized a committee meeting for this morning. He called the Director of the Committees Branch and told him he was going to sit this morning, without taking into account that there were two other committees sitting. As far as I am concerned, and as long as I am chairman of the coordinating committee, I won't let that happen again. I want to inform all chairmen that, as Senator Argue knows, I am always ready to cooperate but I hope it is not a one-way street.

Senator Argue: Honourable senators, I think I should explain what happened. Yesterday afternoon we were assured, when we were exploring the possibility of getting permission to meet while the Senate was sitting, that little was before the house, and that it was almost a *pro forma* thing that we would be out of the Senate by 3.30. However, points of order were raised and a long discussion took place. Witnesses had come here from Lethbridge, Alberta, to appear before our committee. They were important witnesses who came here as a result of the hearings we had in Alberta, but in the circumstances we did not get a chance to start the meeting until 4.30 or later. At the meeting the witnesses did not complete their testimony. It was not my suggestion; it was the suggestion of members of the committee that we should have a chance to complete hearing the important evidence of these people from Lethbridge, who had cooled their heels outside waiting for the Senate to rise. A motion was passed unanimously asking that the committee meet at 10.30 this morning.

I did not know Senator Bourget was finding it difficult. I knew the *Hansard* reporters were complaining. I felt that if our committee was important enough to undertake this inquiry, then somehow or another reporting procedures might be arranged. I think this is an important committee; I think it is doing important work. Under the circumstances I have no apology for the action that was taken. I would be happy to confer with Senator Bourget to try to make his life as easy as possible. I hope he will also make our lives as easy as possible.

Senator Bourget: I have no apology to make in the circumstances either. Senator Argue knows our rules very well, which are that the committees which have priority are those dealing with legislation. He well knows that it is difficult for three committees to sit at the same time. All chairmen have been told that not more than one committee should sit while the Senate is sitting, and also that not more than two committees should sit at the same time. You can ask the reporters and the interpreters what trouble they have when we are informed of a committee sitting at the very last minute. Even if a recording tape is utilized, I have been told of the difficulties encountered by reporters and amanuenses in transcribing from such tapes. I would therefore, while I try to forget this situation, like to remind all committee chairmen to endeavour to cooperate. Otherwise, Mr. Leader, I may have to relinquish this position and have someone else take over. I am trying to do my best and I believe that all committee chairmen would agree that on each and every occasion I have endeavoured to accommodate them, particularly Senator Argue. So I would like to receive the same treatment on their part.

● (1420)

Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, we all appreciate the fine work of Senator Bourget and the importance of cooperating with him. I serve notice that if he resigns his position of committee co-ordinator he will be re-appointed immediately.

Senator Molson: Honourable senators, I wonder if I could ask the Deputy Leader of the Government a question. Has any consideration been given to having the Senate sit on Tuesday

evening rather than Tuesday afternoon in those weeks when the Senate resumes its sittings on Monday evening? There would be no conflict with the sitting of the house and the committees could use the full day of Tuesday for its meetings. This plan might work better than anything we have tried. I don't believe we have tried this before.

Senator Langlois: Senator Molson is one jump ahead of me. When I move the adjournment motion later on this day I will state that we intend to sit on Tuesday evenings and leave the mornings and afternoons of that day free for committee meetings.

Senator Everett: Honourable senators, since the motion to allow the Standing Senate Committee on National Finance to sit while the Senate is sitting next Wednesday is still before us, I believe the house is entitled to an explanation. The committee on National Finance is allowed to sit on Tuesday and Thursday of every second week, and on Wednesday after the Senate rises. We have a deadline approaching in connection with the estimates, and so we must have hearings because they must be dealt with before June 15. We tried to get this Wednesday after the Senate rose, having sat on Tuesday and Thursday of this week, but the Banking, Trade and Commerce Committee already had that slot. We therefore applied for next week.

It then transpired that the Senate will sit on Monday of next week. So we tried to get Tuesday morning or Tuesday afternoon. However, a sufficient number of committees are already scheduled for then, and the conflict of timing between those committees and the committee on National Finance is such that we cannot sit on Tuesday morning or Tuesday afternoon. We are not allowed to sit on Thursday of that week because that time is reserved for the Standing Senate Committee on Foreign Affairs, with which we alternate. So the only sitting date available to the National Finance Committee to consider the estimates is next Wednesday. The following week we will probably meet on Tuesday, Wednesday and Thursday. It is for that reason that we are making this request, knowing that it is a difficult request for the Senate to grant.

I should also like to say that I hope Senator Bourget will not relinquish his post, because I have found him to be a most reasonable and accommodating person with whom to work.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, 8th June, 1977, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Langlois: Before the question is put, I should like to add that this committee will be sitting *in camera,* so that no reporting staff will be required.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, June 6, 1977, at 8 o'clock in the evening.

Before the question is put, I should like to make the usual statement in explanation of this motion. It will be necessary for the Senate to sit on Monday evening next week in order to deal with the work now before our standing committees, the legislation now before the Senate and expected legislation from the other place. We are planning to have the Senate sit on Tuesday evening rather than in the afternoon so that Tuesday morning and afternoon may be devoted to committee work.

On Monday evening Senator Connolly will move second reading of Bill C-47, to amend the Export Development Act, and Senator McIlraith will move second reading of Bill C-50, to amend the Judges Act and other acts in respect of judicial matters. We will continue the debate on Senator Perrault's inquiry with respect to the economic and cultural aspirations of the various regions of Canada, and deal with other matters on the order paper. It is expected that Bill C-25, the Canadian Human Rights Bill, will pass the Commons today and we will have it for next week. In addition, Bills C-3, C-8 and C-12 are very likely to reach us early next week.

For the information of honourable senators, Bill C-3 is a bill to amend the Canada Deposit Insurance Corporation Act, Bill C-8 is a bill to amend the Financial Administration Act and to repeal the Satisfied Securities Act, and Bill C-12 is a bill to implement an agreement between Canada and the Federal Republic of Germany and conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic, and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

With regard to the committee's schedule for next week, so far as can be ascertained at this time, on Tuesday the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. to consider Bill C-54, to amend the Excise Tax Act (No. 2). Also at 9.30 a.m. there will be a meeting of the Standing Senate Committee on Legal and Constitutional Affairs on Bill C-9, the James Bay Agreement Act. This committee will continue with Bill C-9 in the afternoon at 2.30 p.m. The Standing Senate Committee on Foreign Affairs has also arranged to meet at 2.30 p.m. on Canada-United States relations.

On Wednesday at 9.30 a.m. there will be a meeting of the Banking, Trade and Commerce Committee on Bill S-4, when

the committee will hear witnesses from various oil companies. The committee is also planning a meeting *in camera* in the afternoon at 2.30 on its draft report on the white paper on banking legislation. The Standing Senate Committee on National Finance has been given permission by the Senate to hold a meeting at 2.30 p.m. on the main estimates for 1977-78. The Standing Senate Committee on Agriculture will meet to hear witnesses in connection with its inquiry into the beef industry. The meeting will be at 3.30 p.m. or when the Senate rises. Also, the Standing Senate Committee on Transport and Communications will meet on Bill C-41, the Maritime Code Bill, when the Senate rises.

On Thursday morning the Foreign Affairs Committee will again meet on Canada-United States relations at 9.30 a.m. The Standing Senate Committee on Health, Welfare and Science has set down a meeting for 11 a.m., but details of that meeting have not yet been settled.

As honourable senators are aware, this committee list is subject to change, and it is likely that additions will be made before we resume our sittings next week.

Motion agreed to.

● (1430)

CANADA-UNITED STATES RELATIONS

GREAT LAKES WATER QUALITY AGREEMENT—QUESTION

Senator Robichaud: Honourable senators, I have a question to ask of the Leader of the Opposition, but because of the wide implications of the answer—

An Hon. Senator: You mean the Leader of the Government.

Senator Robichaud: —I certainly do not expect an answer this afternoon. I should have said that I had a question to ask the Leader of the Government in the Senate. I am sorry. If I ask questions of the Leader of the Opposition, it is outside this chamber.

On April 15, 1972, the Governments of Canada and the United States signed a Great Lakes water quality agreement whereby the two countries agreed that programs and other measures to achieve the accepted water quality objectives for the lakes would be either completed or in the process of implementation by December 31, 1975. The two governments also agreed to conduct a comprehensive review of the operation and effectiveness of the agreement during the fifth year after its coming into force. I therefore ask:

1. Have the two governments lived up to their commitments in relationship to the December 31, 1975 date?

2. Will the two governments conduct a comprehensive review of the agreement, and, if so, what procedures are to be followed in order to accomplish this?

Senator Perrault: Honourable senators, the question asked by Senator Robichaud is very important, particularly in view of the distinguished senator's former position with the International Joint Commission. I think it may be of some value to members of this chamber to have a rather full statement prepared in reply to that question, a statement which I would propose to deliver in the very near future.

FOREIGN AFFAIRS

HELSINKI AGREEMENT—CUSTOMS DUTY ON GIFTS TO U.S.S.R.—QUESTION ANSWERED

Senator Perrault: Honourable senators, I should like to take this opportunity to reply to a question asked by Senator Thompson on May 25 regarding the Helsinki Agreement and its relation to customs duty on gifts to the U.S.S.R. The question was:

> Since the signing of the Helsinki Agreement, has the customs duty levied by the Soviet Union on gifts sent by citizens of Canada to relatives in the Soviet Union increased or decreased? If so, by what percentage?

The answer to this question is as follows:

In the spring of 1976 the Soviet Union announced substantial increases in the customs duties levied on gifts sent to the U.S.S.R. This increase has varied, depending upon the item. The range, for the most part, has been from 100 per cent to 300 per cent.

ASSISTANCE TO HAITI—QUESTION

Senator Deschatelets: Honourable senators, I should like to ask a question of the Leader of the Government about the disastrous situation in Haiti resulting from a shortage of food and drinkable water. The newspaper *La Presse* is now reporting daily on the situation in a series of articles, and because of certain conflicting reports I should like to know from the government leader:

1. Was a request for help recently addressed by the Government of Haiti to the Government of Canada?

2. Do we have presently in Haiti Canadian officials who could report to the government about the seriousness of the situation?

Senator Perrault: Honourable senators, I must take that question as notice.

Senator Ewasew: Honourable senators, perhaps you would permit me to ask a further question of the government leader on the same subject matter.

My question is:

> (1) How much does the federal government give in aid to Haiti annually, through CIDA or any of the other international corporations?
>
> (2) How and to whom is this money paid in Haiti?

CANADIAN BROADCASTING CORPORATION

SALARY OF FORMER EMPLOYEE—FURTHER QUESTION

Senator Ewasew: Honourable senators, I have a question that takes me back to May 30 on the Canadian Broadcasting Corporation issue. I do not want to embarrass the Leader of

the Government by any means, but I do want him to understand that he did say on that date, and I quote from the *Debates of the Senate*:

> Certainly, I can convey to the appropriate authorities the dissatisfaction on the part of certain senators with the reply to the question posed about the former CBC entertainer—

My question is:

> (1) Has this dissatisfaction been conveyed to these appropriate authorities?
>
> (2) Who are the appropriate authorities?

Honourable senators, it is a matter of principle with me, as an individual senator, that no crown corporation should have the audacity to give the kind of reply that was given in the past and reported here by the Leader of the Government. The answer was a blatant denial of the prerogatives of this institution. Frankly, I really hope that this is not taken as a threat, but if the Senate collectively cannot obtain that kind of reply then I assure you that as an individual citizen of this country I will move to the appropriate court with the appropriate jurisdiction and demand that information.

So I would ask the Leader of the Government if he could possibly give us some definitive reply by Monday night next.

Senator Perrault: Honourable senators, I do not intend to meet any specific deadlines in answer to any question; indeed, it would be irresponsible of me to make that kind of commitment.

Senator Grosart: He made a speech.

Senator Perrault: Secondly, the honourable senator has asked a great range of questions involving a series of subjects. They were more in the form of a statement or speech than in the form of questions. However, I shall do my best to review the questions he has asked and attempt to obtain answers to them.

As far as the questions with respect to Haiti are concerned, I hope they can be dealt with as part of the reply to the earlier questions asked with respect to Haiti.

As far as the Canadian Broadcasting Corporation is concerned, the reply given the other day is the standard form of reply which the corporation has employed with respect to questions posed not only in this chamber but in the other place, for a number of years. Indeed, the response of the CBC to questions was raised recently, I understand, during a series of hearings before one of the committees in the other place. I understand that members there have similarily requested fuller information from the Canadian Broadcasting Corporation.

But, as I said at the outset, honourable senators, it is simply impossible for me to meet any deadlines for responses to questions; indeed, I do not intend to do so.

Senator Ewasew: Honourable senators, I do not intend to put the Leader of the Government on the spot with regard to Haiti and the deadline for Monday. But I think that this thing has been hashed over for too long, and in my view a crown corporation is accountable to us as part of the parliamentary process, a principle that I shall persist on emphasizing as long as I have the privilege of being a member of this Senate.

Senator Grosart: Order, order.

Senator Ewasew: I think we should have an answer. I hope that I will have support from most of the senators in the house.

CUSTOMS TARIFF

BILL TO AMEND (NO. 2)—THIRD READING

Senator Frith moved the third reading of Bill C-55, to amend the Customs Tariff (No. 2).

Motion agreed to and bill read third time and passed.

● (1440)

SOLAR ENERGY APPLICATION BILL

MOTION TO REFER BILL TO COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Austin that Bill C-309, respecting the domestic and industrial use of solar energy, be referred to the Standing Senate Committee on Banking, Trade and Commerce, and on the motion in amendment thereto of Senator Flynn that the motion be amended by striking out the words "Banking, Trade and Commerce" and substituting therefor the words "Health, Welfare and Science."

Hon. Allister Grosart: Honourable senators, I moved the adjournment of this debate yesterday for the specific purpose, first of all, of examining further the amendment moved to the motion by Senator Flynn, and, secondly, of attempting to relate some remarks that had been made in this ongoing debate as to the disposition of this bill to the situation in which we are now in relation to the passage of the bill.

The impression I have now of the situation raised by Senator Flynn is that unquestionably there seems to be a conflict in our rules. I refer to rule 67(1)(*k*)(vii) which gives the Banking, Trade and Commerce Committee jurisdiction in the area of "natural resources and mines." I would have to admit at once that resources would come under the subject matter of the bill since it deals with solar energy as an energy resource. On the other hand, the very next paragraph of the rule, 67(1)(*l*), gives the Standing Senate Committee on Health, Welfare and Science jurisdiction in respect of matters relating to "health, welfare and science generally," including a list of specific things.

I think I can explain what has happened here in the development of this conflict. The Senate decided some years ago to add science to the jurisdiction of the Health and Welfare Committee, chaired by Senator Carter. The impression I now have is that at that time the Rules Committee did not examine the implications of this addition carefully enough, because if a bill such as this were to be referred to that committee—and that was the intention—then our position would be that of dealing with a bill concerning scientific research which ought,

therefore, to come under the jurisdiction of the Health, Welfare and Science Committee.

Senator McElman: Would the honourable senator permit me to intervene on a point of order? I do not wish to interrupt him, but I must inform the Senate that at this moment the proceedings of this house are being broadcast in the corridors. Perhaps instructions could be issued by the Speaker to have it cease forthwith, since there is no permission for it. There are loudspeakers just outside the door of the chamber. Those speakers are on, and the proceedings of the house are currently being broadcast to the central hallway of the building.

The Hon. the Speaker: Honourable senators, I would ask the Gentleman Usher of the Black Rod to see to the matter immediately.

Senator McElman: I ask Senator Grosart to pardon me for having interrupted his speech.

Senator Perrault: It may be that he wanted it broadcast.

Senator Grosart: I was not at all sure whether the matter Senator McElman was referring to was a direct broadcast or an indirect broadcast. I presumed it was the latter.

As I was saying, there is this conflict, and whether it is a strict point-of-order decision, a legal decision or a constitutional decision, I think it could quite properly go either way. Therefore, when a choice has to be made, it would seem to me that the appropriate way to proceed is to ask what the common sense of the matter is, and in that I agree with the amendment moved by Senator Flynn. If a bill can be referred to either of two committees, common sense would indicate that if it deals with scientific research, the setting up of a scientific research institution, then it should go to the committee which is charged with all matters relating to science. The wording is quite clear:

> —bills, messages, petitions, inquiries, papers and other matters relating to health, welfare and science generally—

That is all I have to say on that particular aspect. It will, of course, be for the Senate to decide on the amendment and, if it does not carry, on the main motion.

We are then still dealing with the main motion, which concerns the disposition of this bill. It has not yet been decided by the Senate that it is to go to a committee. We are still in that area of discussion, and it is in that area that I feel it is quite relevant to make some remarks about the background of the amendment before us.

Briefly, the bill came to us, and was introduced at the second reading stage by Senator Austin. He was a bit confused at the time, because he seemed to think—in fact he made the statement—that the Senate had agreed unanimously to give it second reading. It had not at that point. We were debating his motion that it be read the second time. I think it was this kind of confusion, and other confusions, which may have had something to do with the heat which was engendered. Statements were made which were not conducive to quiet, calm, sober reflection on the matter. I will not refer to all of those, because that is past history and we have made our decision, but I do find it necessary to make reference to certain remarks.

I am sorry the senator to whom I am about to refer has left the chamber—and perhaps that was because of the "broadcasting" taking place a moment ago. I refer, of course, to Senator Robichaud and his remarks. Yesterday I was on the brink of rising on a point of privilege, but refrained from doing so until I could reflect on the matter. After reflecting calmly, I feel I have a duty to protest some remarks which were made—and this is not merely on my own account, as I will point out in a moment.

Honourable senators are aware that there was a difference of opinion in the Senate on several matters, particularly on the principle of the bill. Some senators took a stand in respect of a principle about the principle. We argued our case as well as we could. In those circumstances, I was amazed to hear Senator Robichaud make comments to the effect that I and others had wasted the time of the Senate; that he had never witnessed such an "exercise in futility"; that we had been quarreling over an amendment which could have the effect of delaying the eventual passage of the bill. Well, as was pointed out clearly, the amendment did not have that effect. He objected to having to stand and take up a few minutes of time to say how frustrated he was by the discussion. Finally, he referred to it as "waste as is being wasted today in this debate on a simple matter of procedure."

● (1450)

I merely want to say that it was not a matter of procedure as far as I or my colleagues were concerned. It was a matter of principle. Whether we were right or wrong is not the point. I should like the senator to read my comment that it was also a matter of principle to nine of his colleagues. When the matter came to a vote and was negatived, 21 senators found themselves in the position of being subjected to this type of accusation as to our motivations and the exercise of our right to stand in the Senate and fight as hard as we can, and as long as we can, for a principle in which we believe.

I regret that the honourable senator is not present. I hope he will read my remarks, reflect on them, and decide what response he feels should be made.

We still have the question before us as to which committee should consider this bill. I appreciate the fact that there are two possibilities, and should indicate that I support the amendment moved by Senator Flynn. If it comes to a vote, I will vote in favour of that amendment.

Hon. Léopold Langlois: Honourable senators, I shall endeavour to limit my comments to that portion of the honourable senator's remarks which deal with the referral of this bill to a particular committee.

I am inclined to agree that this measure could be referred to any committee. Rule 67 is quite clear in that respect. It merely sets out the main functions of committees. Only one of the committee listed under rule 67 can, of its own initiative, study a matter. All the other committees can exercise their functions only if a motion to that effect is adopted by the Senate, and

such motions, to my mind, can vary the function listed for the individual committees in rule 67.

My advice was sought on the motion to refer the bill to the Banking, Trade and Commerce Committee. Having in mind the widespread criticism which surfaced during the course of debate on the motion for second reading respecting the deficiencies in the wording of the bill as now drafted, my advice was that the Banking, Trade and Commerce Committee, given the make-up of that committee, was much better equipped to deal with the bill than the Standing Senate Committee on Health, Welfare and Science. I am a member of the Health, Welfare and Science Committee, and I am sure that that committee is not as equipped as is the Banking, Trade and Commerce Committee to deal with a bill which needs extensive revision in terms of its wording before it can pass on third reading. For that reason, I suggested to the sponsor that it be referred to the Banking, Trade and Commerce Committee.

In arriving at my decision, I took into consideration the fact that that committee has quite a workload. However, I have been informed that the chairman and members are ready to tackle this additional task, and they are ready to do so in a speedy manner, as they have always dealt with the many measures which have been referred to them in the past.

I concede that the suggestion of my honourable friend makes sense. The bill no doubt could be referred to the Health, Welfare and Science Committee, or any other committee, on a motion in this house. However, having regard to the expertise of the Banking, Trade and Commerce Committee and the deficiencies which must be corrected in the wording of this bill before it is capable of passing on third reading, it is my submission that the Banking, Trade and Commerce Committee is better equipped than any other committee of this house to deal with it.

Senator Grosart: With leave, honourable senators, I should like to make a brief comment. Without discussing the principle, I would not want to be put in the position of acceding to the suggestion that Senator Carter's committee, the Health, Welfare and Science Committee, is not fully and completely competent to deal with a bill respecting scientific research.

Senator Langlois: I did not go that far.

Senator Grosart: I merely make that comment.

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

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, with leave, I yield to Senator Olson.

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

Hon. Senators: Agreed.

Hon. Horace Andrew Olson: Honourable senators, in rising for the first time in this chamber, I should like to express my appreciation to all honourable senators who wrote to me wishing me welcome and well in my career in this chamber. I should also like to express my appreciation to the many honourable senators and members of the staff who have been very kind and generous in offering me assistance in familiarizing myself with the mechanics, if you like, of this chamber, and the supporting staff and services. It has been an exceptionally delightful experience for me.

I intend to be very brief on my first intervention in the Senate and my participation in the debate on meeting more effectively the economic and cultural aspirations of the various regions of Canada. I express the hope that this Senate, with all its competent members, will be involved and will indeed assist in relieving some of the tensions that have grown up between the regions of Canada.

• (1500)

Honourable senators, I agree with most of what has been said so far in the debate. In fact, I agree with almost all of it. I also find myself in a large measure of agreement with speeches that have been made on this subject outside this chamber. But, I have to add that I do not believe that recognition of linguistic and cultural differences, and so on, will, by itself, solve some of the regional tensions and difficulties that have built up in Canada very recently and, indeed, farther back in our history. I believe that this chamber as well as its committee, and the facilities we have at our disposal, can, in fact, make a tangible contribution to the resolution of economic and other difficulties between the regions.

For example, the Standing Senate Committee on Agriculture has been meeting rather intensively during the past few days and had, I understand, quite a number of meetings before I became a member of this house. This committee, by its inquiry into the beef industry, is going to make a major and significant contribution to relieving some of these tensions. Let me explain briefly why I think that will happen. Many of the beef producers on the prairies have been suffering severe economic losses for about three years in trying to produce beef for the Canadian market. At the same time they know that there is something wrong, but they do not know what it is, in the marketing structure. They believe that whatever it is that is wrong happens in the wholesale trade in places like Montreal, in particular, and Toronto. So far as this inquiry is concerned—and I do not know whether it is against the rules to refer to an inquiry that is going on—the committee has not yet been able to identify or pinpoint what it is that is wrong in the beef marketing structure, although I think we are getting closer and closer to it.

Now, if that can be identified and some remedial action can be taken, I suggest to you, honourable senators, that most of the people of Alberta and the people involved in the beef production industry are going to have a very much better feeling toward another part of Canada where the major market for their beef is located, and that is Montreal. I hope we will give sufficient attention to the work of this committee to, first of all, diagnose and identify the problem, and then follow through by making some fair and just recommendations that will solve the problem.

That is only one aspect, honourable senators, and there are two other matters that I know of—economic matters—that this house and its committees can become involved in, and which have been studied very intensively recently. One is the subject matter of the study carried out by the Hall Commission. We know that this commission is going to be disbanded fairly soon, so I hope that the Standing Senate Committee on Transport and Communications will pick up some of the recommendations that have been made by Mr. Justice Hall and his commission and follow them through to the point where we can see some tangible remedial action taken in respect of the problems that have been studied. As I have said, that commission is going to be disbanded, so it will just not be there any more to do its own follow-up work.

The second economic matter is the one that has been studied recently by the Economic Council of Canada, as a result of which the Council published a book about regional differences entitled, I think, *Regional Disparity and Living Together*. In that book they point out that there is, in their opinion, a legitimate grievance from the prairies with respect to transportation costs, and, indeed, the suppression of secondary industry in that part of Canada because of transportation facilities and their costs.

Once again, honourable senators, since the studies are fresh and up-to-date, and these are all conditions that exist in 1977, I hope that this house will take some action and follow through so that very sound and hard recommendations for the correction of these grievances might be made to the government. I really believe that the Transport and Communications Committee can make a very useful contribution to Canadian unity by picking up these questions and making sure that follow-up action is taken.

I need hardly repeat it to honourable senators who have been here for a long time, but it was my experience when I was in the other place, and, indeed, when I was in the ministry, that some of the inquiries undertaken by the Senate were far more useful in practical terms to the people of Canada than many of the royal commissions that were set up from time to time. In the first place, they were a great deal less expensive, because this chamber goes on week after week and year after year at reasonably close to the same cost. Yet we have had some royal commissions that cost several millions of dollars. But that is not the most important part. The most important part is that the Senate is an ongoing body that can follow matters up, and see whether or not its recommendations are accepted by the government of the day. If they are not, then the Senate can study them further, amend them and bring them up-to-date, and send them to the government again. My experience has been that the committees that have been established by this chamber to conduct specific inquiries—I could name a number of them, but I am sure that is not necessary—have been extremely successful.

As I said at the outset, I am not going to take up very much more time because I hope we shall have further discussions when we reach the stage where we are going to do something more specific with respect to the inquiry before us. However, I do have one other point to make before resuming my seat.

• (1510)

I hope that we in this chamber, as we travel around the country, will endeavour to do something to discourage the use of regional differences for temporary partisan gain. It is my belief, I hasten to say, that western politicians are as guilty in this respect as those from any other part of the country. Although it may not appear to be very damaging to the overall strength and unity of Canada immediately, when people, especially local and provincial leaders, constantly refer to the differences between regions in an endeavour to exploit them for some temporary political gain, I suggest there is cumulative damage to the unity of the country. I hope that we would try to discourage both federal and provincial politicians from doing that in the future, and cause them to realize that even in Canada it is possible to push these things to the point at which they become dangerous to the stability of our country.

In conclusion, honourable senators, I wish to say that I hope that the Senate, with its facilities, committees and all the support available to it, will be used positively and in tangible ways to preserve the unity of this country. I say again that it is my experience that this has been done by this chamber on a number of occasions in the past, and we should, therefore, not hesitate to use these facilities for this purpose in the future.

Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, may I be permitted to ask Senator Olson a question?

Senator, first allow me to congratulate you on your speech, which I found very well pointed and particularly effective because of your well known experience in western and agricultural affairs. That is the reason I wish to ask you this question.

Perhaps you have not had a chance yet to see it, but on my desk yesterday was a statement from the Minister of Transport with respect to at least a substantial implementation, as he thought, of the recommendations of the Hall Commission report relating to rail networks, I believe, and maintenance until the year 2000, and some extension. I, and perhaps other senators, would be interested to hear your comments as to whether that is or is not a step in the right direction, and how you would assess that statement in relation to the very questions you raised with respect to the Hall Commission report.

Senator Olson: Honourable senators, I noticed, and, as a matter of fact, was advised more than a week ago that the Honourable the Minister of Transport was, in fact, going to make some announcements. He intended to do something else

also—to meet in Regina with some of the agricultural leaders in western Canada so that they could proceed as rapidly as possible to achieve some positive results related to Mr. Justice Hall's recommendations. In my opinion, the two announcements he made with respect to the prairie rail authority and putting certain lines into the permanent network to the year 2000 are very positive. They are timely, and I am sure that they will be well received in western Canada, the affected area.

However, I would suggest that there are a large number of other recommendations contained in Mr. Justice Hall's report which cannot be implemented so quickly. It will take some time to study the administrative requirements and the details related thereto. They also require a number of consultations to be carried on between the railways and other businesses and cooperatives which are involved in the grain industry. I would hope—and I made reference to this—that this house and its Transport and Communications Committee will take that report under advisement and, perhaps, be helpful in calling together those who would have to be involved in giving administrative effect to some of the other recommendations.

Inasmuch as this house and its committees are ongoing bodies, it does not matter whether it takes three months or three years—which will probably be the case with respect to some of Mr. Justice Hall's recommendations—for this house to follow through to the point at which something positive can be done.

On motion of Senator Petten, for Senator Carter, debate adjourned.

FOREIGN AFFAIRS

VISIT OF DELEGATION OF CANADIAN PARLIAMENTARIANS TO MEXICO, MARCH 21 TO 28, 1977—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Molgat, calling the attention of the Senate to the visit of a delegation of Canadian Parliamentarians to Mexico, from 21st to 28th March, 1977.—(*Honourable Senator Bélisle*).

Senator Bélisle: Honourable senators, I am informed that our distinguished colleague from Toronto would like to speak on an important subject before next week's conference in Helsinki. I would ask that this order stand so that Senator Thompson may proceed.

The Hon. the Speaker: It is agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE

TWENTY-NINTH ORDINARY SESSION, STRASBOURG, FRANCE, APRIL 25 TO 29, 1977

Hon. Andrew Thompson rose pursuant to notice:

> That he will call the attention of the Senate to the First Part of the Twenty-ninth Ordinary Session of the Parliamentary Assembly of the Council of Europe, held in Strasbourg, France, from 25th to 29th April, 1977, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

He said: Honourable senators, first, I would like to thank Senator Bélisle for his courtesy. I appreciate very much the fact that he has given me the opportunity to speak at this time.

I had the privilege, honourable senators, to be included in the Canadian delegation to the Twenty-ninth Ordinary Session of the Parliamentary Assembly of the Council of Europe in Strasbourg. Our small Canadian delegation consisted of two members of the House of Commons, Mr. Breau and Mr. Mitges, and myself. Mr. Breau spoke eloquently and ably on behalf of the delegation during the session. As other senators know, the most important and productive aspect of these international conferences is the informal sessions which take place among delegates, and which provide the opportunity to converse about Canada and the countries of other delegates. I do not intend to single out any of the many social evenings which were arranged for the delegates, but I would be remiss if I did not at least refer to the Counsul General, Mr. Gauvin, who was most cordial and helpful in arranging meetings for the delegation. He was also well informed about European events.

● (1520)

I wish also to thank Mr. Eric Laverick, who accompanied the delegation and assisted us in a most conscientious and able way.

The purpose of this particular session of the Council was to deal primarily with the results of the implementation of the Helsinki Act.

When I arrived in Strasbourg one of the delegates asked me, "Why are you, a Canadian, so eager to come over here when you are almost 4,000 miles away from Strasbourg?" I pointed out to him that most Canadians—and this is true, I think, of every member of this chamber, except Senator Adams and Senator Williams—have roots in Europe, and that it is vital to Canadian interests that this link with Europe be maintained. I pointed out also that Canada is the home of many people who came as refugees from Communist regimes. I am sure that most senators, as they have passed through the airports of Canada, have experienced deep sympathy and emotion on seeing some small group or family waiting, with apprehension and concern on their faces, for some loved one to arrive, possibly after long bureaucratic delays, from one of the Communist countries. You see them suddenly move forward and cluster around the new arrival, and there will be an unabashed flow of tears as they welcome yet another family member to Canada. This stream of refugees has been coming into Canada from the wretched, sordid conditions that exist under the Communists, who want only to impose their lifestyle and government throughout the world.

In 1968, as some senators may recall, I flew to Austria to help bring back the Czechoslovakian refugees, of which, at that time, Canada accepted something like 12,000. I remember flying back in the plane with a group of these people and seeing their anxiety and fear and concern, particularly for their children, and then their relief when they arrived in Canada and experienced the extraordinary welcome that they received from Canadians.

In 1956, when we saw the brutality of the invasion of Hungary, I was also working with refugees under the Honourable Jack Pickersgill, and I remember being on the Red Cross committee headed by the late Senator Thorvaldson. At that time we dealt with almost 40,000 refugees who had crawled through barbed wire to get away from the persecutions of the Communist regime, and who at length arrived in Canada and became integrated into our society.

I remember going on a Canadian Club tour across Canada at the time. This was a tough economic period for us, and there was concern about the acceptance by Canadians of such a large group of refugees into our economy. However, I was thrilled, as I have always been, by the warmth and generosity of small communities all across Canada who did everything they could to help these refugees to adapt and become integrated into our national life.

I told the delegate who asked me the question I mentioned a moment ago that I had a very personal reason for my deep interest in the reunification of families, which is one aspect of the Helsinki Act, and this interest exists because of someone I love and respect very deeply. He is a man who is now 79. I look at most of you, honourable senators, and in background this gentleman would be very similar to yourselves. He was a lawyer, a man interested particularly in labour legislation, who worked in a small country on a constitutional conference which was held for the purpose of changing its constitution. He was an author, and is a gentle, quiet, sensitive person. He is my father-in-law.

What was his crime? He had already been imprisoned by the Nazis for a year in solitary confinement, and when the Communists came he had to disrupt his whole life again and risk fleeing with his young family, consisting of his wife, my wife and her sister, across 200 miles of the Baltic Sea, in order to get to Sweden. He was lucky that he was able to escape. On the night of June 14, 1941, when he left his townhouse and went out to the country to arrange to leave, the Communists carried out a massive deportation in freight cars of the people they particularly wanted to deport, to torture, to put in jails, to send to concentration camps, namely, the members of Parliament, the leaders and intelligentsia of that small democratic country.

Senator Yuzyk has spoken of the fact that of the Ukrainians in Mordovia more have been deported than are being born. It is difficult to imagine the enormity of the atrocities which the Communist system has inflicted on the peoples of the world. In the little country of Esthonia, with which I am acquainted, there were 59,000 deported in the first year after the Communists took over. So I had a personal and deep interest in attending this conference, the purpose of which was to examine the results of the implementation of the Helsinki Accord.

May I just give some short background information about the conference. There are many European parliamentary organizations, and so perhaps I should clarify the confusion that sometimes exists between the Council of Europe and the European Parliament. Both of these bodies convene in Strasbourg. The European Parliament, as senators know, is composed solely of representatives of the nine member countries of the European Economic Community. The Council of Europe invites the membership of all democratic European communities. Nineteen states are represented, and those 19 states have a population of 350 million. Greece, on achieving a democratic form of government once again, was reinstated. Portugal recently became a member, and it is hoped that Spain may soon join.

The Council of Europe is the oldest and largest political organization in western Europe, having been founded in 1949. In its role as a parliamentary forum, the Council provides discussion of internal problems of western Europe, except for the purely military aspects of defence. For example, the Council upholds human rights and strives to improve standards in such areas as public health, hygiene, labour, public welfare, education, cultural development, crime prevention and treatment of delinquents, regional and town planning, science and technological policy, and it also tries to establish a network of common laws. It has established a European Court of Human Rights, and a European commission was also established. In all, about 80 expert committees and subcommittees meet regularly to carry out programs in these areas. The Council invites observer delegates from non-European democratic nations. Such delegations have included those from the United States, Latin America, Japan, Australia, Israel and Canada.

• (1530)

Mr. Czernetz, President of the Assembly, welcomed to the 29th Session representatives of the United States Congress, members of the Finish Reiksdag and our delegation. As I said before, the main discussion at this session of two and a half days was on the implementation of the Helsinki Agreement, and the approach to be taken at the pending Belgrade Conference on June 6.

The Helsinki Agreement was something which the Soviet Union had certainly been pushing to achieve for a long time. In fact, it may be recalled that the Soviet Union had been pushing for a Helsinki Conference since the death of Stalin in 1953. In 1954 Molotov proposed a 50-year European collective security pact envisaging a neutralized and divided Germany. The three western powers of occupation in 1954 countered with a proposal for a United Germany with free elections in all zones. It was a long and tortuous road of 22 years before the western powers agreed to the conference.

Marshall Bulganin had revised the Soviet idea in 1955, although there had been some rigidity between east and west because of East Germany's signing the Warsaw Pact, and West Germany's being admitted to the Atlantic Alliance. Then in 1956 we saw the ruthless suppression of the Hungari-

an Revolution and again the idea was dropped for a period of time. But Gromyko proposed it in 1959, and again there were Soviet proposals in 1965 at Bucharest, followed by the Karlovy Vary Declaration in 1967. But then in 1968 came the arrogant Soviet invasion of Czechoslovakia. In that same year, as most senators will recall, Mr. Brezhnev propounded the doctrine of limited sovereignty for socialist states, to protect the socialist regime, once established, by armed force, if necessary.

The western countries held out for a Helsinki Conference because they wanted to see an improvement of the Berlin situation. The Berlin Basic Treaty was then signed in 1972, and there was progress also in the Strategic Arms Limitations Talks and the mutual balanced force reductions in central Europe. These last two aspects were significant to the west.

It has been said that Mr. Brezhnev in many ways fathered the 1975 Helsinki Declaration. Why? The European delegates with whom I talked had no illusions about what the Soviet Union hoped to gain from these accords. They confirmed to me that the Soviet objectives were similar to those indicated in an article by G. G. Crean, formerly the Canadian Ambassador to West Germany. He had written in a text issued by the Canadian Institute of International Affairs that what the Soviet Union had wanted was a quick summit conference followed by an endorsement of the territorial status quo in Europe, by which they would thus legitimize their hold on the occupied nations.

The second Soviet objective resulted from the state of the Soviet economy. Technological spinoffs in their very sophosticated space and missile industries had not reached into their consumer industries. There had been internal pressure in the Soviet Union for consumer goods, for higher productivity in agriculture and for a better distribution service.

A third long-term Soviet objective was to bring about the direct harnessing of western industrial and technological capacity to Soviet needs; and a further Soviet objective was to create a climate of detente in which the west might relax its defence forces, start bickering internally and present the Soviet Union the opportunity to advance its consistent pursuit of ideological and social aims in the west.

In reading the excellent speech which Senator Yuzyk gave at Texas University, I saw that he confirmed this again with the quotations he made from Major-General Sezna's papers, which were smuggled out. Major-General Sezna was a top person in the Warsaw Pact, and his papers showed that the strategy of the Warsaw Pact countries towards the west was to try to develop an atmosphere of detente by which the western alliance would be seduced into relaxing its defences.

The Helsinki Declaration is a complicated, complex document, which is open to many interpretations, but the Soviet Union is making it fairly clear what they feel the interpretation of détente means. At the 25th Congress of the Communist Party of the Soviet Union, Mr. Brezhnev stated:

> Détente did not and could not abolish or modify in any way the laws of the class struggle.

That means that the Soviet interpretation of détente does not preclude the continuing encouragement of social change in the democracies by means other than military.

I should add that at the session the delegates with whom I talked did not suffer from détente euphoria. Certainly, they acknowledged the complexity and vagueness of the language in the Final Act, which had resulted from the requirement of a consensus among 35 nations on each clause, and would, therefore, make different interpretations likely and could provide difficulties in measuring compliance to each section of the act. Nevertheless, the Soviet Union had promised to take seriously all of the Helsinki pledges. Soviet Leader Brezhnev said in Helsinki:

> We proceed from the assumption that all the countries represented at the Conference will translate into life the agreements reached. As regards the Soviet Union, it will do precisely that.

• (1540)

What exactly do these agreements include? First, I stress that the Helsinki Accord is not a formal treaty. In fact, that is specifically precluded by the 35 signatories from the regulations under article 102 of the United Nations Charter. Therefore, it can be said that in legal terms it does not settle, nor is it intended to settle, matters in dispute following the surrender of Germany, and Mr. Breau, our spokesman at the session, stressed this point with my wholehearted endorsement. He repeated the resolution of the Honourable Allan MacEachen in February 1976, in the House of Commons, which was adopted unanimously and which reads:

> That the Helsinki Act in no way portrays the status quo in Europe. In particular, the status of Estonia, Latvia and Lithuania as at present recognized by Canada—

And that is *de jure* recognition.

> —has in no way been altered thereby.

In general terms, the purpose of the Helsinki document is not, as Prime Minister Trudeau stressed at a press conference in Helsinki, a peace treaty but it is an attempt to break down barriers between eastern and western Europe and to work towards an atmosphere of stability and co-operation.

There are three baskets or sections in the act. Basically, the first basket is a declaration of 10 principles, and these principles are similar to those in other international declarations—for example, the U.N. Charter—including principles on human rights. There are proposals on the non-use of force and for the peaceful settlement of disputes. It does allow for the change of frontiers in accordance with international law, by peaceful means and by agreement, and I understand from some delegates that that was put in at the insistence of the western allies.

Basket I calls for confidence-building measures in the form of advance notification of military manoeuvres.

Basket II deals with "Co-operation in the Field of Economics, of Science and Technology and of the Environment."

Basket III, which is the one that is of particular interest to me, is entitled "Co-operation in Humanitarian and other Fields," and these are dealt with under four headings. The first is Human Contacts; the second is Information; and the third and fourth are Co-operation and Exchanges in the fields of Culture and Education, respectively.

The delegates pointed out to me that the Soviet Union was obviously anxious to reach agreement at Helsinki, for there are included in the act phrases and statements of western interests that were accepted by the Soviet Union. For example, "Frontiers can be changed in accordance with international law, by peaceful means and by agreement." As one delegate pointed out, that, logically, would mean *de jure* recognition of existing political frontiers in eastern Europe. The document was also linked implicitly to mutual and balanced force reductions and strategic arms limitations talks, and, needless to say, the Soviet Union was not the prime mover of that section.

Basket III, Co-operation in Humanitarian and other Fields, was resisted by the Soviet Union, but without that section many western countries, including Canada, would not have been signatories. And Canada in particular—and I was told this by delegates—did sponsor a strong text on the reunification of families, and I think the men who worked on that text should be sincerely congratulated.

Now, the general opinion of this session to discuss the implementation of the Helsinki Act was that progress had been slow—indeed, in many aspects it had been minimal. I can give many examples of that. I have asked the Leader of the Government some questions, the answers to which show the pettiness on the part of the Soviet Union in responding to the accords. I asked, for example, and received an answer today, in connection with customs duty on parcels to relatives. This is important to relatives in the Soviet Union because when they apply for emigration they may no longer be employed, and they have to live off these parcels. What is the enthusiasm of the Soviet Union to bring about a greater amelioration of situations involving separated families? They have increased the customs duty by 100 to 300 per cent, and I understand that in some cases it has gone up by 600 per cent. I could go on in areas like this. So, on the whole, the delegates considered that the implementation of the Helsinki Act was slow, and in many cases minimal.

Most reports show that the Warsaw Pact countries have restricted the efforts to meet certain easily fulfilled provisions, while they are taking an aggressive stand to divert attention from the provisions they are not yet meeting. A delegate from Norway, Mr. Shulberg, suggested that the Helsinki Accords were not a menu from which one chooses only what one wishes, but were to be complied with in full. And Mr. Brezhnev said he would do so at Helsinki, and that is what the rest of the nations were hoping would be lived up to.

Most Warsaw Pact countries are looking for agreements on scientific and technological exchanges, economic cooperation and cultural exchanges, but they have shown reluctance—in some cases, great reluctance—towards increasing human rights and allowing family visits, freer travel and the free flow of ideas. They argue, when this is raised—for example, when President Carter said that human rights transcend national boundaries, and that that is part of the Helsinki Accord—that this is interference in their internal affairs.

Quite frankly, I had hoped that the government leader, in view of the fact that the follow-up in Belgrade is taking place on June 6, might have received from External Affairs a reply to my questions with respect to emigration from the Soviet Union and other countries, because I think, honourable senators, that we would agree it is a pretty dismal record that is shown by the figures. But I think as well that if we had those figures they would indicate that there are differences in approach on the parts of the countries in eastern Europe. As I understand it from talking to delegates, the Soviet Union, Bulgaria and Czechoslovakia—and this is the Canadian experience as well—have been the most cautious and restrictive in connection with emigration and the reunification of families. At the other end of the scale the one that has been most cooperative is Yugoslavia.

• (1550)

Although I have not received replies to my questions with respect to the flow of informations—another of the accords—I have been told that Poland is the largest importer among all eastern European countries of foreign newspapers. In fact, they claim that some 44 million copies of foreign newspapers and periodicals are coming from east and west, and are made publicly available in international press and book clubs. I should say that I appreciated Senator Yuzyk's sending to me, as I am sure he sent to other senators, a list of the restricted newspapers which Poland will not allow to be imported. I notice that two Canadian Polish newspapers are included. I feel that a large proportion of those 44 million copies are coming from the east, rather than from the west.

At this point I also thank Senator Yuzyk very much for the valuable material on which he has diligently and arduously worked to provide information in connection with this very important upcoming conference. I refer to the list of Ukrainians prisoners and the Charter '77 signed in Czechoslovakia, which was an expression by 500 signatories, extraordinarily brave people, who stood up and said they wanted to see the Czechoslovakian government implement the accords which it had signed. They talked of the program of the coalition of Polish independence and so on. In addition, I refer to his excellent speech on the human rights movement in the Soviet Union. He said he has a list of 162 persons in the Ukraine who were placed in prison for political reasons.

Before going to this conference, my father-in-law gave me a list of 30 Estonians similarly in jail. I had no opportunity to use it, but it burned in my pocket and gave me a sense of the reality of what actually is taking place with respect to human rights in the Soviet Union.

On my return to Canada I read the story, as perhaps other senators did, of the little Catholic girl in Lithuania. In June 1975 she was tried and sent to a concentration camp. Her alleged crime—this is in a country that had signed the Helsinki Accords—was an association with the "Chronicle of the

Catholic Church" in Lithuania. In this pamphlet which was sent to me I read how she had defended herself before the court, refusing the farce of a public defender. These are her words to the tribunal, the words of a young girl who knew what her fate would be:

> We are not afraid of your prisons and concentration camps and we consider it our duty to denounce your actions, which humiliate, discriminate and oppress people. To fight for human rights is everyone's sacred duty. I am happy to have the privilege of suffering for the Chronicle of the Catholic Church in Lithuania, for I am convinced of its truth and of its importance, and I will remain faithful to my convictions until my last breath.

I could read you the names of many who are in prison, in insane asylums and concentration camps, and certainly Senator Yuzyk has done that.

An American Congressman who spoke gave a list of dissenters in the Soviet Union and other European countries. Perhaps I might quote from his speech. He said:

> It has dismayed and outraged Americans to see in the months since Helsinki a revival in the Communist nations of the repressive habits we had expected to see at least gradually ameliorated. The arrests of those soviet citizens who took the Helsinki accords seriously enough to seek their government's compliance—Professor Yuri Orlov, Aleksandr Ginsburg, Anatoli Shcharansky—

Let me point out that Madam Shcharansky was brought to the conference by one of the British delegates. Mr. Shcharansky is a Jewish leader in Moscow, and that is his crime. He is in jail, and there was an impassioned plea on the part of the British parliamentarian that the Soviet Union relent in some small way in connection with this man. The congressman continued:

> —Mikola Rudenko and Oleksei Tykhy; the arrests in Prague of Charter '77 signatories Vaclav Havel, Jiri Lederer and Frantisek Pavlicek as well as the death—after exhausting interrogation—of Professor Jan Patocka; the arrest in Bucharest of Paul Goma; in East Germany the arrest of Hellmuth Nitsche, the surveillance of physicist Robert Havemann, the exiling of singer Wolf Biermann and the emigration—under pressure—of writer Thomas Brasch and Reiner Kunze—all these events speak of both the positive and negative impact of the Helsinki accords. They have been positive in stimulating voices of hope in societies where hopelessness was the norm. And they have been negative in failing to stay the hands of the governments which had their own pledges invoked against them.

Senator Lafond: Would Senator Thompson please identify the Congressman?

Senator Thompson: Yes, it was Congressman Donald M. Fraser.

Senator Rowe: I wonder if Senator Thompson would permit a question at this point? We have all been listening, I am sure, most intently to what he has had to say. However, he has been dwelling especially on those states behind the Iron Curtain which are under the direct control of Russia, in the sense that Russia is actually there in person, so to speak—the Baltic states—and has referred incidentally to some of the other states. What is the situation in Bulgaria? I believe Canadian and other parliamentarians are particularly interested in Bulgaria, because this fall the Interparliamentary Conference is to be held there. Is the situation any different in Bulgaria and, for that matter, Romania, from that in some of the other countries mentioned by Senator Thompson?

Senator Thompson: I appreciate Senator Rowe's question, but I do not have sufficient knowledge to go into the situation in Bulgaria and Romania. However, it is an important question. There is, obviously, an individual approach taken by the bloc of Warsaw Pact countries with respect to emigration. That is why I had hoped to get these figures, for some of them are easier with respect to emigration and the flow of information than others. They are not all repressive, but I am sorry that I cannot be specific in connection with those two countries.

It is not difficult to be skeptical about the Soviet Union's signature on the Helsinki Charter. I myself go back in memory to the Soviet-German treaty, the Ribbentrop-Molotov Pact of 1939, which prepared the way for the forcible annexation by the U.S.S.R. of territories which she retains to this day, and which she wanted the Helsinki Conference to sanction as the U.S.S.R.'s integral possessions in perpetuity.

● (1600)

My father-in-law, about whom I spoke earlier, can recall over 16 treaties and covenants that have been broken by the U.S.S.R. with respect to the Soviet occupation of Esthonia. Senator James Eastwood, Chairman of the United States Judiciary Committee, recalled in 1964 that since the Soviet Union came into existence its government has broken its word to virtually every country to which it ever gave a signed promise. His committee recorded the details of over 100 Soviet treaty violations. Senator Yuzyk, my former professor in Ukrainian and a distinguished Soviet historian, quoted in his Texas speech the dictum of Lenin: "Promises are like pie crusts, made to be broken." He also quoted Stalin's words in 1913: "Sincere diplomacy is no more possible than dry water or iron wood."

I referred to the history of the little Lithuanian girl, and I could go on and on, honourable senators, as many of you could, with an almost unbearable litany of persons who are suffering harassments, beatings and torture in the institutional framework of repression embodied in the prisons and insane asylums of the Soviet Union. Let me conclude by offering some flickers of hope about this Helsinki Conference.

First, the majority of delegates appeared, in their speeches, to be fully aware of the realities of the Communist world. They live far closer to the Soviet threat than we. Let us not forget that many of these small countries have shown great courage against threats. I shall always remember little Austria, a country which kept its borders open against threats by the Soviet Union in order that both Hungarian and Czechoslovakian refugees could escape to freedom. Little Sweden

has a proud record of courageous hospitality to flows of refugees from Communist countries, which included my own wife and her family. Little Norway, when the Czechoslovakian government cracked down on the 500 signers of Charter '77, the petition calling for observation of the human rights section of the Helsinki Accord, called off the signing of a new trade treaty with Czechoslovakia.

What is also significant is that the French, the Spanish and the British Communist parties, together with groups of dissidents in Poland and Hungary, expressed solidarity with the beleaguered signers of Charter '77, and, of course, from the Soviet Union came a protest by the irrepressible Zakharov.

Also of great significance, as Mark Gayne pointed out in a recent article in the Toronto *Star*—and I think this may be what Senator Rowe had in mind when he raised the question—is that Brezhnev's enunciation of 1976 that "all Communist states are bound to become alike in foreign policy, economy and daily life, and tightly bound with each other and the Soviet Union," is not acceptable to all Communist states. They no longer see the Soviet lifestyle as the ideal to be followed. After the Soviet Union, with great enthusiasm, published all 30,000 words of the Helsinki Accords in *Pravda* and *Izvestia,* which I understand have a circulation of about 20 million in the Soviet Union, and having spread this across the entire country, their own implementation of all sections of the agreement will be watched by peoples in Europe, Africa, Asia and Latin America, where their alleged aim is to present themselves as champions of oppressed peoples.

The delegates, in their speeches, were obviously fully aware that only by honouring their own undertakings can the western participants, whenever necessary, insist on the eastern European governments keeping to theirs. For example, Congressman Fraser of the United States openly admitted at the session that his government has a cumbersome law governing the distribution of both entry visas for immigrants and temporary visas, which was vulnerable to complaint. I think that we in Canada should be on guard against such abuses. I noted that Senator Asselin, in his excellent speech, suggested that we should be very careful, in our enthusiasm for development, still to respect the rights of minorities.

To the sceptics—and I include myself in that group—the Helsinki Conference did not, as we thought, and as I am sure the Soviet Union thought, weaken western cohesion. On the contrary, I found a re-affirmation of the principles of freedom being expressed by representatives of like-minded nations, which had coordinated their approach to political problems. Some of these delegates, and some of the speakers, may appear rather mild and soft spoken, but they are very tough in connection with their convictions with respect to democracy. I think particularly of the speech by Premier Soares of Portugal, who spoke to us about the democratic forum which now exists in that country. This man, quietly spoken, humble person that he is, was in jail 12 times during his fight to bring democracy to Portugal.

I was, therefore, encouraged by the calibre of the delegates. Those with whom I talked recognized the necessity of political cohesion, but they also considered it vital to maintain the forces necessary to preserve a military and strategic balance.

The twenty-second annual assembly of NATO in Williamsburg has stated that "détente is at the present time the only valid alternative to policies of crises and confrontation." In their final communiqué, the NATO delegates stressed the great importance they attach to the implementation by all the signatory states of all the provisions of the Helsinki Final Act. At the forthcoming Belgrade meeting, after their monitoring of the implementation, the allies will work for a constructive outcome which will promote better relations between the participating states and be beneficial to all their peoples.

The European Council has kept track of and has listed the questions that have been asked, and the debates that have taken place, concerning the implementation of the Helsinki Final Act in the individual parliamentary forums, and they gathered these together in the final report on the conference.

There is a great deal of interest in all the free parliaments of Europe in connection with the implementation of the Helsinki Accord. The delegates never had any illusions about the long tortuous path to the achievement of cooperation and trust between the communists and democratic countries. They wanted me to stress that the Final Act—and some people expected wonders from it—was not designed to bring about a revolution in European relations but, by pragmatic and constructive steps, by very slow steps, was expected to achieve stability and human progress between the peoples of the European states with their different political and social systems. Patience is not the long suit of democratic governments, but we will have to learn it in connection with this relationship which it is hoped will be developed. Helsinki is a fragile declaration which the delegates are aware was never intended to overcome communism or change the course of history overnight.

• (1610)

I have already quoted from the text of the Canadian Institute of International Affairs article by Mr. Crean. If I may quote from it again, he said that the Helsinki Accord

> —offers in many ways an unusual opportunity for the Western powers to pursue their interests in maintaining a stable situation in Europe. This requires an effort by the Western powers to contribute the necessary forces to maintain the military and strategic balance, the capacity to reach economic and technical agreements amongst themselves to ensure economic stability domestically and internationally, and the political will to make the parliamentary system of government work for the general well-being of their peoples. Finally, the Western powers must be able to demonstrate a cohesive ability to continue negotiations with the Warsaw Pact powers in order to maintain and improve stability and co-operation between the two groups of powers and their peoples.

Now, this does not mean that at the Helsinki follow-up in Belgrade the Council members will be silent about the blatant violations of the accords. One delegate, in his speech, gave the

following quotation from Edmund Burke, which I think is worth repeating:

> For evil to triumph, it is enough that good men do nothing.

But the delegates are not going to Belgrade with shrill, violent denunciations. Mr. Breau, speaking on our behalf—and I believe he represented the general consensus of the delegates towards the Belgrade meeting—said:

> At Belgrade Canada will be firm, clear and will see to it that its experiences are made public. Our counterparts in the East must accept that public opinion in our pluralistic and democratic society will never yield on such fundamental questions as individual liberties.

After expressing his outrage and dismay at the arrest of Soviet, Czechoslovakian and other citizens who feel that their countries should at least comply with what they had signed, Congressman Fraser ended his statement with these words:

> So it is in our interest—not just that of isolated individuals whose example we admire from afar—to promote that discourse at every opportunity . . . It will be the longest and most arduous aspect of our search to implement the Helsinki Accords, but for our security and self-respect it is the most worthwhile effort we can undertake.

I remain skeptical, although I admire the determined, realistic approach of many of those delegates. There appears no viable alternative to détente. I shall watch closely what goes on at the Belgrade conference, and I am confident that the Honourable Don Jamieson and the Canadian representatives will pursue a firm, clear policy, acknowledging that abuses of human rights, wherever they may occur, are the legitimate subject of international concern.

The Right Honourable David Owen, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs, acknowledged what we, those of us who are watching the Belgrade conference from outside, must all recognize. He said:

> —a government's first task is to help provide and sustain the framework of peace and security within which human rights can be discussed, championed and enlarged . . . We in the west must do all we can to ensure not only that détente does not go into reverse but also that it broadens the area of common ground between east and west. This calls for good will and high negotiating skill.

As much as many of us would warm to hear shrill polemics and harsh denunciations, I am fully aware that the Belgrade forum is not a time for such displays but rather, as the Council itself decided, is a time for hard, able bargaining without sweeping facts under the carpet. I wish the Canadian delegation and all those who will be attending the Belgrade conference good luck in their endeavours.

The Hon. the Speaker: As no other senator wishes to participate in this debate, this inquiry is considered as having been debated.

The Senate adjourned until Monday, June 6, at 8 p.m.

THE SENATE

Monday, June 6, 1977

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

PRINCE AND PRINCESS PREM PURACHATRA OF THAILAND

The Hon. the Speaker: Honourable senators, I should like to extend on your behalf a very special welcome to their Excellencies Prince and Princess Prem Purachatra from Thailand, who are in the gallery. A former diplomat, His Highness is a reputed writer, university lecturer and professor. Her Highness is president of the International Council of Women and she is honouring with her presence the annual meeting of the National Council of Women of Canada.

Hon. Senators: Hear, hear.

FINANCIAL ADMINISTRATION ACT SATISFIED SECURITIES ACT

BILL TO AMEND AND TO REPEAL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-8, to amend the Financial Administration Act and to repeal the Satisfied Securities Act.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADIAN HUMAN RIGHTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL, 1976

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-26, respecting the organization of certain scientific activities of the Government of Canada.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other Acts subsequent to 1970.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

● (2010)

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-13, to amend the Historic Sites and Monuments Act.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report relating to matters transacted by the Registrar General of Canada as Registrar under the Trade Unions Act during the year ended December 31, 1976, pursuant to section 30 of the said Act, Chapter T-11, R.S.C., 1970.

Copies of Order in Council P.C. 1977-1211, dated May 5, 1977, amending Schedule I to the Canada Grain Act, effective August 1, 1977, pursuant to section 15(6) of the said Act, Chapter 7, Statutes of Canada, 1970-71-72.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow June 7, 1977, at 8 o'clock in the evening.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STATEMENTS BY DEPUTY LEADER—QUESTION

Senator Grosart: Honourable senators, I should like to ask the Leader of the Government if the statements made by the deputy leader in the debate on the second report of the Standing Joint Committee on Regulations and other Statutory Instruments, which appear in the *Debates of the Senate* dated May 31, at page 783, represent the views of the government, particularly the views of the Department of Justice?

Senator Perrault: Honourable senators, it is my understanding that these statements do substantially represent the views of the government. However, Senator Langlois has always been able to make a valuable contribution to debate in this chamber in his own right.

Senator Grosart: I did not ask that.

Senator Flynn: Which part is Senator Langlois' contribution?

EXPORT DEVELOPMENT ACT

BILL TO AMEND—DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill C-47, to amend the Export Development Act.

He said: Honourable senators, the Export Development Act appears in the Statutes of Canada for 1968-69 as Chapter 39. Not only is the Senate quite familiar with this particular piece of legislation, but it is also familiar with its antecedent legislation. By section 3 of the Export Development Act there was established an organization known as the Export Development Corporation. This is a crown corporation which began doing business on October 1, 1969. It has 12 directors, all appointed by order in council. Seven of them are from the public service and five are from outside. For honourable senators who may be interested in these estimable gentlemen, both their names and their pictures appear on page 3 of the annual report of the corporation.

The Export Development Corporation is a successor to the Export Credit Insurance Corporation, which came into being by legislation in this Parliament in 1944. The existing act has been amended four times since it was passed in 1968-69. The previous act was before this house on many occasions, and the Banking, Trade and Commerce Committee of this house is thoroughly familiar with the operations of the corporation.

The powers of the corporation generally are to facilitate and develop trade between Canada and other countries by means of financial and other powers provided in the legislation. In other words, the corporation is a facility to assist exporters and investors abroad and to protect Canadian exporters and investors abroad against uncertainties in foreign markets. Those uncertainties are thought to be possible of development in some of the developed countries of the world, some of the state trading countries of eastern Europe, some of the developing countries along the equatorial belt, and in the new countries both of the Middle East and the Far East.

The facilities provided by the corporation are not a subsidy either on exports or to exporters. Generally speaking, facilities of the corporation are not used in the trade between Canada and the United States.

• (2020)

The methods used by the corporation are, generally speaking, threefold. They are loans to foreign buyers, insurance policies issued to Canadian exporters against risks incurred in foreign trade, and guarantees of investments made by Canadians abroad in certain cases.

The first of the methods I propose to deal with will be loans to foreign buyers of Canadian capital goods and services. The easiest way for me to do this is to use an example, which I take from page 15 of the annual report of the corporation. In this case the exporter from Canada was the firm of Surveyer, Nenniger and Chenevert, Inc. of Montreal. The product exported was equipment and services for a cement plant. The foreign customer is a cement company in Ecuador, South America. The amount of the loan, as reported in the annual report, is $25 million. I am told that the particular project has a value of some $44.4 million. In such cases, if appropriate terms can be arranged with the foreign customer, the Export Development Corporation grants a loan. In this case the loan was $25 million.

The disbursement of the loan, however, is not made to Ecuador; it is made to the Canadian exporter for the account of the foreign customer, and in cash. In that way suppliers of goods, materials and services in Canada are able to get paid that much more quickly. That, generally speaking, is the process which takes place when a loan is granted.

Sometimes, however, the loans are made in the ordinary course of commercial dealings by banks, and in such cases the Export Development Corporation is authorized by the mother

act to guarantee such loans for the Canadian commercial organization which makes the loan. I am told there is considerable participation by Canadian banks in the lending operations of the Export Development Corporation—in fact, to the extent of approximately 30 per cent of the total lending that is done.

In addition to loans which can be made by the corporation, the mother act, the Export Development Act, authorizes the Governor in Council, in cases where the national interest is certified to be applicable, to authorize loans to be made to foreign customers outside the normal practice that obtains when the Export Development Corporation scrutinizes a loan application.

I take a further example, this time from page 17 of the annual report, where the borrower was a Norwegian tug company, and the exporter was Marystown Shipyard Limited in Newfoundland, with which Senator Cook will be familiar. The product was five ocean-going tugs, and the amount of the loan was $14 million.

I am told that despite the fact that there is this special provision for loans to be authorized by the government, by order in council, outside the normal practice of the corporation, there have been no failures, no defaults, on any such loans, which are authorized by section 31 of the mother act.

I should point out that there is a ceiling on loans, and insofar as the corporation is concerned the ceiling on loans and guarantees is $4½ billion, and outstanding as at the end of last year, December 31, 1976, the amount was $2.4 billion. There is also a ceiling on loans which may be authorized by order in council of $850 million, and there is outstanding against such ceiling some $450 million worth of loans. There is a good deal more information on both these types of loans in the annual report. When this bill is before the Standing Senate Committee on Banking, Trade and Commerce, if it is given second reading by the Senate, I am assured there will be ample copies of the annual report available for the scrutiny of members of that committee.

In the other place there was some question about the interest rate that is charged by the corporation for loans. I understand that there is a considerable element of confidentiality in this matter, but I do notice, as indicated on page 42 of the annual report, that the cost of money to the corporation varies between 8½ and 8¾ per cent, according to a statement made by the Auditor General. So it is obvious that the corporation charges a rate higher than that, and I understand it could be anywhere from 9½ to 10 per cent. I would therefore think that the rates charged by the corporation are usually the competitive rates available in the circumstances governing export credits.

The second instrument used by the corporation for the promotion of foreign trade is the export credits insurance instrument. These are contracts of insurance which protect Canadian exporters on risks incurred by dealing with foreign buyers in respect of matters like insolvency, the default of a foreign buyer, the slow pay of a foreign buyer or the rejection of Canadian goods contracted to be bought by a foreign buyer. Again, too, these contracts of insurance can be issued by the Export Development Corporation of its own motion, or they can be authorized in the national interest by order in council of the Government of Canada. The two sections of the mother act applicable here are sections 24 and 27.

There are ceilings imposed upon both types of export credits insurance by the mother act. Sections 26 and 28 are the two sections which govern these ceilings, and they are the two sections which are amended by this bill.

The ceiling now imposed upon the Export Development Corporation and upon the government for this kind of operation, the issue of export credits insurance, is $750 million. The present exposure of the corporation to insurance risks is now $647 million. So the corporation is within $100 million of its ceiling. On the government side, by order in council, the exposure is $247 million.

I may say that the exports insured in 1976 by the corporation had a value of $1⅓ billion. That was up 48 per cent from the value of business covered in the year 1976, the year before the period covered in the annual report.

Honourable senators may be interested to know the distribution of insurance among various classes of goods. I am told that for food and agricultural products the coverage is some $44 million. In other words, that was the value of food and agricultural products exported and covered by export credits insurance. In the case of crude materials, the figure is some $37 million. The value of fabricated materials was $586.9 million, and the value of end-products was $683 million. All these figures appear on page 25 of the annual report. It is worth noting that the heavy emphasis is upon fabricated and completely manufactured products, and that the total coverage by the insurance policies issued for all goods exported in 1976 was $1.3 million.

• (2030)

As I have said, the two sections dealing with export credit insurance, and which impose ceilings, are sections 26 and 28 of the mother act. It is these two sections that are now being amended. The proposal is that the ceiling imposed on the Export Development Corporation be increased from $750 million to $2.5 billion. By section 28 it is proposed that the ceiling imposed upon the government now of $750 million be raised to $1 billion.

It is worthwhile mentioning that the Canadian program for export credits insurance was increased by 20 per cent in 1976 over 1975. This trend has developed in other countries. For example, in the United Kingdom the increase in 1976 over 1975 was some 40 per cent.

I should tell honourable senators—perhaps I am only reminding them of something that most already know—that there is no coverage in terms of exports credits insurance provided by the private sector that is comparable to that provided by this corporation. There has been a great demand by Canadian exporters, particularly exporters of capital goods and capital machinery, for the provision of protection during production or pre-shipment risk. Obviously, in this period

when there are heavy commitments made by manufacturers in Canada for the production of heavy equipment such as pulp and paper machinery, mining machinery and chemical equipment, substantial moneys are required to be expended in order to meet the deadlines of such contracts. If there is any danger of default or failure to follow through in the contracts, then the Canadian manufacturer is at a very severe risk. This kind of coverage is being sought out more and more, and I am told the corporation desires to meet these demands.

The third instrument available to the corporation to promote Canadian trade covers guarantees made by Canadians abroad. The risks covered, as specified by the act, are losses to Canadian investors because of political action abroad such as expropriation, confiscation, and damages incurred by war or revolution. The ceiling imposed by the act for such risks is $250 million. The exposure is about $100 million. Generally speaking, the areas where risks of this kind apply are said to be Africa, the Far East and the Caribbean. Again, this is an area where I am told there is considerable confidentiality required.

I should like to make just a few general observations about the corporation. First of all, I should remind honourable senators that it does not pay income tax.

The retained earnings of the corporation at the end of last year were $71 million, which was an increase of some $17 million over the figure for the year 1975. The net income for the year, of course, was the amount of the additional retained earnings, namely, $17.5 million. I think at the committee stage it would be appropriate to get answers about the loans receivable and exposure on claims under the insurance contracts, and the provision for losses in both of these categories.

I am told that on the insurance program since 1974 the premium income has always exceeded the total amount of the claims made. I am told, too, that under the loan program there have been no defaults. Part of this, of course, is due to the fact that a great many of these loans are rescheduled if there is danger of default. Out of $1.3 billion of loans some $61 million have been rescheduled, and I am told that of that $61 million rescheduled $30 million has already been recovered. It seems to me that the loan and insurance programs, which would be subject to the scrutiny of members of the committee, are well run operations.

I am also told that in 1976 the export segment of Canadian GNP was some $45 billion, of which $39 billion is trade with the United States and sales abroad of foodstuffs, particularly wheat, where the terms of the sale shipment in the case of wheat are made by the Canadian Wheat Board. This would leave some $6 billion of Canadian commercial exports elsewhere abroad. Of that $6 billion, $2 billion, or 33 per cent, are assisted in some way by the Export Development Corporation. I therefore think it has a good deal of influence in the non-United States export trade of Canada. While it may be a relatively small proportion of the total export trade of Canada, it is still a significant figure. I would think the Senate would want to concur in the proposal to change the ceilings with respect to the issue of export credit insurance.

Senator Grosart: I should like to ask the sponsor of the bill one question. He used the phrase "the liability of the corporation," and then the phrase "the liability of the government," indicating that there might be some distinction. It seems to me that the bill before us refers only to the liability of the corporation, which I presume would be a liability of the government. Was there a reason for making a distinction? Is the liability covered by this bill not all a liability that would be assumed by the Export Development Corporation, and therefore by the government?

Senator Connolly (Ottawa West): I think the detail of the answer to this should be obtained in committee, but perhaps the way to express it is this. Where the contract of insurance has been issued in the normal course of operations of the corporation, if there is a payment to be made under the insurance contract that is issued, the corporation has a reserve there out of which the payment is made. I suppose that as to the adequacy of the reserve proposed, we will let that stand until the committee hearings. With respect to the question as to whether there are claims made under export credits insurance authorized not in the normal course of events by the corporation but by order in council, the first resort, payment of such claims would be from the resources of the corporation. There may be a provision in the act that if these resources fail the consolidated revenue fund would stand behind it. I am not positive about this, but in my opinion it is a matter to which an answer should be given in committee.

• (2040)

On motion of Senator Grosart, debate adjourned.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George McIlraith moved the second reading of Bill C-50, to amend the Judges Act and other acts in respect of judicial matters.

He said: Honourable senators, there has been a growing practice, I notice, in the Senate to refer to bills from the other place as simple bills. I hope I will not be guilty of that practice tonight.

Senator Flynn: It is a decreasing practice, I assure you.

Senator McIlraith: I hope to decrease the practice further tonight. The bill before us, Bill C-50, is a rather interesting bill, and may I say that while it can be referred to as a little bill it is a rather complex one in some respects. It deals with some matters of principle of major importance, as well as several relatively unimportant administrative changes in the Judges Act and some other related acts. Bearing in mind the desirability and, indeed, the necessity of maintaining the judiciary of this country in a position in which it can effectively, intelligently and independently carry out the heavy duties which rest upon judges, the bill before us will, I am sure, be looked upon with favour by the Senate, as it was by all parties in the House of Commons.

The function of guarding the supremacy of the law is one of our most basic constitutional principles and it requires, among other things, the maintenance of an independent judiciary, not only one that is independent but one that is seen by the public to be independent. While our record in this country in this regard is one of which I believe most Canadians will be proud, it is also one that requires the conscious care and attention of the executive and the legislative arm of government. Hence the bill before us tonight.

With the increasing complexity that has come in our lives by virtue of the increased complexity of the legislation itself and the rapid extension of government involvement in matters that formerly were regarded as outside the responsibility of the government, coupled with the extension of the rights of individuals to bring actions against the crown, and to bring the bureaucracy into a position in which it is answerable to the members of the public, the workloads in the courts have increased sharply, so much so that now the crown itself is the major litigant in many of the courts.

Senator Grosart: Such as the Federal Court.

Senator McIlraith: The Federal Court, yes. However, in some of the other courts there is quite an increase as well, and we have the anomalous situation that the main litigant, or party before the court, the Department of Justice, has the responsibility for handling the administrative affairs of the federally constituted court, and the administrative affairs relating to the federally appointed judiciary; that is, their salaries, annuities, leave of absence, and other related matters. This anomaly of having the main litigant with the dual role of appearing before the court, presumably to have a wholly impartial and independent judgment rendered by a judge, at the same time as it has administrative responsibility for the judiciary, is something that requires attention. The bill deals directly with this point. That is why I indicated that I believe it raises a matter of important principle.

The method of dealing with the problem is removing from the Department of Justice the responsibility for the administrative affairs of the courts and judges. The administrative responsibilities for the courts and the federally appointed judges will be transferred from the department, and it is proposed by the bill to transfer this responsibility for all administration of these affairs for all the federally appointed judges, except those in the Supreme Court of Canada, and for the Federal Court of Canada and the Canadian Judicial Council, to the Commissioner for Federal Judicial Affairs.

This is a new position being created. The position will carry with it the rank and status of deputy minister, but there is a rather interesting distinction between that office and that of a deputy minister, even though he carries the rank and status of a deputy minister. The appointment of the commissioner is made on the recommendation of the Minister of Justice and after consultation with the Canadian Judicial Council, unlike a deputy minister for whom the appointment is made on the recommendation of the Prime Minister and without any necessity of consultation. This new regime for administration of judicial affairs, it will be noted, fully preserves the principle of ministerial responsibility to Parliament for the expenditure of public funds, and at the same time removes from the executive the administrative responsibility for administering budget, salaries, allowances and leaves of absence and that sort of thing and certain other operational requirements for the federal courts and the Canadian Judicial Council.

In the Supreme Court of Canada these functions will be transferred to the registrar. He is designated as the officer to perform these functions. The registrar will be responsible to the Minister of Justice for his general administrative duties, as is the commissioner, but he will be under the supervision of the Chief Justice of the Supreme Court of Canada in carrying out the day-to-day administration of the court. Thus the administration of the library of the Supreme Court of Canada, the publication of the Supreme Court reports and other matters of that nature, which by the former act were the responsibility of the Minister of Justice, will now be transferred to the court, and administered through the registrar under the supervision of the Chief Justice.

● (2050)

Dealing next with the Canadian Judicial Council, that body, as honourable senators are aware, was created in 1971 and has functioned relatively well since its establishment. It was created to provide uniformity, efficiency, and improvement in the quality of judicial services in the county, district and superior courts. Among other things, it has responsibility for the establishment of judicial conferences and, in certain instances and under certain circumstances, the establishment of inquiries into the conduct of judges. The Canadian Judicial Council is composed of the 24 chief justices of the superior courts. Because of the nature of the jurisdiction of the county courts and their number, and the fact that they are dealing with such a large volume of criminal cases, it has been found, as a matter of experience, that there appears to be a need for some more adequate representation on their part on the Canadian Judicial Council.

Taking Ontario as an example, there are, I believe, some 121 county court judges. In order to give this level of the judiciary more direct involvement in the affairs of the council, it is proposed, instead of enlarging the council—it was felt desirable to preserve the total composition at 24—that there be authority granted for the creation of a committee of the county and district courts, and that is provided in the amending bill. Where there is no Chief Judge, there is provision for the senior judge to be named to the committee. This committee, incidentally, as matters stand, would exclude the provinces of Quebec and Prince Edward Island as there are no county court systems in those provinces.

In addition to the amendments I have mentioned thus far, which involve matters of principle of some concern to parliamentarians and, indeed, matters of major importance, there are several other provisions in the bill which are of an administrative nature. While they may be important in themselves, they do not involve great matters of principle. There is provision, for example, for increasing the salaries of judges by $2,000 on April 1, 1977, and a further $2,000 on April 1,

1978. There is a provision for the readjustment and increase in the conference allowances for judges of the Supreme Court of Canada, and an incidental increase for the number of judges in certain of the provinces. Those increases, of course, are granted only after a request from the attorney general of the province in question.

There is also a provision for judges at large, additional to those fixed by act of Parliament. These additional judges are being provided in order to meet the anticipated need for appointments to the proposed unified family courts. There is nothing in the bill which directly deals with the unified family court system, but there are rather interesting experiments now being carried on in British Columbia and Ontario, and one is to be implemented in Manitoba this year. Proposals for such courts have also been referred to in the Speeches from the Throne in Newfoundland and Saskatchewan. It will mean that there will be one judge dealing with divorce, maintenance orders, custody of children, and all related matters in one action, as opposed to the rather costly and unsatisfactory system which is now in place of having to go to several courts to get a family law dispute resolved. This, it is hoped, will solve that problem. It is an interesting experiment, and incidentally, there have been some discussions going on with the Quebec Attorney General, as well as all of the others, on this subject.

There are other minor amendments contained in the bill. For instance, one of not very great importance, I respectfully submit, with due deference to the authorities, is the provision relating to the residence requirements for judges. The present act requires judges of the Supreme Court of Ontario to live within 25 miles of the provincial capital, and the bill would change that distance to 40 kilometres. Another incidental amendment which is rather interesting, and of somewhat more importance, relates to the qualifications for appointment of judges. Under the present act, a person, to be appointed a judge, has to have practised at the bar for a period of 10 years prior to his appointment. That means, of course, that a magistrate, or a provincial court judge, as he is called in some provinces, who practised nine years at the bar before being appointed, by virtue of his accepting the appointment as magistrate or provincial court judge, rendered himself for all time ineligible for appointment to any of the higher courts.

If it is the wish of honourable senators, assuming the bill receives second reading, I would propose that it be referred to the Legal and Constitutional Affairs Committee.

There was, incidentally, a table prepared setting out the numbers of federally appointed judges in all of the various courts of the country as of April 30, 1977, and the changes in numbers which would be brought about by this amending bill. That table was placed on the record of the other place as an appendix to *Hansard*. I would not propose that that be done here; rather, I propose that it be put on record in the committee.

Senator Inman: Might I ask the honourable senator a question? When did they do away with county court judges in Prince Edward Island?

Senator McIlraith: I am not certain of the answer to that question, but I believe it was a couple of years ago. Perhaps it was in 1975, but I cannot say that for sure.

On motion of Senator Flynn, debate adjourned.

● (2100)

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from Thursday, June 2, the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Chesley W. Carter: Honourable senators, I should like to join with all previous speakers in this debate who have expressed appreciation to Senator Perrault for introducing this motion, and also to extend to him, and to those who have preceded me, my congratulations on the excellence of their contributions.

Senator Perrault gave a vivid description of the richness and diveristy of the various cultures which make up the cultural heritage we have developed here in Canada, and he and several other senators stressed the fact that constitutionally the mission of the Senate fits the crisis that faces us today because the founding fathers brought the Senate into existence for the very purpose of ensuring that the cultural and other rights of the minorities would be preserved.

Had the Senate pursued this mission a little more actively, the situation we now face might have been averted. I agree with them, therefore, that it is most fitting, and indeed an obligation, that the Senate should give leadership in bringing these issues before the Canadian people in a manner that will result in an open and frank public discussion.

In this connection I would point out to honourable senators that I expressed a similar viewpoint in this chamber on February 22 last when I supported a motion by Senator Cook calling the attention of the Senate to matters of interest concerning Labrador and the desirability of establishing a special joint committee of the Senate and House of Commons to examine matters of mutual interest to all Canadians, whether they reside in the Province of Quebec or elsewhere in Canada.

At that time I pointed out that there are three jobs to be done. The first one is to get the facts, and this I felt could best be done by a joint committee. The second task is to interpret different parts of Canada to each other making Canadians everywhere aware of each other's hopes and aspirations, and developing an awareness and appreciation of each other's contributions to the nation as a whole. The third task is to mobilize the positive forces in our nation in the cause of national unity. I felt that the second and third tasks could best be done by a committee of the Senate.

The inquiry now before us is in very similar vein as it calls the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

As Senator Perrault has pointed out, Canada is a vast geographical expanse and the distances that separate us, one region from another, are so great that it is natural for each region to become preoccupied with its own problems and difficulties without giving much thought to other regions or to the nation as a whole. Under those circumstances it is all too easy for those who, for their own purposes, would exploit our differences and difficulties to create disunity by blaming everything on faceless people in far away Ottawa. The Senate can do something about this because the Senate can, in a sense, bring part of Ottawa and part of Parliament to the people. It may be that we are late in realizing this part of our mission, but even now it is better late than never.

It is evident that our ignorance, misunderstanding and lack of appreciation of each other is due in large measure to a communications gap which has been allowed to develop in spite of technological advances in the communications industry. In fact, it may have developed in some degree because of these technological advances which, by spreading misinformation, suspicion and prejudice, can create mistrust and confusion among us and at the same time occupy our time so fully with trivial and extraneous matters that we have no time for each other or for the problems of the nation as a whole. To develop national unity we must find some means of overcoming this communications gap and we must also strive for higher standards of ethics and responsibility in the use of the printed and electronic media. Better and cheaper means of transportation are an absolute necessity to enable Canadians to travel around our vast country and get to know each other better.

Another essential change, and perhaps the most important of all, is a change of attitude. This will probably be the most difficult to achieve because attitudes are so much a part of ourselves that we are not really aware of them until they are pointed out to us. Those of us who come from Newfoundland are painfully aware of the colonial attitude that is exhibited towards us—at times by the federal government, at other times by certain federal ministers, almost always by the federal bureaucracy, and often by our fellow Canadians in other provinces.

I still have painful memories of my early years as a member of the Commons, when almost every day I would be approached by one of my colleagues who would start up a conversation by asking, "How are things going back in your province? How do Newfoundlanders like being a part of Canada?" I would invaribly reply, "We are getting along very well and we are just as proud to be Canada's newest province as we were to be Britain's oldest colony, but . . ." However, they never wanted to hear what came after the word "but." As soon as I reached that word I would invariably be interrupted with the question, "Aren't your people getting the baby bonus?"

In Newfoundland our economic aspirations are quite modest but they do extend beyond living on handouts from the federal government. As Senator Cook pointed out in his excellent speech last week, we do not have much farm land and our forests and mineral resources are now rather limited. But we do have hydro potential and rich ocean resources. In fact, we have far greater resources than Iceland, Singapore or Hong Kong, and we want to develop what resources we have to create jobs and wealth, and to raise our own standard of living by our own efforts.

However, federal policies have not helped very much in this direction. The iron mines in Labrador and the hydro power of the Upper Churchill would have never been developed were it not for foreign capital. When Newfoundland became part of Canada in 1949, we had no public debt and a $40 million surplus. Today, instead of a surplus, we have a public debt of around $2¼ billion which is a staggering burden for less than half a million people. In common with other Canadians below the poverty line, Newfoundlanders in the bottom 20 per cent income groups aspire to the enjoyment of the necessities of life and ordinary comforts and pleasures. I do not think anyone can aspire to much less than that.

We also have our own distinct culture of which we are quite proud, although other Canadians may laugh at it and make jokes about it. Fortunately, we Newfoundlanders have learned to laugh at ourselves so that sort of thing does not disturb us very much. In any case, the mainland influence is having its effect and this culture, kept intact by 500 years of isolation, will disappear within a few years.

We also have our historic sites and monuments. Our history dates back far beyond that of mainland Canada, yet the financial assistance forthcoming from the federal government to preserve our historic places is minuscule compared to what is being provided to other provinces; and, since Newfoundland cannot afford to preserve them, these, too, will disappear before very long.

Economic and cultural aspirations are to a large extent interdependent. Despite the vast distances that divide and isolate us from one another, region by region or province by province, as far as the masses of the people are concerned—the ordinary man on the street—I believe both types of aspirations can be summed up in one word "dignity." The English word "dignity" comes from the Latin word "dignus," which means being worthy or having worth. It is an attribute assigned especially to man—that is, to mankind—to every man, woman and child, regardless of race, creed, or colour; of wealth, poverty or social position. Curiously enough, it is a word used much more frequently by atheists, humanists and Marxists than by Jews and Christians, although in fact it is the one word that separates atheistical philosophies from Judeo-Christian philosophies which hold that man has worth in himself because he is a created being. This presupposes a creator, which atheistic philosophies deny.

• (2110)

What do the words "human dignity" imply? In the first place, they imply certain God-given natural rights—the right to be free, the rights of freedom of religion and freedom of expression, the right to be free from fear and want, the right to equal opportunity in the development of talents and capabilities, and the right to contribute to society in the way best

suited to the individual. These rights are not conferred by any government; they are basic natural rights inherent in the status of a created being.

Senator Steuart, in his most interesting contribution to this debate, raised the very pertinent question of how we managed to get into the mess in which we now find ourselves. Both he and Senator Rizzuto implied that education played a large part in bringing it about. I agree, although I believe there are other factors which have had equal influence.

I agree with the honourable senators because it is in the schools that the child has the first, and the best, opportunity to learn about the early beginnings of our country, the way it has developed and the contributions made toward its development by the two founding races, along with immigrants from various lands. It is the first opportunity for the child to learn and appreciate the cultures of the various ethnic groups that make up Canada, and the contributions which those various cultures have made to our present cultural heritage. The classroom also exerts a powerful influence in the shaping of attitudes toward others, particularly those whose backgrounds are different from our own.

A great difficulty, however, arises from the fact that the Constitution places education exclusively under provincial jurisdiction. Federal grants to the provinces for French language and manpower training are often misused and sometimes misappropriated because the federal government is limited in whatever influence, if any, it may be able to exert indirectly. As a result, education has become balkanized into 10 different departments of education, each a law unto itself, and so we have 10 different curricula, 10 different versions of Canadian history, 10 different sets of educational objectives, and 10 different sets of textbooks. School books have become so expensive that even the richest provinces cannot afford Canadian texts written especially for Canadian children. As a result, they usually select a basic text designed for schools in the United States, and arrange for a few alterations or adaptations to suit Canadian situations. Naturally, under such circumstances, very little material is included that portrays Canada as a whole, or shows that Canada as a nation is really much more than the sum of its parts.

I vividly recall a meeting of the Special Senate Committe on Poverty at which a number of chiefs of Indian bands appeared as witnesses and read passages from textbooks—history, literature and readers—portraying Indians as savages. They explained to the committee the negative and adverse attitudes which the use of those texts had created in white children against Indian children attending the same school. No wonder Indian children did not want to attend that school—the only one in that particular area—and ran away whenever they had the chance. One may well question to what extent the problems of our native people have been worsened by these and similar childhood experiences.

It is important to remember that this kind of situation is the direct result of our present Constitution, and is a classic example of the balkanization that can proliferate if other federal powers are transferred to the provinces. I strongly agree that giving more powers to the provinces will not ensure greater national unity. In fact, it could have the opposite effect.

The provinces are so jealous of their constitutional prerogatives with respect to education that it would be naive to expect any transfer of those powers to the central government. However, the federal government might take the initiative in financing the preparation and publication of standard basic Canadian textbooks designed especially for Canadian schools, and the Senate might have a role to play in demonstrating the necessity for, and securing provincial agreement to adopt, such texts in the interest of national unity.

Unfortunately, however, this in itself will not be sufficient, because the most important factor in the classroom is not the textbook but the teacher. It is the teacher who determines how the textbook is used, if at all. It is the teacher who exerts the most influence on attitudes. What is badly needed in Canada with respect to education is a standard course of teacher training and a set of standard basic educational objectives, which are agreed upon and accepted by all provinces, instead of the hodge-podge we now have.

When it comes to teacher training, it must be remembered that Marxist philosophy is prevalent in most institutions of higher learning, not only in Canada but throughout the world, and particularly in the faculties of political science, teacher training and journalism. This influence can be seen in the growing trend for teachers to give up their professional status in preference for unionism. It is to be expected, therefore, that in the course of answering questions or elucidating problems, or of interpreting history and literature, teachers with this background will sometimes unconsciously, if not deliberately, communicate their personal philosophy to their students. I have been informed of cases where teachers are deliberately and openly teaching socialist doctrine in their classrooms and, at the same time, disparaging and undermining our democratic processes and institutions, particularly the Senate.

To a large degree it is the same with journalists. It is natural for them to give priority to those news stories which appeal to their particular background, and to report and interpret them in terms of their philosophy. News stories and commentaries in the printed and electronic media often become the content of classroom projects and discussions, and thus one complements the other.

That is why Premier Lévesque is so confident that time is on his side. It is clear that the intellectual elite of the Parti Québécois are humanists and may be using the humanist cloak to disguise their Marxist philosophy. It is equally clear that the teacher's unions of Quebec are of a strong militant leftist orientation, and that Premier Lévesque and his separatist government control the schools and the content of classroom teaching. They can, therefore, indoctrinate the children in the philosophy required for the kind of socialist state they have in mind.

Premier Lévesque is regarded as a humanist and a humanitarian, but he will not last forever. He may not last very long.

It is quite possible that once he has served his purpose and laid the necessary foundations, more militant elements in his party will wrest power from him and set up a Marxist or even a communist state. That could very well happen even if Quebec decides not to separate from Canada. The only way that can be combatted is by the parents themselves taking a deeper interest in education, and keeping a very close look at what is going on in the classrooms of their province.

● (2120)

Young people leaving high schools and colleges today are more conscious of human dignity than at any previous time in history, and this is true not only in Canada but everywhere in the world. But how can dignity be maintained without work? Having to accept welfare does not do much for human dignity.

It so happens that our crisis of national unity is occurring at a time when the laws of economics have become inoperative. The standard solutions on which we have depended in the past no longer work. To make matters worse, along with the communications gap I referred to earlier, a credibility gap is now being developed. A recent survey showed that only 7 per cent of Canadians had any trust in business leaders, only 5 per cent in government, and only 1 per cent in labour. A survey of students closely parallels these results.

In his excellent speech on May 19, Senator Steuart referred to the British North America Act as a bilingual time bomb. I suggest that the jobless students coming out of schools and colleges today constitute another time bomb, which will explode in due time unless something is done to defuse it. The defusing, however, cannot be done by governments alone. It can be done only if governments, industry and labour are willing to abandon the adversary approach, accept full responsibility for our nation, and work together to put our economic house in order. Only then will we have a sound economic basis for national unity.

I should like to conclude my remarks, honourable senators, by quoting an excerpt from a letter which I recently received from Dr. Paul Campbell, a very dear friend of mine whom some of you have met. Dr. Campbell is a Canadian who is working full time with Moral Re-Armament. he wrote me from London, England:

> Our Canadian situation is always central in my heart. I submit the following for your thought and comment:
>
> > If we keep feeding ourselves luxuries while others perish for want of necessities, our liberty and affluence will come to an end. The world needs a flood of justice and a torrent of doing good. In the context of the needs of half the earth for food and water, homes and education, it seems to me that anything that divides us and weakens our capacity to help is too self-centred for this age. It is a tremendous task to alleviate the poverty of millions of families, to cool the fires of hate between races which are ripping countries and continents apart.
> >
> > Why not Quebec lead Canada in a determination and a commitment to bring liberty, food, work, education, participation to the deprived of the earth? Such a human purpose would enlist the best across Canada. Then we will find a purpose and an action worthy of our people, our history, our resources and our future.
> >
> > For that, we need an enhanced cooperation right across the country, a healthier business life and a healthier political life. It seems to me that some of the best efforts by the best brains fall short, because so often we have no aims beyond the short term. Just as people in our day look back to the 18th century and say, "How could the people of Britain and America allow the slave trade to flourish?", could it be that future generations will look back at us and say, "How could these people strive for their own comforts, security and self-satisfaction, when a billion people did not even have clean water?"

Honourable senators, these words contain much food for thought for all of us. We must realize that if we are going to achieve true, lasting national unity we must first of all make sure that we have the right basis for that unity.

Dr. Campbell's letter reminded me of quotations from two other old friends. One of them was Dr. Frank Buchman, who said:

> God is calling men everywhere to be instruments of union. It comes not by conferences, not by laws, not by resolutions and pious hopes, but by change.

The other was George Daneel of South Africa, and he said:

> Division comes from fighting for what I think is right. Unity comes from fighting for what God says is right. Everyone can find that unity.

Honourable senators, our Prime Minister in his broadcast of November 24 last reminded us that "our forefathers willed this country into being." The time has come when we must now will it to stay together, and go forward together to achieve Canada's true destiny; to provide a model of inspired democracy of truth and justice, righteousness and freedom for the whole world. In that, every one of us can play a part.

Hon. Senators: Hear, hear.

On motion of Senator Michaud, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, June 7, 1977

The Senate met at 8 p.m., the Honourable Maurice Bourget, P.C., Speaker *pro tem* in the Chair.

Prayers.

INCOME TAX CONVENTIONS BILL

FIRST READING

The Hon. the Speaker *pro tem*: Honourable senators, a message has been received from the House of Commons with Bill C-12, to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

EXCISE TAX ACT

BILL TO AMEND (NO. 2)—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-54, to amend the Excise Tax Act (No. 2), and had directed that the bill be reported without amendment.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

HER MAJESTY THE QUEEN

VISIT TO CANADA DURING SILVER JUBILEE

Senator Haig: Honourable senators, I have a question to ask the Leader of the Government on this, the twenty-fifth anniversary of the accession of Queen Elizabeth to the Throne.

Has the Government of Canada invited the Queen to be present in Canada, and, if so, when?

Senator Perrault: Honourable senators, I am sure that all of us in this chamber join in extending to Her Majesty the Queen every good wish on her Silver Jubilee. By way of reply to the honourable senator, I can say that indeed Her Majesty the Queen has been invited to visit Canada, and I can further inform honourable senators that the Right Honourable the Prime Minister will be holding conversations with Her Majesty during the course of the Commonwealth Conference in London with respect to Her Majesty's Canadian itinerary. I can advise honourable senators that it is hoped that Her Majesty, as well as attending other events, can be present to open Parliament in October.

Hon. Senators: Hear, hear.

• (2010)

Senator Flynn: Barring an election.

Senator Langlois: You can have an election before that, if you wish.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Connolly (Ottawa West) for the second reading of Bill C-47, to amend the Export Development Act.

Hon. Allister Grosart: Honourable senators, I am dealing with this bill tonight although it was introduced only yesterday by Senator Connolly (Ottawa West). The reason is that I wish to make whatever contribution I can to the expeditious passage of this legislation, for the very good reason that the Export Development Corporation, to which it refers, is now in a very difficult position through no fault of its own. It is in a position of delaying and, perhaps, compromising some very important export loans to Canadian companies. On the other hand, although the bill appears to be simple and occupies only one printed page containing merely two clauses, it nevertheless has implications far beyond its visible, superficial, apparent simplicity, for a number of reasons.

In the first place, of course, it deals with matters of the greatest importance to the Canadian economy. Secondly, there are indications in the bill of policy decisions which are of great concern to many Canadians. Finally, this bill could well be described as a monumental milestone in the history of Parliament and, particularly, of the Senate. I mentioned the urgency, the delay that has been caused and the problem of the corporation. The fault, of course, as is usually the case when we have these last minute urgencies in this place, lies with the government. First of all it is because of the government's inaction for a long time in connection with this very important problem. Secondly, it is because of the egregious blunder made by the government in attempting to get quick passage through Parliament and in defiance of the rules of Parliament.

Senator Connolly (Ottawa West) pointed out in an excellent and comprehensive speech that the bill would provide this urgently needed authority for the Export Development Corporation to increase its liability under certain sections of the act, and the predecessor act which still governs it to some extent. The corporation will be authorized to increase its liability in one particular area of its function, that of credit insurance, from in one case, under one group of sections, $750 million to $2.5 billion, and in another from $750 million to $1 billion—a total increase in its authorized liability of $2 billion. All these are in the general area of contracts for credit insurance, and the bill does not deal with the other very large area of the corporation's activity, namely, loans.

Senator Connolly (Ottawa West) pointed out the importance of the work of the corporation, and there can be no doubt that it is performing a necessary and significant function in the Canadian economy. Canada, as a matter of fact, is just beginning to catch up with many other countries of the world in this area of co-operation and partnership between government and the private sector. Canadian companies face a difficult task in trying to penetrate the export markets of the world. Other countries are way ahead of us in this field. To mention a few: Belgium, the United States, Denmark, The Netherlands, Norway, Sweden, Japan, Australia, Finland, Greece, Ireland and New Zealand. Some are a long way ahead of us in initiating this type of thing, while others are beginning to catch up with the initiatives we have taken. The fact is that the demand on Canadian companies for credit financing, credit insurance, in these markets, as the markets open up, is galloping ahead at a tremendous pace. It has been found, of course, that the liability limits previously granted to the corporation are far too low.

The importance to Canada of successful operations in this area is evident when one considers that exports represent one-quarter of our GNP. We are the sixth largest trading nation in the world today. On a per capita basis we would be much higher than number six. On the other hand, we are facing serious problems in this essential area. Traditionally, of course, our export earnings, our export credit balances, have been earned from the export of agricultural products, raw materials and semi-finished products. But we are facing an increasing deficit in the whole field of finished products. In the last five years that deficit has increased from $3.5 billion to over $10 billion estimated for the current year. So, it is a serious problem. For that reason I completely support any measure which will assist the Export Development Corporation in providing support to Canadian firms trying to penetrate these markets, particularly firms in the area of durable goods and services.

As Senator Connolly (Ottawa West) pointed out, the Export Development Corporation operates in three main areas, those being the export credits and guarantees that I have referred to, loans in respect of purchases in Canada involving products or services of 80 per cent Canadian content—durable goods and services—and, finally, certain guarantees against the political risks that can occur from time to time in certain nations where the credit and political stability is in question.

Bill C-47, as I said earlier, deals only with the first of those. We are told that the increases provided in this bill will stabilize the situation as far as the corporation is concerned until the end of 1978, at which time we will be faced, we are told, with a new bill, a bill which will deal with the whole operation of the corporation.

Those honourable senators who are members of the Banking, Trade and Commerce Committee, as Senator Connolly (Ottawa West) said, have followed the development of this corporation over the years, and I have no doubt that the bill, following second reading, will be referred to that committee, and the committee will carry out its deliberations in the manner which has distinguished its deliberations in this important area in the past.

As to the matter of urgency, I am sure honourable senators will recall the recent history of this bill. It is not a happy one. The purpose of the bill before us, in effect, is to correct the egregious blunder of this government in attempting to by-pass Parliament in supplementary estimates (D). As honourable senators will recall, the Standing Senate Committee on National Finance has for years objected to amendments to legislation being effected through $1 items contained in appropriation bills. After about four or five years of complaints in that regard by the National Finance Committee, and comments in its reports, the other place finally took the matter up. The result, of course, was that the government found that it was behind in its schedule—it had paid no attention, apparently, to the warnings of the corporation, going back to early last fall—and decided that this legislation was necessary to cover up its own delinquency in the matter by attempting to obtain the necessary increases in the liability limits of the corporation through a $1 item in supplementary estimates (D). The Speaker of the other place quite properly ruled that it was out of order for the government to attempt to obtain the liability increases in that fashion. I said that it was an historic and monumental decision in the history of Parliament and one would hope that the government had learned its lesson.

● (2020)

I believe that the minister who introduced the bill, the Honourable Jean Chrétien, was aware of the dangerous ground the government was on. He said "We do not want to do it this way, but I am taking the risk." Well, it turned out to be a very bad risk, because the Speaker in the other place denied the government the right to carry on in that fashion.

Previously, these increases—and there have been increases in the liability ceilings of this corporation—have always been sought and provided for in the normal way; that is, by amendment to a normal act of Parliament.

I hope this may end for at least some time the comment that we sometimes receive here from the other side that an appropriation act is an act of Parliament. Of course it is, but the ruling here—and the lesson I hope the government has learned—is that it is not in order, under the Standing Rules

and Orders of the other place, to attempt to use an appropriation bill to amend legislation, particularly legislation of a financial nature. That is why, of course, this bill comes to us with a recommendation from the Governor General in these words:

> His Excellency the Governor General recommends to the House of Commons the appropriation of public revenue under the circumstances, in the manner and amounts and, for the purposes set out in a measure entitled "An Act to amend the Export Development Act".

Which is the bill before us.

Many years ago, when the British government found itself in a blunder of another kind, the great Rudyard Kipling wrote the following lines, which I think are applicable:

> We might as well admit it
> As a sporting people should
> We have had no end of a lesson
> And the lesson will do us good.

I hope that this lesson will do the government as much good as some of us on this side of the house hope it will. That may be wishful thinking, but it is appropriate to plead that the government learn its lesson and stop attempting to amend acts of Parliament by $1 items in appropriation acts.

The bill, as I said, deals only with the credit insurance aspects of the functions of the corporation, but any amendment to an act such as this inevitably raises questions about the whole operations of the Export Development Corporation, and we are grateful to Senator Connolly for giving us a complete overview of the operations of that corporation, with particular emphasis on those aspects which are not before us, namely, the loans. These loans, although I am quite sure they are defensible from the point of view of the corporation, in many ways have raised policy questions that are of concern to many Canadians. Many of the loans made under the authority of the act are made directly to other countries, not, as many suppose, to the companies who are seeking to do business with those countries. This, of course, raises in many minds the questions as to why we should be lending money to countries that are rich, many of them far richer than we are. However, we are doing this. Why are we lending money to many Iron Curtain and satellite countries? I cannot think of one that does not have a loan from this corporation.

Another question, of course, is why loans are made to countries whose policies many Canadians, perhaps most Canadians, indeed perhaps all Canadians, regard as inhuman, brutal, and reprehensible by the principles of human decency and human rights. Under this act we are lending money to such countries.

I say immediately that I am asking these questions because they have been asked by others. I am not tonight attempting to give answers, because I do not know the answers. They are extremely difficult questions. The corporation itself can take the position, I think quite rightly, that it is not their business. It would, perhaps, be presumptuous of the corporation to say, "We will decide which countries Canadian companies should do business with."

That poses the question of the extent to which the government has given the corporation policy directives. I have no information on that, except on perhaps one issue. There has arisen the subject of loans to countries involved in the Arab boycott of Israel. On that we are told that a directive of some sort has been given to the corporation, that its policies must conform to the policies of the government. I do not know how explicit that has been. It would, of course, be meaningless because of the policies of the government towards Iron Curtain countries, and so on, countries such as Chile, even Argentina, towards which the majority of Canadians would have very strenuous objection to the whole complex of the government and its policies.

The other problem that arises is that many of these countries are those that form an important component of the great new markets opening up around the world. We have to consider whether we take a high moral stand on some of these things. Do we take a high political stand or do we do business with them? I can well understand the reluctance of the corporation to establish any policies in this respect, because these rich countries are good markets for our products; we supply the state traders, who are particularly good markets for our finished products, because they themselves are looking for high technology products. The problem is the same there.

Another problem that has been commented on and is of concern to some people is the emphasis in the lending and insurance credits by the corporation to the larger firms. Some 50 Canadian firms at the present time obtain about 60 per cent of all the loans. Here again I raise this only as a question without attempting to answer it, because obviously those 50 firms are the large firms, and are therefore those most likely to be involved in multilateral trade.

• (2030)

The corporation has to some extent compounded its own problems here because it has been unnecessarily secretive. As Senator Connolly emphasized somewhat, with respect to the principle of confidentiality, the evidence seems to be that in some cases at least the corporation has taken this too far. Compared to the United States, for example, we are showing great resistance to giving the public information about the loan practices, the interest rates, and the amounts that have been loaned to the various companies, and so on.

The United States is wide open in this. You can telephone the department in the United States and ask what loan has been given to such-and-such a company and at what interest rate and you will be given the information.

There has been some improvement as a result of the discussion of this bill in the committee of the other place. The corporation finally agreed under questioning—I am glad to say by members of the opposition there, particularly the official opposition—to produce the list of the top 50 corporations which are in receipt of the largest loans. That appears as a schedule in the report of the committee on March 10. Under

further pressure the corporation went a step farther and, if honourable senators wish, they will find in the appendix to the proceedings of the Finance, Trade and Economics Committee of the other place another schedule giving the actual amounts of loans and credits in some areas to those 50 largest companies.

This is again a difficult question to answer because in these kinds of negotiations obviously there may be objections on the part of the recipient companies; there may be objections on the part of the corporation to disclose too much information.

On the question of rates, Senator Connolly informed us, and I believe he was quoting the Auditor General, that the borrowing rate for the corporation, where it is in the private sector—and it does borrow in the private sector—runs between 8½ per cent and 8¾ per cent. He suggested then that the lending rate by the corporation would probably be at least 9 per cent and probably as high as 10 per cent. But the question which has arisen is whether there are loans below that rate. It is understandable that there might be, because the situation which develops in these negotiations is that the buyer, the foreign country, naturally shops round, and it may well say to the prospective Canadian supplier, "The interest rate we are prepared to accept in this deal is not 8½ per cent but is 7 per cent, and we can get 7 per cent somewhere else."

It is understandable that such questions arise, but it is not understandable to me that there should be over the long period of time complete secrecy as to the rates. This is something the corporation for its own benefit should seek to improve. I am not suggesting that on the day when it is negotiating the support for a Canadian supplier it should at that time make disclosures; but I do think the Canadian public should, perhaps in an annual report or in some periodic time span, be informed of the rates and of the relationship of the borrowing rate to the lending rate.

On the same question of the emphasis on lending to large firms, there is the complaint of some small businesses that it is difficult for them to get loans. This is so because until very recently the minimum loan which the corporation would grant was at the level of $1 million. That has been changed, and it is now fair to say that the corporation has given evidence and assurances that it will, in the future, place far more importance than it has in the past on the requirements of small business in this export field. The risk element has been criticized; that is, the risk elements in the loans that have been made by the corporation. The Auditor General has raised some questions. On the other hand, the track record of the corporation appears to be very good. As Senator Connolly explained to us, these loans are subject to renegotiation, "rescheduling" is the phrase used. He said there have been no defaults, but I think that depending upon one's definition of the word "default", that might be a questionable statement. I say that, honourable senators, because there are some $61 million in loans that have had to be rescheduled, and a loan that has to be rescheduled is obviously in default. Rescheduling is merely a way to protect the loan after the borrower has defaulted.

On the other hand, the $61 million out of a current total of about $1.3 billion out in loans is a low percentage. So, as I say, the superficial track record of the corporation seems to be very good. But then again there are some serious doubts arising as to the long-term consequences. There have been some recoveries on the $61 million, but I am quite sure that in committee the matter will be raised, and it is to be hoped that the corporation will at least be cautioned that in this particular area they are on dangerous ground. At the same time, let me say again that the evidence is that the corporation is carrying on its business on a strictly commercial basis, much the same as a bank. But there is always a final reckoning in these matters, and one would hope that caution is being exercised by the corporation.

In conclusion, honourable senators, I have drawn attention to some of these questions without attempting to answer them or in general to be critical except in the one area of the incredible inaction and action of the government in creating the situation where the corporation is in this very difficult position. We can recognize the accomplishments of the corporation, and at the same time have some concern about some of the problems that have been raised, particularly these policy problems to which I have referred. We can agree with the urgency of the passage of the legislation and at the same time deplore these actions of the government which have created both the emergency and the urgency.

I understand that the bill will go to committee in due course—perhaps immediately—and will be expeditiously dealt with. For the time being, at least, the corporation will be out of this very difficult position in which it has been placed.

Senator Perrault: Will the honourable senator permit a question?

Senator Grosart: Of course.

Senator Perrault: He has alleged that the benefits of Canada's export program are being advanced to countries where there are severe restrictions on human freedom. Would he care to enumerate specifically the names of those countries, in the first place, and secondly, would he care to set forth his suggested criteria which should be applied to those nations with which, in his view, Canada should do business? Thirdly, perhaps the honourable senator would care to name the top ten nations that would qualify according to his criteria.

• (2040)

Senator Grosart: In reply to the Leader of the Government, offhand I can think of Chile, Argentina and Brazil. There may be others. There are certainly extensions of loans to some of the oil exporting countries. In this connection, I think of Algeria, for example. There are a number of them. I think if the honourable senator will inquire himself he will be able to give us the complete list. It is fairly substantial. There might be eight or ten countries in this particular category.

The second part of the government leader's question to me was whether I would provide the criteria for distinguishing between such countries in respect of development corporation loans. The answer is no; that it is not my business.

Senator Perrault: You must have some standards that you would apply, however.

Senator Grosart: Honourable senators, I have no standards that I would attempt to apply. I raised the question, and I made it clear that I do not know the answer. This is entirely a matter for the government, because the government has, or says it has, policies in the sphere of foreign affairs in respect of such countries. It has been clearly announced what the government's stand is in general. Whether the government decides to extend the criteria it uses in denunciations of these countries to policy directives issued to the Export Development Corporation, I do not know. That is for the government to decide. I will not go too far in making or giving gratuitous advice here, except to say that it would be a welcome change if the government did make up its mind on this, as on some other matters.

The leader also asked me whether I would name the top ten countries. The answer, of course, is no. It is clearly up to the government to decide whether it is to be the top two, three, five or ten. I do not make government policy.

Senator Perrault: On a point of clarification, senator, you are saying, for example, that this program should not assist any company which wishes to do business with Brazil, Argentina or Chile. Those are three nations you have named, totally apart from what may be the position of some of our keen competitors in the field of exports or the field of international business.

Senator Grosart: I can only assume that the Leader of the Government was not listening to me, because I said no such thing.

Senator Flynn: It is always the case.

Senator Grosart: I did not suggest for one minute that the corporation should not extend loans to them. I said that it is a question of policy which has to be decided. I made it clear that I do not know the answer, and do not intend to give the answer. I was raising questions that Canadians generally, in various sectors, have raised. I do not know the answers, and I do not intend to say I know. Furthermore, I certainly did not make the statement that the Leader of the Government suggests I made.

Senator Flynn: Do not expect the Leader of the Government to give you the answers.

Senator Langlois: You do not understand the whole program. These loans are not made to the countries, but indirectly to exporters.

Senator Grosart: I now have to say that the deputy leader does not understand the program, because it is very clear that the loans are made to the countries.

Senator Langlois: They are made indirectly to the exporters.

Senator Grosart: They are made to the countries, to the nations, to the governments of these countries.

Senator Langlois: They are made indirectly to the exporters.

Senator Grosart: The deputy leader shakes his head. I hope he will go back and read the record and correct himself.

Senator Langlois: I have read it, and I have read too many of your speeches.

Senator Flynn: Thank God we do not have to read all of yours.

Senator Langlois: You have taken good notice of them.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker *pro tem:* I wish to inform the Senate that if the Honourable Senator Connolly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Flynn: Does it mean we will not hear from Senator Langlois? Very good!

Senator Connolly (Ottawa West): Honourable senators, I thank Senator Grosart for his comments in connection with this bill, and for his obvious desire to have the legislation proceed expeditiously.

On the point that has just recently been discussed, I would say that if honourable senators look at page 15 of the annual report they will see a list of the borrowers who secured loans through the Export Development Corporation in 1976. It is not clear, Senator Grosart, that all these borrowers were countries, by any means.

Senator Grosart: I did not say they were all countries.

Senator Connolly (Ottawa West): It is clear in certain cases that they were. For example, the People's Republic of the Congo was one of the borrowers. The government of the Republic of Indonesia was a borrower. The Republic of Panama was a borrower, as was the Republic of Turkey. The Bank for Foreign Trade of the U.S.S.R. is obviously a government agency, and was presumably a borrower. It is a little hard, however, upon inspection, to know whether something called the Intercontinental Distilleries (St. Lucia) Limited is the government or not. I should think it would not be, and that it is a corporate borrower, as is Tara Mines Limited.

Senator Grosart referred to an appendix to one of the reports of proceedings of a committee in the other place, in which the corporation listed the large borrowers, or the large applicants, for export credits insurance. I would say that undoubtedly that list was taken from the annual report, because I am informed that all the business done in 1976 is listed on these various pages of the annual report. So, there is really no secret, as far as Parliament is concerned, about the borrowers with which the Export Development Corporation is dealing.

He made a point which was made in the other place, to the effect that the corporation is not dealing, to any great extent, with small firms who are exporters. I think this is so. But I think we are well aware of the interest of small business in Canada in this program, because a great deal of the contracting that is done by exporters with foreign buyers has to be subcontracted to many small businesses or manufacturing

organizations, and presumably even service organizations, within Canada. In that way, therefore, I think small business is helped considerably.

Senator Grosart also referred to the fact that while current loans may be earning interest of between 9 per cent and 10 per cent, there are probably other contracts in which the interest rate earned by the corporation is a good deal less than that. I think that is true. I can think, for example, of a situation in which a contract has been running for perhaps five or six years, and it began when the rate was a good deal lower than the 9 per cent or 10 per cent that obtains now.

On the question of default and the rescheduling of loans, I think what Senator Grosart says is true, namely, that when a loan has to be rescheduled, either the borrower is in default or is about to enter default, and, as a result, there may be some problem about the loan. However, I point out that, according to my information, while some $60 million had to be rescheduled by the end of 1976, about $30 million of it at this point in time—that is, June 1977—has been repaid.

● (2050)

Honourable senators, I would like to say one other thing. Last evening I was asked a question as to whether, when loans or export credit policies are approved by order in council, the risk is to the corporation or not. I said I thought the risk might be, first of all, to the corporation, and then to the Consolidated Revenue Fund. I have made inquiries, and I find that, in fact, the risk on order in council loans and export credit contracts is entirely to the Consolidated Revenue Fund. I may add, that while the Export Development Corporation does collect premiums and interest payments on loans made under the programs approved by order in council, those premiums and interest payments are paid by the corporation to the government, subject only to a small service charge.

Honourable senators, if this bill receives second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Connolly (Ottawa West) moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator McIlraith for second reading of Bill C-50, to amend the Judges Act and other acts in respect of judicial matters.

Hon. Jacques Flynn: Honourable senators—

Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators, I am wondering if the applause being given me by the Leader of the Government is a suggestion that my speech should not be critical of the bill. Apparently, some senators don't like criticism from this side of the house.

Senator Langlois: We appreciate it.

Senator Flynn: As long as we don't go too far, you do. If we flatter you at the same time, it all becomes very acceptable.

Senator Langlois: We can go as far as you can.

Senator Flynn: But if we say anything that cuts to the quick, the government leader is up in a flash and in no time has the vocal support of his deputy, who as you know has a bad habit of getting carried away.

Senator Langlois: We work together on this side.

Senator Flynn: Sometimes he says things he doesn't really mean, but we will deal with that in due course.

Senator Langlois: I can go as far as you can but you will never reach this side. You have been trying it for many years.

The Hon. the Speaker *pro tem:* Order.

Senator Flynn: If we are not reaching your side, it's that what we have to penetrate is just too thick. But we will change sides some day.

Senator Perrault: Did you check your speech with your leader?

Senator Flynn: We don't operate that way in this party. The Leader of the Government has to do that, we know. And on those occasions when he hasn't, he has ended up putting his foot where it didn't fit.

Senator Langlois: Cheap joke.

Senator Flynn: Of course, I can't expect Senator Langlois to see the humor in anything more subtle than slapstick.

Senator Langlois: You can laugh at your own jokes. You are the only one laughing.

Senator Flynn: Many behind you are laughing, senator, but I'm not sure right now whether they are laughing at me or at you.

Now, if I may interrupt all this levity to deal with the bill, I should say that in a very lucid and complete explanation of it last night, Senator McIlraith found it necessary to state—and it has become a tradition in the introduction of bills here—"This bill is not a simple one." These words are, of course, inspired by that master of the understatement, Senator Laird, whose description of any bill as simple will always mean the kiss of death for that piece of legislation.

I agree that this bill is not a simple one. It is complex. But it is also unimportant. It is merely a housekeeping bill, and there is not much to it. You will remember, of course, that two years ago we passed a bill amending the Judges Act and we made

many adjustments. The bill we passed received royal assent on June 19, 1975, which is less than two years ago.

I was interested in the preliminary comment of Senator McIlraith to the effect that there was an increased volume of work in the courts—federal courts or courts presided over by federally appointed judges. That is due to the increased volume of legislation. The Canadian Bar, expert observers of the political scene, the general public, all have warned us against trying to legislate in every area of human endeavour. We are going too far in this field, with the consequence that there is a tendency today to give quasi judicial bodies the task of settling a lot of litigation. This is true at the federal level and it is true in many areas of provincial jurisdiction. This is the tendency that has become obvious in Quebec, for instance, where eventually practically all conflicts will be settled by administrative bodies. This is because they have gone too far in trying to control by law every area of human activity. When I am speaking of Quebec, of course, I am referring to the bill that deals with automobile insurance in that province. Conflicts will be solved by an administrative body and no one will have any real recourse to the judiciary. Before too long, this overwork of our courts may be alleviated to some extent if the tendency that I am speaking of is generalized across Canada. But I submit that that would be a dangerous course to follow.

• (2100)

Let us come now to the unimportant parts of this bill. First, we are adjusting the salary of judges. I remember two years ago when we discussed the bill amending the Judges Act we were told that the adjustment to the salaries which was to take place starting April 1, 1974, would raise the salaries of the puisne judges appointed federally from $42,500 to $50,000 the next year and that that would remain constant until this year; a three-year period, in other words. I just wanted to mention that because when we passed this bill we were told not to worry, that the judges' salaries would be frozen for three years. As I said earlier, the bill received royal assent on June 19, 1975 and a few months later, when the government made its about face in connection with freezing wages and salaries, the Prime Minister in his statement to the nation said that the salaries of judges appointed federally were to be frozen. They had already been frozen, so the government was freezing something frozen.

I know that the three years have now elapsed and it is time to do something with respect to these salaries. We are adjusting them from April 1 of this year by $2,000, giving the judges $52,000, which is exactly 4 per cent and certainly well below the guidelines. Next year on April 1 we are to give them another $2,000, which will amount to approximately 3.06 per cent, or a little more—not an exaggerated amount. I have always said that the type of judiciary we have in this country deserves a lot of protection and we should do everything to keep it as it is. Therefore, we have no criticism at all to offer with respect to the increase in salary granted to the judges under this legislation.

The second point, which is not very important—now, I see my friend, Senator Marchand, smiling. I hope that one of these days he will seek to interrupt me. I look forward to that occasion with gleeful anticipation. He is no doubt endeavouring to learn from Senator Langlois how best to do it, I therefore understand his hesitancy.

Senator Langlois: He is being "deep frozen" by you this time.

Senator Flynn: I doubt it. That couldn't easily happen to Jean Marchand.

The second point I want to make is with respect to the number of judges. The legislation increases the number of judges of the superior court in many provinces, or supreme court, if you wish. It provides for five additional puisne judges of the superior court in Quebec. I wonder, and maybe we will be given the answer in committee, whether the government of Quebec or the National Assembly has adopted or agreed to adopt supplementary legislation in this respect. As you know, there must be a sort of agreement by legislative process on the part of the provincial government. And if my information is correct, this has not yet been done in Quebec. Parliament will be invited to add five puisne judges to the number of superior court judges of Quebec. However, it would mean nothing unless the National Assembly by means of a bill presented by the government adopts the necessary legislation.

The most important part of the bill as far as Senator McIlraith is concerned is that part dealing with the Commissioner for Federal Judicial Affairs under clause 44 of the bill. He said in his remarks last evening, and I quote from page 824 of the *Debates of the Senate:*

> However, in some of the other courts—

He was making reference earlier to the Federal Court.

> —there is quite an increase as well, and we have the anomalous situation that the main litigant, or party before the court, the Department of Justice, has the responsibility for handling the administrative affairs of the federally constituted court, and the administrative affairs relating to the federally appointed judiciary; that is, their salaries, annuities, leave of absence, and other related matters. This anomaly of having the main litigant with the dual role of appearing before the court, presumably to have a wholly impartial and independent judgment rendered by a judge, at the same time as it has administrative responsibility for the judiciary, is something that requires attention. The bill deals directly with this point.

In other words, the sponsor of the bill suggested that there might be a sort of conflict of interest, or conflict of responsibilities within the Department of Justice. We have dealt with that in another debate, on the report of the Joint Committee on Regulations and other Statutory Instruments. I do not believe, however, that in the perspective that the sponsor had yesterday the problem is as important as he has enunciated, because I would suggest that outside of the Federal Court the Department of Justice is not the main litigant. It is very seldom that such litigation arises, and I wish to say that in my opinion the emphasis on that is not really justified by the facts. In any event, taking this as the basis for the amendments

which are proposed in clause 44 and following of this bill, I would say that we are not doing much.

Presently, the problem of dealing with administrative matters with respect to the courts to which the judges are appointed federally is the responsibility of the Minister of Justice, since it is the duty of an official of the department. All we are doing as far as these courts are concerned is creating the position of Commissioner for Federal Judicial Affairs, who has the rank of deputy minister but is under the Minister of Justice. We are simply creating another job, which may give some authority to this person but does not take away anything from the Minister of Justice, who is still the minister responsible for this Commissioner for Federal Judicial Affairs. So, it is simply an administrative solution and does not deal at all with the problem indicated or suggested by the sponsor of the bill, a problem which, in my opinion, the sponsor has grossly exaggerated. It may be practical, but it does not touch the principle at all. If at the level of the Supreme Court of Canada the responsibility for these administrative matters is given to the registrar, it means only that the registrar, of course, will be acting under the supervision of the Chief Justice. At the same time, he will be an official of the Department of Justice.

● (2110)

On the whole, I think it is all really unimportant. It does not solve the basic problem underlined by the sponsor of the bill. It may solve administrative problems, but that is all. I look forward to committee consideration of this bill to see whether or not my perspective of this change is correct. From my reading of the bill, and my knowledge of the present situation, I do not think this will bring about any drastic changes, except in a mere administrative way.

Senator Lang: Honourable senators, I have been absent from the chamber for several days. This bill came to my attention for the first time this evening. I am afraid I must disagree with both the sponsor of the bill and my honourable friend opposite as to the relative insignificance or housekeeping nature of the bill. I suspect that there is more to the bill than meets the eye. Accordingly, I should like to have an opportunity to study it further. For that reason, I move the adjournment of the debate.

On motion of Senator Lang, debate adjourned.

FINANCIAL ADMINISTRATION ACT SATISFIED SECURITIES ACT

BILL TO AMEND AND TO REPEAL—SECOND READING

Hon. Charles McElman moved the second reading of Bill C-8, to amend the Financial Administration Act and to repeal the Satisfied Securities Act.

He said: Honourable senators, I will not attempt to mislead you by use of what is now known as the "Laird classic", and tell you that Bill C-8 is a simple bill. I am sure you have all grasped that it is complicated and complex. I am entirely confident, however, that my lucid explanation of its provisions will reduce its complexity to simplicity itself.

The bill comprises two short clauses. Its purpose is to expedite the discharge of securities taken by Her Majesty in the form of liens, mortgages, hypothecs, privileges or other charges, once the debts for which such securities were taken have been satisfied.

These discharges are presently effected under a cumbersome and time-consuming procedure set out in the Satisfied Securities Act, whereby the Governor in Council may effect the discharge of a satisfied security through the passage of an order in council. The elimination of orders in council for that purpose would substantially reduce the time required to effect a discharge. The bill proposes that the authority to give a discharge of a satisfied security be conferred on the minister responsible for the administration of the security.

The bill further provides that the authority be included in the Financial Administration Act, with the Satisfied Securities Act being repealed. This would incorporate the authority to discharge satisfied securities in the major piece of legislation dealing directly with government financial administration, while eliminating a small and rather insignificant statute.

The securities which would be subject to the provisions of this bill are those taken directly by Her Majesty and not those taken by crown agents, such as the Central Mortgage and Housing Corporation or the Farm Credit Corporation. Those corporations are now empowered to issue a simple discharge of mortgage. The majority of securities which would require discharge under this bill are those taken by Her Majesty to secure loans made from the Indian Economic Development Fund and the Indian Off-Reserve and Eskimo Housing Program, which are administered by the Department of Indian Affairs and Northern Development, as well as those falling under the provisions of the Veterans Land Act. The loans in question number in the many thousands each year.

Although the bill is short, its enactment is of importance to the efficient administration of various government loan programs which benefit many thousands of Canadians.

I commend the bill to honourable senators for their approval.

Hon. David Walker: Honourable senators, as Senator McElman has explained, this is a "simple" bill. Its simplicity is so obvious that one wonders why we did not do this long ago.

Grant Glassco, who headed the commission investigating government services, recommended that this practice be abandoned. It is time his recommendation was acted upon. Tonight is the night.

The trouble is that cabinet is inundated with these orders in council. When an Indian gets a discharge of his mortgage, there is great formality about it. As my honourable friend knows, an order in council has to be drafted, and the cabinet has to take action on it.

I remember one of my jobs in times past was to act as chairman of a subcommittee. After the cabinet meeting each day we would spend hours in getting these orders in council ready for recommendation to cabinet. The cabinet would act

on them the following day. This simply cuts down a very involved process and makes the matter a simple one.

As my honourable friend has said, the passage of this measure would do away with the Satisfied Securities Act, and substitute therefor an amendment to the Financial Administration Act, and that amendment is set out very clearly.

There are so many areas of government where consideration should be given to methods of cutting down the tremendous amount of work involved in doing simple things. A discharge granted to an Indian at the present time is exactly the same as an ordinary discharge. Why should the cabinet be troubled with something about which it knows nothing of the detail? Why should it not be left to the Minister of Indian Affairs and Northern Development?

• (2120)

The honourable sponsor has explained this bill succinctly and simply, and I suggest that all members of this house should be very much in favour of its terms.

Senator McElman: Honourable senators—

The Hon. the Speaker *pro tem*: Is the honourable senator going to speak now?

Senator McElman: I was going to thank Senator Walker for his assistance in respect of this bill.

The Hon. the Speaker *pro tem*: If the Honourable Senator McElman speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator McElman: Honourable senators, I appreciate the assistance of Senator Walker. He is always helpful, particularly to me.

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tem*: Honourable senators, when shall this bill be read the third time?

Senator McElman moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. Hervé J. Michaud: Honourable senators, in the course of his speech in this debate on May 30, Senator Cottreau said:

> However, I would be less than truthful if I were to insinuate in any manner that the Acadians of Nova Scotia are completely devoid of sympathy for those in Quebec who strive to protect their own cultural and linguistic rights. Having themselves experienced the erosion of their culture over the years, they recognize the need and the wisdom of the French majority in Quebec establishing now sound basic principles which will safeguard their culture in the years ahead.

I wish to indicate in that regard that the Acadians of New Brunswick have shared the same difficulties and now entertain the views and the objectives of the Acadians of Nova Scotia.

[*Translation*]

In New Brunswick, the Acadians make up 38 per cent of the population of the province. Like those elsewhere in the country, they are aware that a people can develop only if it can control by itself all aspects of its development.

Before going any further, it may be a good idea to answer one question: Who do we call the Acadians or who are the Acadians?

Generally, the name "Acadian" is given to French-speaking people who lives in the maritime provinces or who are native maritimers. The same name can also be applied to the descendants of those who inhabited ancient Acadia. According to this definition, there are about half a million Acadians in Louisiana, 200,000 in New England and certainly about 100,000 in Quebec and Ontario. There are about 240,000 in New Brunswick, 12,000 in Prince Edward Island, and 80,000 in Nova Scotia.

It is not simply a whim for Acadians to claim to be a special group within the Canadian Confederation. This assertion has historical foundations which go back to the very beginnings of the colony and is supported by sociological factors which have been felt for at least one hundred years.

Indeed, under the French regime, Acadia was a province completely separate from the province of Canada. It had its own governors appointed directly by the King of France and, from all the aspects of civil administration, it was completely separate from what was then called Canada. Between 1613 and 1710, Acadia changed hands half a dozen times. It was with the capture of Port Royal in 1710 that the rather sensitive system of "French neutrals", which ended in the deportation of 1755, started for the Acadians.

The great move was probably the major event in the history of Acadia. Approximately 12,000 of a total population of about 16,000 were deported and left along the New England coast down to the southern part of the United States. In Prince Edward Island, the deportation took place in 1758. On the island, the number of deported people reached 3,000 and only a few hundreds were left.

The approximately 1,000 Acadians who escaped in 1755 hid in the woods. However, certain groups succeeded in getting established, especially in southern and northern New Brunswick and they laid the foundations for several Acadian parishes, like Memramcook, Caraquet, St. Basile, the village of Richibouctou, and so on.

However, the deportees could not find suitable refuge in the British colonies and hundreds of them assembled in groups to travel on foot through the woods the whole distance that separated them from their country of origin.

Thus the Acadian colony, which was believed gone for ever, slowly re-established its structures, especially in the area now called New Brunswick.

Not much is known about the Acadians during the century which followed deportation. That dark age, as many historians have called it, prompted Father Casgrain to write that the greatest misfortune of the Acadians had not been deportation, but the complete intellectual relinquishment in which they had found themselves for a century.

Around 1860, about 45,000 Acadians in New Brunswick were fighting laboriously for a decent survival. They were poor, they had no leaders, no professionals, no educated people and, as clergy, one priest of their group and six French-Canadian missionaries. There was no organization, no moral unity then among the Acadian community. What was lacking most was education and the means to procure it.

That serious shortcoming was soon palliated by the founding of the Collège Saint-Joseph by the Pères de Sainte-Croix in 1864. Over the years, they were joined by the Eudists and several religious communities of women. After some years, young leaders came out of those institutions, conscious of their responsibilities and fully determined to take them. In 1881, in Memramcook, the first general convention of the Acadians took place, during which the representatives of the people chose a patroness, Our Lady of the Assumption, and a national holiday, Assumption Day, which is celebrated on August 15. Three years later, the second convention of Acadians took place at Miscouche, in Prince Edward Island, and chose as the Acadian flag the French three-colour flag with the yellow star of Mary over the blue, and as national anthem, the Ave Maris Stella.

The Acadians are a people who are back on their feet again. Today, they have their own Francophone university, with three campuses; a developing technological institute; a daily, *L'Évangéline*; weeklies; a radio and television station; a complete network of French schools. Those institutions are well supported by patriotic and social organizations, such as the Société nationale des Acadiens, the Société acadienne du Nouveau-Brunswick, which in turn are members of the Fédération des francophones hors Québec.

One of the most efficient levers of the economic revival of Acadia was and remains cooperation. The fierce spirit of independence and individualism of the Acadian people has often been mentioned. The element of truth in the accusation finds an explanation in its tragic history. Scattered here and there and everywhere for generation after generation, the Acadians isolated themselves, and inevitably their dispersal all over the world could only develop a multitude of mentalities, as many sources of friction and misunderstanding when the time comes to regroup and work as a team.

In spite of it all, the deep faith and authentic Christian charity which remained the essence of the Acadian soul managed to overcome all obstacles, so that today that small people is in the process of securing its economic emancipation thanks to the practice of cooperation in all its forms. The caisses populaires, the producers and consumers cooperatives, the Mutuelle l'Assomption, are the main pillars of its development.

Up to this point, I have spoken to you of the achievements of the Acadians for themselves. But, in a province such as ours, one just has to see the difficulties that can be encountered when it comes to developing the Acadian areas both economically and culturally.

On looking at the social and economic picture of New Brunswick, one realizes that the province comprises two vast economic regions, one in the south and the west, industrialized and rich; the other, to the north and the east, underdeveloped and poorer. The latter, that is, the one where we find the lowest incomes, the more modest investments, the highest rates of unemployment, social welfare and emigration, the worst means of communication and the lowest rate of education, is the territory where the vast majority of Francophones in the province live.

In the area of public administration it is practically impossible to determine the level of the Acadian participation in the federal public service. The sheer number of federal public servants presents a major obstacle to anyone attempting an assessment in this respect.

However, it is possible to give a few figures on the Acadian presence in the provincial public service. We will limit our study of the Acadian presence at the senior official level, that is, the policy-making level.

The total number of deputy minister or equivalent positions in the provincial public service is 21. Among those, six are currently held by Francophones, or Acadians, and 15 by Anglophones.

The guide of services, programs and staff of the provincial public service gives a list of senior officials. They are for the most part directors of different divisions within the provincial departments. That list covers 190 people. Among those, only 24 are Francophones. Of those 24, seven are with the Department of Fisheries, and seven with the Department of Education. This means that there are only ten French-speaking senior officials in the 27 other departments and government agencies mentioned in the guide.

There are no French-speaking senior officials in the following eight departments: Municipal Affairs, Commerce and Development, Finance, Health, Social Services, Justice, Tourism and Transport. Those eight departments alone contain a total of 62 senior officials, and there is not a single French-speaking official—they are all English-speaking.

In addition, there are 13 officials in the higher echelons of the Department of Labour and Manpower, and only one of them is French-speaking. The Department of Agriculture and Rural Development has 12 directors, including only two who are French-speaking.

The absence of Acadians in the higher echelons of the public service is to say the least terribly disturbing. That phenomenon is disturbing not only because those who currently influence government policies are for the most part indifferent to the

Acadian fact, but also because the outlook for the future is bleak.

Those who are now categorized as higher echelon officials are probably the deputy minister and assistant deputy ministers of tomorrow. The vertical promotion system is a reality throughout any organization. The situation is therefore unlikely to improve, unless the government sets up a special employment and promotion policy for higher echelon civil servants.

This guide provides interesting information on the boards affiliated to the various departments and government agencies. These include marketing boards, advisory councils and standing commissions. Of the 48 people who carry out the duties of chairmen or executive directors, whether on a part or full-time basis, only four are Francophones.

You will understand now why Acadians in New Brunswick must fight constantly for their identity. There are hardly any of them in a decision-making position.

Certain quarters sometimes demonstrate hostile feelings towards Acadians.

In this regard, we refer honourable senators to the unbelievable reaction of a number of Fredericton citizens when the federal and provincial authorities jointly announced the construction of a French community center in this capital. Judging from this reaction, there would be no room for New Brunswick Acadians in their own capital.

Besides, who has not heard of the hard times meted out to the Acadian population of the City of Moncton under a certain municipal administration that will not fade too quickly from our memory? This type of petty attitude will have to disappear in New Brunwick if we want to convince Francophones elsewhere in our country that Canada is their home wherever they go, wherever they are.

In the debate now taking place before the citizens of our country two great issues can be identified, namely, the preservation of the minority language across the country, and the political independence of the Province of Quebec. Regarding the language issues, one cannot fail to notice that according to a recent poll made on behalf of the Parti Québécois, the results of which were published in *Le Devoir* on Saturday, May 20, 65 per cent of Francophones in Quebec support, without reservations, the language bill introduced in the province; 27 per cent support it with certain reservations on one or several aspects.

This is just a poll. Nevertheless, the fact remains undisputed. Throughout the country, Francophones feel the need for a more efficient protection against the threat of assimilation.

Mr. Claude Ryan, director of the Montreal daily *Le Devoir*, stated in Charlottetown on June 5, that "the language issue is fundamental". As to the issue of independence one cannot but hope that it will be solved through the settlement of the difficult situations that are at the roots of that movement.

Senator Frith: Will Senator Michaud allow me to ask him a question?

Senator Michaud: Please do.

Senator Frith: To begin with, I wish to congratulate you for your speech based on factual and very educational background material.

If you will allow me, honourable senator, I wish to ask you a question regarding the Parti Acadien. You mentioned various organizations that represent the interests of the Acadians. Is there any benefit we can draw from your own experience and from your appraisal of the relative importance of that party with respect to the expectations of the Acadians?

Senator Michaud: In answer to your question, I would say that the same question has already been put to a prominent member of the Acadian community and his answer was that the Parti Acadien constitutes an experience with a social aspect and that it probably equalled many others of the kind undertaken in the past. From a strictly political view point, however, I find it a rather ambitious experience, given the fact that the Acadians are only a minority in New Brunswick.

• (2140)

[*English*]

On motion of Senator McElman, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, before the adjournment of the house I should like to make a request. I ask that the order for the second reading of Bill C-25 be placed first after third readings, if any, on tomorrow's Order of the Day. I make this request on behalf of Senator Goldenberg who, because of illness in his family, may be called home early tomorrow.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 8, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Anti-Inflation Board, dated May 31, 1977, to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of proposed changes in compensation agreed upon in the collective agreement between 97 Member Cartage Companies, who bargain in association through Transport Labour Relations, and Teamster Local Unions 31 and 213.

Copies of report to the Minister of National Health and Welfare from the Canada Pension Plan Advisory Committee on categorical drop-out under CPP for child rearing, dated May 1977.

Report of operations under the Crop Insurance Act for the fiscal year ended March 31, 1976, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

CLERESTORY OF THE SENATE CHAMBER

REPORT OF SPECIAL COMMITTEE—PRESENTED AND PRINTED AS AN APPENDIX

Senator Connolly (Ottawa West): Honourable senators, I have the honour to present the report of the Special Committee of the Senate on the Clerestory of the Senate Chamber, and I would ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 852*)

The Clerk Assistant (*Reading*): On January 29th, 1975, the Senate approved a motion—

Some Hon. Senators: Dispense.

Senator Flynn: How many pages?

Senator Connolly (Ottawa West): There are 16 or 17 pages in the report. I do not think it should be read now, but I hope honourable senators will read it, perhaps over the weekend.

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

Senator Connolly (Ottawa West): Honourable senators, I move that the report be taken into consideration on Monday next, should we so sit.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

ADDITION TO COMMITTEE MEMBERSHIP

Senator Petten: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(i), that the name of the Honourable Senator Stanbury be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Flynn: We need him badly.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1410)

EXCISE TAX ACT

BILL TO AMEND (No. 2)—THIRD READING

Senator Hayden moved the third reading of Bill C-54, to amend the Excise Tax Act (No. 2).

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION ACT SATISFIED SECURITIES ACT

BILL TO AMEND AND TO REPEAL—THIRD READING

Senator McElman: Honourable senators, I move, seconded by Senator Walker, the third reading of Bill C-8, to amend the Financial Administration Act and to repeal the Satisfied Securities Act.

Some Hon. Senators: Oh, oh.

Motion agreed to and bill read third time and passed.

CANADIAN HUMAN RIGHTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. H. Carl Goldenberg moved the second reading of Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

He said: Honourable senators, as one long concerned with the matter of human rights, it gives me great satisfaction to be

in a position to move second reading of this bill. It is a very important bill and, in my opinion, one which is long overdue. It serves two major purposes. It provides for the first time a comprehensive anti-discrimination code at the federal level, and it extends for the first time the right to Canadian citizens to obtain access to personal information about them in government files.

The basic principles of the bill are set out in clause 2. Paragraph 2(*a*) provides that:

> every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex or marital status, or conviction for an offence for which a pardon has been granted or by discriminatory employment practices based on physical handicap.

Under the provisions of paragraph 2(*b*):

> the privacy of individuals and their right of access to records containing personal information concerning them for any purpose including the purpose of ensuring accuracy and completeness should be protected to the greatest extent consistent with the public interest.

These, honourable senators, are principles basic to Canadian society. They are principles as fundamental as freedom itself. Upon such principles rests the inherent dignity and the equal and inalienable rights of all members of the human family.

Although these principles are basic and the freedoms they embody have been set out in such landmark documents as the English Bill of Rights of 1689, the French Declaration of the Rights of Man and Citizen, the Bill of Rights in the United States Constitution, and the Universal Declaration of Human Rights adopted by the United Nations General Assembly in 1948, there is at present no overall protection of these freedoms at the federal level in Canada. While all provinces have enacted laws respecting human rights in relation to discriminatory practices, there is no act of Parliament which comprehensively prohibits discriminatory conduct by private individuals, corporations or government within the federal jurisdiction.

The basic principle of freedom from discrimination is set out in the Canadian Bill of Rights of 1960, a document of increasing stature and importance in this country. However, while the Bill of Rights enunciates this principle and provides for its application by courts and officials in interpreting federal laws, it does not set standards for behaviour nor impose any sanctions for violation of the principle.

Honourable senators may also recall that in 1968, the present Prime Minister, while Minister of Justice, proposed to a Federal-Provincial Constitutional Conference that we adopt in Canada a constitutional charter of human rights which would be binding on both Parliament and the provincial legislatures. This was an undertaking with which I had some involvement as special counsel on the Constitution at that time. I well remember the problems which were encountered subsequently in trying to reach agreement with the provinces on the specifics of constitutional guarantees for human rights. Some fundamental rights were proposed finally for inclusion in the Constitution by the Victoria Charter of 1971. But that, of course, failed to receive unanimous provincial support.

Subsequently, the Government of Canada reviewed federal laws to see what more it could do within its jurisdiction to enhance the protection of human rights. At the present time there is no federal legislation which provides protection against discrimination by persons providing goods, services, facilities or accommodation in the federally regulated area. This means, for example, that a black who is refused credit by a bank solely because the bank manager does not like his colour probably has no legal means of redress.

I should point out that federal law provides some protection against discrimination in employment. Part I of the Canada Labour Code, which deals with fair employment practices and applies to employment by banks, railways, airlines, and others under the jurisdiction of Parliament, prohibits discrimination in employment practices on some grounds. However, that code does not cover discrimination based on age, sex, marital status, conviction for which a pardon has been granted or physical handicap. Nor does it apply to employment within the public sector. Consequently, the many thousands of persons employed by the crown in the right of Canada cannot seek protection under the anti-discrimination provisions of the Canada Labour Code. While the Public Service Employment Act does set out anti-discrimination standards to be followed by the Public Service Commission in dealing with employees and prospective employees, the existing protection against discrimination for public servants is of very limited nature and effect.

● (1420)

As honourable senators are undoubtedly aware, such federal anti-discrimination legislation as now exists is both fragmented and incomplete. There are, consequently, significant lapses in the legal protection to which Canadians are entitled and which they deserve. There are significant gaps, for example, in the legal protection offered to the many women of Canada whose careers are seriously limited by sexism in employment practices, or to members of the many minority groups for whom the relentless pressure of discrimination is too often a reality.

Many Canadians are not aware of or do not want to face up to the fact that we have a problem in this country with racial and other forms of discrimination. And yet anyone who reads the newspapers must be disturbed by the increasing number of accounts of nasty racial incidents. I suggest that it is no longer enough that we merely express our distaste and concern for the problem; it is time that we enacted protection for minority groups into the law.

Honourable senators, I am not suggesting that a single piece of legislation will wipe out racism and discrimination overnight or change the deep-seated social attitudes, prejudices and hatreds which are associated with discrimination. I do suggest, however, that enactment of the bill before us will represent a significant and positive step towards that goal. It will be

symbolic of this country's commitment to uphold tolerance. It will provide legal protection to those who suffer discrimination, and perhaps, most importantly, it will provide a mechanism for actively promoting greater tolerance and respect for the dignity of all Canadians.

Canada has been in the forefront of support at the international level in the campaign to protect individual rights and freedoms. Nearly 30 years ago Canada joined with the other members of the United Nations to approve the universal declaration of human rights, and has since acceded to several other instruments of the subject of human rights, most recently the Helsinki Agreement.

I am confident honourable senators will agree that we must also recognize our responsibilities in this area at the domestic level and put into law and practice within the federal jurisdiction a clear commitment to equality of opportunity and protection from discrimination.

The Canadian Human Rights Bill is designed to provide that clear commitment and to provide at long last the comprehensive body of law now lacking at the federal level, a body of law to which all Canadians will be able to resort. It will also provide for an independent commission to administer the law and to advance in various ways the cause of human rights.

The anti-discrimination provisions of the bill are contained in Parts I, II and III. Part I identifies the following to be prohibited grounds of discrimination: race; national or ethnic origin; colour; religion; age; sex; marital status; conviction for which a pardon has been granted; and, in employment matters, physical handicap. This, honourable senators, represents the largest and most comprehensive list of prohibited grounds in any anti-discrimination legislation in Canada or in the United States at either the federal or state level. In developing this list an effort was made generally to include only those grounds which had been included in anti-discrimination legislation in the Canadian provinces and in the United States at the federal and state levels. This is because of a concern that the Human Rights Commission in its early years will have considerable demands on its time and should not have to face an impossible workload. Because of the approach adopted, the commission will be able to draw on the experience and precedents developed in these other jurisdictions. However, if the commission feels that these grounds should be expanded in the future, it can recommend to Parliament that that be done.

With respect to protection against racism, the bill contains a measure proscribing the dissemination of hate over the telephone. This applies to repeated hate messages sent over federally regulated telephones. It is included in order to deal with a serious problem being faced in some parts of this country, particularly in the Toronto area. It is intended to supplement the hate message provision in the Criminal Code, section 281.2, which has not proved to be adequate for dealing with the problem. While more rigorous than section 281.2, it has been drafted carefully so as to avoid unjustifiable interference with legitimate expression of opinion.

• (1430)

The bill prohibits discrimination on any of the prohibited grounds in the provision of services, facilities or accommodation, in the provision of commercial premises or residential accommodation and, subject to certain necessary exceptions, in employment and employment application advertisements.

It prohibits trade unions from discriminating in membership or in the advantages to be derived therefrom, and discrimination by employees or unions in training or any other matter related to employment.

The bill declares, in clause 11(4), that "sex does not constitute a reasonable factor justifying a difference in wages," and also requires that there be equal pay for work of equal value.

Senator Flynn: For sex?

Senator Goldenberg: I am going to let the Leader of the Opposition put that question in committee when the bill is referred to it.

The new formula is the equal pay formula adopted by the 1951 convention of the International Labour Organization which was ratified by Canada in 1972, and recommended in the 1970 report of the Royal Commission on the Status of Women. It will be the first time that this formula, significant because it introduces the concept of work of equal value, will be used in Canadian law to express equal pay requirements. The Canada Labour Code and legislation in the provinces generally require equal pay for the same or similar work. This traditional formula does not allow for consideration of the value of the work being performed. As the women's organizations in this country have pointed out, this results in a serious inadequacy. The "same or similar" formula can do nothing about low-paying female "job ghettos" arising from the fact that many women are never given the opportunity to do the same work as men, so that a lower pay scale for them is possible. The equal value formula is being proposed so that where there is this kind of segregation, there will have to be a realistic assessment of the value of the work done by women to ensure that it is compensated adequately.

Hon. Senators: Hear, hear.

Senator Goldenberg: Through the introduction of this new formula, which will allow the effort, skill, responsibility and conditions of work of two different jobs, one performed by a woman and the other by a man, to be compared, it is expected that the discrepancy in pay received by men and women will be narrowed.

Hon. Senators: Oh, oh.

Senator Goldenberg: I am interested to see what we are going to face in committee hearings as a result of this new formula.

Part II of the bill establishes the Canadian Human Rights Commission consisting of a chief commissioner, a deputy chief commissioner and not less than three or more than six other members. It will be an independent body, its members removable only by the Governor in Council on address by the Senate and House of Commons. The commission will be responsible

for administering the act and will have extensive powers to issue binding guidelines and regulations. It will also be entrusted with a significant educational, research and information role. It may establish up to 12 regional offices and operate through "divisions"; that is, panels of less than the full commission.

Part III of the bill sets out the procedure for dealing with a complaint. The experience of the provinces and of other jurisdictions with anti-discrimination legislation, which has been very useful in developing this part, has shown that a procedure which involves remedies of a civil type rather than criminal law remedies and which emphasizes a conciliatory rather than an adversary approach is by far the most successful way to deal with problems arising from discriminatory practices. Subject to a small number of exemptions, the bill provides that all complaints filed with the commission must be investigated. If the matter is not settled during the investigation stage—and the experience in the provinces has indicated that a large number of complaints will be settled during this stage—the commission will be able to refer the matter either to conciliation or directly to a Human Rights Tribunal for adjudication. The tribunal, to be chosen from a panel of members, can order that the discriminatory practice cease and that compensation be provided to the victim. It will be seen that under Part III the emphasis is clearly on reconciling differences and compensating injuries, not on retribution.

I would now like to turn to a different aspect of the bill, Part IV. Under this part, Canadians will for the first time be given a right of access to personal information concerning them kept in government records. They will also be given the right to request correction of that information where it is not felt to be accurate, and a right to control the use of the information. In addition, Part IV provides for a mechanism to control and co-ordinate the collection of information and the creation of new information banks.

As honourable senators are aware, the matter of access to government records is not a uniquely Canadian issue: it is a problem faced by most highly developed societies. If this bill is approved, it will be the first time that such legislation will have been enacted in Canada.

Other western countries, such as the United States, Sweden and West Germany, have enacted legislation of this type, and in the preparation of Part IV, the legislation and experience of these countries have been carefully studied. Part IV has been developed to adapt this concept in a parliamentary democracy and to give Canadians the widest possible access to information, and firm safeguards consistent with our parliamentary system and the interest of the public as a whole.

I would like to make it clear that Part IV is not intended to be, or to be a substitute for, freedom of information legislation. While freedom of information deals with the access of the public to government documents in general, Part IV provides a mechanism for an individual to see his own file. It is true that the two concepts, one which has been referred to as "the right to privacy" and the other as "the right to know," are related. They are, however, different.

As far as freedom of information is concerned, I am advised that a policy paper on this matter is presently being prepared and will be presented soon to the Joint Committee on Regulations and other Statutory Instruments. The matter can then be studied with a view to developing legislation on methods of improving public access to government information.

● (1440)

It has, of course, not been possible under Part IV to grant individuals an unrestricted right of access to personal information, because account had to be taken of the public interest and the privacy of other individuals. Consequently, exceptions to the general principle have had to be included covering disclosure of information which might be injurious to international relations, national defence or security, or federal-provincial relations, or which has been obtained in the course of investigations pertaining to the detection of crime and to particular offences against an act of Parliament. Where, in the opinion of the minister responsible for an information bank, information is classified as falling within sensitive categories of information set out in the bill, the minister can limit the disclosure requirements which apply to that bank or restrict the right of access to that information bank or to certain information within it. Where the exception applies to a whole information bank, the minister's decision must be approved by the Governor in Council.

Part IV provides for a review procedure for an individual who feels that his or her rights under that Part have been infringed. Such a person can take his case to the Privacy Commissioner, who will sit as a special member of the Human Rights Commission. The Privacy Commissioner will be an ombudsman-like official, with extensive powers of investigation and reporting, but without the power to enforce his decision.

In providing for this type of review procedure, it is felt that the objectives adopted in developing an effective mechanism for review have been met. Review by the Privacy Commissioner will establish a procedure that will be easily accessible for all individuals, will be expeditious and will not prove to be prohibitively expensive for either the individual or taxpayers of Canada.

Responsibility for the final decision is left with the minister. The decisions being made by ministers regarding exemptions from disclosure requirements and rights of access are essentially of a policy nature involving the balancing of certain risks and probabilities involving the public interest. Consequently, it is felt that in our system of parliamentary democracy the responsibility for such decisions should remain with the minister who will be accountable for them to Parliament and ultimately to the electorate. Review by the Privacy Commissioner should, however, provide an effective check on the use of this power by ministers, since under the bill the commissioner must report to Parliament every case in which a minister refuses to act on his recommendation.

In conclusion, I would like to emphasize once again the importance of this legislation. It provides a clear and concise statement of rights which are basic to Canadian society, and

which every citizen of Canada should enjoy. In this sense, enactment of this bill will have a symbolic value. However, the bill is also a functional piece of legislation, providing both a mechanism to deal effectively with cases of discrimination when they occur and a mechanism to promote the respect for these basic values amongst all Canadians, and so to reduce the number of incidents of discrimination in the future. It also, as I said, provides a right in law for citizens to obtain access to personal information on them held by the government and to control the accuracy and use of that information.

The bill is detailed and I am certain honourable senators will want clarification of some clauses. Accordingly, if it receives second reading, I will propose that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs for further examination.

Senator Greene: Would the honourable senator permit a question? Do we have any assurance from the law officers of the Crown on the constitutionality of the bill, or are we taking our future chances in that regard?

Senator Goldenberg: My answer to that question is quite simple. The bill will apply only within the federal jurisdiction. It is therefore constitutional.

Senator Molson: I wonder if my colleague will permit a further question? Would he perhaps add a few words to explain to those of us with no legal background at all where the impact of this legislation will cease and where provincial legislation will apply? At this moment, hearing the proposals in this legislation, which is sweeping and highly desirable, I cannot help but think that in Ontario at the moment we have an incident where a man appeals for trial in French and it is refused. I cannot help but think that every day in the newspapers in my province, Quebec, it is said that a bill presently before the Quebec Legislature is contrary to the Charter of Human Rights. Would the honourable senator mind explaining how this sophisticated legislation is going to protect all Canadians against situations that arise in the areas in which they live?

Senator Goldenberg: The honourable senator, in the examples he gave, referred to discrimination on the basis of language. That is a touchy question. He may have noticed that the prohibitions in the bill are against discrimination on the basis of:

> —race, national or ethnic origin, colour, religion, age, sex or marital status, or conviction for an offence for which a pardon has been granted or by discriminatory employment practices based on physical handicap.

There is no mention of language in this bill. I posed the same question when I was asked to move second reading. It was felt that there is an Official Languages Act administered by the Official Languages Commissioner; that it is a special act dealing with languages; and that it might, therefore, create confusion to extend the applicability of this bill now to language rights.

As a constitutional lawyer, which I think I am entitled to call myself, I would say that the matter of languages is controversial, and because it is controversial there is no simple answer to the question of, for example, the constitutionality of certain proposed legislation now widely discussed. I have my own views. If I may say one more word to Senator Molson, I expect that this will be one matter that will be dealt with in committee at some length.

On motion of Senator Yuzyk, debate adjourned.

● (1450)

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, I move that when the Senate adjourns this afternoon, it do stand adjourned during pleasure to the call of the bell at approximately 8 o'clock this evening.

Perhaps a word of explanation is in order. The purpose of adjourning at this time is to allow committee meetings to proceed this afternoon. Our committees, as honourable senators are aware, are faced with a heavy workload. The Banking, Trade and Commerce Committee will be meeting this afternoon, as will the Transport and Communications Committee and the National Finance Committee.

I am afraid we will have to carry on in this way until we have disposed of the large number of legislative measures currently before the Senate.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting this evening, June 8, 1977, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, I might say, before the question is put, that it will be an *in camera* meeting and no reporting staff will be required.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, the Standing Senate Committee on Transport and Communications will sit when the Senate rises this afternoon in room 263-S to consider Bill C-41, the Maritime Code.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-47, to amend the Export Development Act, and had directed that the bill be reported without amendment.

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

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

SOLAR ENERGY APPLICATION BILL

REFERRED TO COMMITTEE

Leave having been given to proceed to Order No. 8:

The Senate resumed from Thursday, June 2, the debate on the motion of Senator Austin that Bill C-309, respecting the domestic and industrial use of solar energy, be referred to the Standing Senate Committee on Banking, Trade and Commerce, and on the motion in amendment thereto of Senator Flynn that the motion be amended by striking out the words "Banking, Trade and Commerce" and substituting therefor the words "Health, Welfare and Science."

[*Translation*]

Hon. Martial Asselin: First of all, I would like to thank the government leader for having given me the opportunity to make my comments at the beginning of the sitting. The Committee on Legal and Constitutional Affairs is meeting at 8:30, and as we shall be discussing an important matter, I would like to be there.

Also, I prefer to speak this evening so that the mover of the bill will not be too nervous about passage of the bill. During the debate, he showed a certain nervousness concerning this bill. I would like to tell him that even though the opposition has serious reservations concerning the bill, as usual we shall try to co-operate with our colleagues opposite to give this bill all the required attention.

Before getting to the main part of my speech, I would like to say that, in my opinion, this bill should never have been introduced in the Senate. As someone said during the debate, this is a public bill. It was identified as a public bill. However, for my part, I still believe that it is a private bill. I shall not come back to the decision of the Speaker. I respect his decision. However, I still believe that this bill is a private bill and that it could have been introduced in another way. It could have been introduced by letters patent so that we could have learned the names of the members of the corporation who would have been interested in establishing this institute to deal with the research concerning domestic and industrial uses of solar energy.

I suggest also that the federal government has institutions that are paid for by the taxpayers. We have a National Research Council in Canada which I am convinced has long since looked into the problem we have before us; I am convinced that this is an urgent problem, that the problem of solar energy is a very urgent one. Furthermore, I am convinced that the National Research Council has now been working on this problem for a long time because in a few years we will be using solar energy on a rather current basis.

So I say this bill should not have been brought before us. My second proposition is that this bill should not even go to committee because we do not know anything at all about it. We will not know more when the bill is referred to committee since the people interested in setting up that institute, or that research committee, did not proceed in the ordinary, customary way which would be, as Senator Deschatelets and other senators indicated, to proceed by way of letters patent of incorporation to set forth the objectives and purposes they were pursuing.

We did not delay the motion to refer the bill to committee, and if I waited until today to speak it was because the sponsor of the bill was absent on Monday. I do not like to talk about someone when he is not in the House. He was absent. Furthermore, I wanted to tell him also that I was very surprised to see the sponsor of the bill, who held very important responsibilities in the past, vote against a motion of adjournment. That was, of course, creating a precedent. That was denying the official opposition the right to be heard. When I saw Senator Austin rise to vote against the adjournment motion, I told myself: Well, he is sincere and wants to gag the opposition, or he does not know the rules. We should, or course, forgive him for that. In any case, as a member of the opposition, I did not accept from the sponsor of the bill that he should vote against the adjournment motion moved by the leader of our party.

With respect to the motion of reference, the sponsor of the bill told us that this bill should be referred to the Senate Committee on Banking, Trade and Commerce. In support, of course, he quoted rule 67 of our rules. That order was very well explained by Senator Grosart when he spoke on that same motion. But, even if rule 67 says that with respect to natural resources and mines this bill should be referred to the Senate Committee on Banking, Trade and Commerce, I think that every time we have to refer a bill to committee we should consider the kind of bill we have before us. In what circumstances did it come to us? What are its objectives? Which committee would be best suited to discuss a matter such as solar energy? If I look at the rule I just cited, rule 67, it tells us that "natural resources and mines" can be considered by the Senate Committee on Banking, Trade an Commerce. However, if I look further, I see that the Senate Committee on Health, Welfare and Science must deal with:

—bills, messages, petitions, inquiries, papers and other matters relating to health, welfare and science generally—

If one bill can be said to concern science, it is certainly the one now before us. The sponsor of the bill said so. This bill provides for scientific research concerning solar energy and its domestic and industrial uses. Can the sponsor of the bill say that this legislation will get better attention in the Committee on Banking, Trade and Commerce, as he says that this committee deals with natural resources and mines? Of course, solar energy might be considered a natural resource. However, it is stated quite clearly that the Senate Committee on Health, Welfare and Science deals with "science generally".

The second point I would like to make against the bill's being referred to that committee is that, hopefully, as we are aware, the session will come to a conclusion at the end of June, and the Senate Committee on Banking, Trade and Commerce has an extremely heavy schedule of major and significant government legislation. So that committee is currently overloaded and in my view it would have no time left to scrutinize this solar energy legislation.

So as I said, every time we have to refer a bill, we should stop to think that it should not necessarily go to the Senate Committee on Banking, Trade and Commerce because it deals with natural resources and mining. We must first see the nature of the bill involved and its objectives. In this case I feel the committee most suited to scrutinize the bill would be the Senate Committee on Health, Welfare and Science which has direct and special jurisdiction in science matters. It could also be referred to the Special Committee on Science Policy, which is headed by Senator Lamontagne. I think Senator Lamontagne would be very pleased to have this bill before his committee, and give it special attention. Senator Bourget says no, because it is a special committee of the Senate. Just the same, I think Senator Lamontagne would welcome this bill because his staff includes scientists, experts dealing with research, and they would be quite happy to give special attention to the bill now before us.

I conclude because I must attend a committee meeting at 8:30. I therefore submit that the amendment moved by the opposition leader, to refer the bill to the Standing Committee on Health, Welfare and Science, should be supported.

● (2010)

[*English*]

Senator Perrault: Honourable senators, I know that we all appreciate the thoughtful remarks of the Honourable Senator Asselin on Bill C-309 in support of the amendment which would have this bill referred to the Standing Senate Committee on Health, Welfare and Science. I must say, however, that the government—

Senator Flynn: The government?

Senator Perrault: The government believes—

Senator Flynn: The government believes?

Senator Perrault: The government believes it is more appropriate that the bill should be referred to the Standing Senate Committee on Banking, Trade and Commerce. But, admittedly, as in the case of so many measures which come before the Senate, there are a number of options open. Bills of this kind could conceivably be referred to certain other committees as noted by Senator Asselin. That is indisputably true. However, the government—

Senator Flynn: The government again!

Senator Perrault: The government—

Senator Flynn: May I put a question? I do not see what the government has to do with a bill of private initiative.

Senator Perrault: Honourable senators, I thought it was clear that the rules of the Senate do not permit two senators to stand at the same time. Would you please permit me—

Senator Flynn: Then why don't you sit down?

Senator Perrault: Would you permit me to complete my remarks? I would appreciate that courtesy.

I want to make clear that this is a public bill in the hands of a private member, which was supported by all members of all parties in the other place.

Senator Flynn: Especially by the government.

Senator Perrault: It was supported by the official opposition, by the New Democratic Party and by the government supporters in the other place. The position taken by most of the supporters of the government in this chamber, already expressed in debate, has been that the proposed measure certainly should be referred to a committee of the Senate, as Senator Asselin agreed. Certainly, this is not a government bill. There is no suggestion on the part of anyone on this side, or any supporter of the government in this chamber, that this bill should be immune to any kind of analysis, criticism or even amendment at the committee stage. I want to make that perfectly clear.

As was stated by the sponsor of the bill in this chamber, perhaps this bill may have some defects in it, as do many measures which come before us. However, I would urge that this amendment be defeated and that we get on with the job of referring it to the Standing Senate Committee on Banking, Trade and Commerce, so that an analysis of the bill can be undertaken.

Senator Flynn: I am prepared to withdraw my amendment if the Leader of the Government will withdraw his statement that this is the wish of the government. The government has nothing to do with this motion and it does not have anything to do with this bill, as he stated a while ago. I am willing to withdraw my amendment if he will withdraw his assertion, because I do not think that it belongs on the record.

Senator Perrault: Honourable senators, I would never think of asking the honourable senator to withdraw anything in this chamber.

Senator Flynn: No, but I thought I could get you to do so.

Senator Smith (Colchester): Honourable senators, perhaps a person who has so far not participated in this interesting debate might be permitted a word or two. I find it difficult to understand why the Leader of the Government feels that the Standing Senate Committee on Banking, Trade and Commerce is the only committee fitted to deal with this bill. It is a very able committee, and since I am a member of it I am willing to sing its praises very vigorously, at least at the moment. But, really, if the workload of the various committees is considered, and if what the Leader of the Government says is true, and I agree with him that it is, there are many options open as to which committee it should go to. Why not send it to a perfectly competent committee that does not have the same workload as the Standing Senate Committee on Banking, Trade and Commerce? I have forgotten how many meetings that committee has scheduled this week, but I do not think it would be much exaggeration to say that it has been meeting morning, noon and night. As far as I can see for the immediate future, it is going to continue to do that. Why not send it to some other competent committee? The Leader of the Government does not deny that the Standing Senate Committee on Health, Welfare and Science is a very competent committee which has not such a workload and which could give this bill the attention it deserves, if any.

It seems to me to be a position that is absolutely unsupportable to say that if there are a number of committees, all competent to deal with this bill, you must send it to the one that is the hardest worked. I suppose there always is the understanding among busy people that if you want to get something done give it to someone who is busy. In my view, however, the Health, Welfare and Science Committee is composed of very competent and able people who are willing to work, with a chairman who makes sure they work. So, it seems to me that, taking the argument of the Leader of the Government at its face value—which may not be much—he has no alternative, really, to agreeing that this bill should go to a committee that does not have the workload that Banking, Trade and Commerce Committee has.

● (2020)

I suppose that sort of argument from the leader has about as much validity as his argument that two senators should not stand up at once, which is a problem that he could solve by sitting down himself. That, of course, is comment which I suppose will not commend itself to him, but perhaps my next comment will. I have not been here long, but as long as some and long enough to learn a little. One of the things I have learned is that when someone who wishes to speak on something requests of the Senate by means of a motion that the debate be adjourned, the courtesy is extended to him or her immediately, without a moment's hesitation; yet, a few days ago in this debate I saw for the first time a refusal to agree to a motion to adjourn. I am glad to say that the majority of the Senate made sure that that attitude was treated as one which cannot be accepted here, and never will be, by an overwhelming majority on a standing vote. I hope that this situation will not arise again.

I should like to remind the honourable gentleman, who may not have thought of them, of the remedies afforded by our rules to the opposition. If that motion had not carried, the opposition could have continued to maintain various delaying motions so that the Senate could have stayed here all day and all night. The opposition is neither so careless of its rights, nor so reluctant to engage in battle to preserve those rights, as to forget that those opportunities exist. I therefore say to those who would think that such a course of conduct is acceptable here that the opposition is prepared to use to the limit if necessary those rules which are available to it but which it would rather leave unused, preferring to deal with all matters on the basis of common courtesy and common sense.

Let me say again that I support the amendment. I can see absolutely no reason at all to burden the very hard-working chairman and members of the Standing Senate Committee on Banking, Trade and Commerce with this bill, and I urge honourable senators to vote for the amendment.

Senator Austin: Honourable senators, if I understood Senator Asselin correctly, I believe he said that the sponsor of the bill in the Senate was not in the chamber while he was speaking. I should like to assure him that I heard every word he said.

Senator Asselin: No, honourable senator. I said that on Monday night I asked to postpone the debate because you were not here at that time. I waited to speak today so that you would be here.

Senator Austin: I appreciate your waiting to make your remarks until tonight.

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Austin, seconded by the Honourable Senator Cottreau, that the Bill C-309, intituled: "An Act respecting the domestic and industrial use of solar energy", be referred to the Standing Senate Committee on Banking, Trade and Commerce.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that the motion be amended by striking out the words "Banking, Trade and Commerce", and substituting therefor the words "Health, Welfare and Science".

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: Honourable senators, in my opinion the nays have it and the motion in amendment is lost.

Honourable senators, is it your pleasure to adopt the main motion?

Senator Flynn: On division.

Senator Walker: On division.

Senator Smith (Colchester): It is a reflection of the authority of the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to, on division, and bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL 1976

SECOND READING—DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill C-26, respecting the organization of certain scientific activities of the Government of Canada.

He said: Honourable senators, Bill C-26 is a rather imposing bill. It has 22 pages containing 75 clauses, but it is not a difficult bill to explain because if you examine it closely you will find that it is divided into nine parts, some of them almost identical.

The easiest way to understand Bill C-26 is to remember two points. The first is that it is an omnibus bill or rather a collection of separate bills put together in a single package. Two of them, Parts I and III will be printed as separate acts when the statutes are consolidated.

The second point to remember is that, despite its title, Bill C-26 is related more to the machinery for the implementation of science policy than to science policy *per se*. It is particularly related to the machinery for the support of scientific research in universities and educational institutions. It amends the acts under which existing machinery operates, modifies their structures and activities and creates two new bodies for dispensing grants.

I am pleased to present Bill C-26, because it reflects the findings of a number of reports and studies which have been submitted to the government in the past few years, with the most important contribution, I think you would agree, coming from the Special Senate Committee on Science Policy under the very able chairmanship of the Honourable Senator Lamontagne. The bill will affect, in addition to the granting councils, the Science Council, the National Research Council laboratories, Canadian Patents and Development Limited, and the Defence Research Board.

Before dealing with its specific provisions, I should like for a moment to outline the philosophy underlying that part of the bill relating to university research support. This, as I stated earlier, is probably the most substantial part of the bill. The government has a strong belief in the importance of a healthy and active university research community, a fact which has been made clear by the Minister of State for Science and Technology in his speeches in Parliament and elsewhere.

• (2030)

The government recognizes, first of all, that research, whether being done in universities, government or industry, is the process by which new knowledge is created and is the foundation of all scientific and technological achievement.

In universities, the conduct of research by professors, research students and research assistants is important to the nation for other reasons as well. It adds to the quality of education given to our university students; it also contributes to the training of scientists and scholars, who carry their knowledge and their approach to inquiry into all aspects of national life. It is through the support of university research that we have created a base in Canada of highly qualified people and a research capability in many disciplines. Canada must have this capability to ensure that we can tap into the world's output of new knowledge, be able to understand the significance of that knowledge, and adapt it to the needs of industry, government, and the furthering of research in the universities.

Canadian universities have accomplished much in research, some of it leading to applications of direct benefit to Canada. Professor Symons has said in his recent report to the Association of Universities and Colleges of Canada:

> Canada has established a worldwide reputation for leadership in a number of important scientific fields including, for example: fresh water biology research; nuclear physics; physical chemistry; aerial mapping and surveying; the development of geophysical methods and instrumentation; computer science; research into the upper atmosphere; and certain aspects of research in engineering, forestry, agriculture, and the health sciences. University scientists have contributed significantly to the country's achievements and international reputation in such fields.

I would add to that our high level of scholarship and research in certain fields of the social sciences and humanities. As examples, I could point to the publication of the *Dictionary of Canadian Biography* and important studies on the special problems of the working environment, juvenile delinquency, and the economics of Canadian natural resource policy. There are many others.

The reports I mentioned on university research have come from the OECD and the Science Council, as well as the Senate committee, and they have all questioned whether the mechanisms for federal support of this research adequately serve the interests of the universities and the country as a whole. The alternative institutional mechanisms proposed have ranged from retention of the present system—that is, the three granting councils, namely, the National Research Council, the Canada Council (Social Sciences and Humanities Division) and the Medical Research Council—to a single granting council covering all disciplines. The government's carefully considered view, in pondering these options, is that an evolution-

ary, rather than revolutionary, change in the structure of the granting councils which builds on their successes is the desirable course. A triumvirate of councils appears to create a balance in the support of the different disciplines which will bring the councils' and the nation's objectives into closer harmony. The proposed changes do, I believe, incorporate the best advice the government has received with the least administrative cost and organizational disruption.

The bill creates, first of all, a Social Sciences and Humanities Research Council. This will leave the Canada Council, which at present supports the arts and research and scholarly activity in the social sciences and humanities, to focus its attention on the arts and permit the new council, with a membership of scholars in the social sciences and humanities, to provide support for academic research in these disciplines. This reorganization reflects the growth in size and quality of the social sciences and humanities in this country, and the new perception of their importance to the attack on socio-economic problems, to national sovereignty, and to our cultural development. The Social Sciences Research Council of Canada and the Humanities Research Council of Canada, which are umbrella organizations for the learned societies, have strongly supported the creation of this new council.

Secondly, the bill creates a Natural Sciences and Engineering Research Council, leaving the National Research Council to give its full attention to the major task of running a large scientific research establishment, industrial research and development support programs, and a national program of scientific and technical information. The creation of the Natural Sciences and Engineering Research Council recognizes the need for a separate agency to support university research in these disciplines, and to foster improved dialogue between natural scientists and engineers in interdisciplinary and priority research areas. Canada must remain in the forefront of appropriate areas of basic research, and must create an environment in which university investigators will have the fullest opportunity to contribute to the solution of problems of a social, economic, and technological nature. The Natural Sciences and Engineering Research Council will have the task of developing an imaginative response, in the way of new grants policies and mechanisms, to such expectations.

I would emphasize here that the creation of these two new granting councils will require only a minimal increase in administrative costs since the same personnel and office space will be used as at present.

Thirdly, this legislation alters the Medical Research Council Act to remove the restriction preventing its support of research in the public health field. The amendments will permit, in the future, increased involvement by the Medical Research Council in the support of research and training in the area of health care delivery. Other minor changes to the act will facilitate the administration of the council's business.

In proposing these changes to the granting councils, the government has been very much aware of the environment of continuity and freedom which is required for the fullest exercise of creativity in research. It is fully committed to retaining the "peer review" system, and will not jeopardize the expertise and independence with which the councils support, and scientists and scholars perform, research. The new councils will be departmental crown corporations—that is, Schedule B corporations under the Financial Administration Act—and will be in a position to set their own policies, programs and research objectives.

● (2040)

As a guide to the councils, the government has outlined a number of broad objectives the councils should bear in mind. These have been stated by the science minister previously, but I think they are worth repeating. The councils should (i) encourage excellence in research; (ii) provide a base of advanced knowledge in the universities; (iii) assist in the selective concentration of research activities; (iv) aim for a regional balance in scientific capability; (v) maintain a basic capacity for research training; (vi) encourage curiosity-oriented research; and (vii) encourage research with a potential contribution to national objectives.

These objectives are intended not as a basis for immediate and radical redirection, but to ensure long-term coherence in the federal system of university research granting. The government is attaching particular importance to the encouragement by the councils of research related to national problem areas, interdisciplinary research and the creation of a better regional balance of scientific capability. The membership of the councils will be important from the point of view of defining the councils' objectives, and the government will be aiming for a membership broadly representative of all disciplines being supported and to include, together with the experts, a number of lay people interested in the development of scholarship and scientific research in this country.

Before moving to the other parts of this bill, I should like to say a word about the coordination of council granting policies and council budgets. It is planned that the division of responsibility for university research support among the councils will be along the same general lines as that which has existed among the Medical Research Council and the university granting programs of the National Research Council and the Canada Council. The Minister of State for Science and Technology intends to establish, with the cooperation of the new granting bodies, an Inter-Council Co-ordinating Committee chaired by the secretary of his ministry and including the presidents of the granting councils. Others, from both the public service and the universities, will be asked to participate in the work of the committee from time to time, depending on the matters under discussion. The committee will report to the minister.

As its name implies, the committee will have an advisory and co-ordinating role, rather than a directive role. It will be a forum for discussions among the councils, and between the councils and the government. It will seek to ensure coverage of all recognized disciplines, and that the needs of interdisciplinary research are met. It will harmonize granting practices. It will also make recommendations to the minister on the balance between the budgets of the councils, recognizing, of course, the

responsibility of individual ministers for the budget and administration of each council.

I might say here that the Prime Minister has designated the Minister of State for Science and Technology as the responsible minister for the Natural Sciences and Engineering Research Council; the Minister of National Health and Welfare for the Medical Research Council, which is no change; and the Secretary of State for the Social Sciences and Humanities Research Council.

On council budgets, the government provided an increase of 12 to 13 per cent for 1977-78 to assist the councils in meeting the inflationary rise in university research costs. There has been hardship among university researchers over the last five years. The government, recognizing this, intends to introduce more stability and continuity in the future.

The remainder of the bill consists of amendments to the Science Council Act, the National Research Council Act and the National Defence Act as it affects the Defence Research Board. The Science Council is to have its mandate restated to provide it with a greater national and public role. The council has over the years brought an enlightened point of view to science policy issues relating, for example, to energy, northern development and health care, which has provided valuable guidance to both public and private decision-making across the country. The council will continue to assess the adequacy of Canada's scientific and technological resources to meet new opportunities and will have, as well, a strengthened role as a source of public information on the impact of science and technology. To cope with its broadened responsibilities, and to permit the participation of additional social scientists in the work of the council, the membership of the council is to be expanded from 25 to 30.

I have already spoken of the separation of the granting and laboratory functions of the National Research Council. The amendments to the National Research Council Act are designed to give the council flexibility in its management structure so that it can more readily respond to national problems where science and technology have a part to play in their solution. Provision has also been made to transfer the responsibility for Canadian Patents and Development Limited from the National Research Council to the Minister of Industry, Trade and Commerce in order that the exploitation of inventions from government laboratories, and university laboratories which are supported by the federal government, may be linked more closely to the promotion and development of Canadian industry. CPDL will become an even more important vehicle for the transfer of technology from government to industry. Following the publication of the Science Council's report, *Technology Transfer: Government Laboratories to Manufacturing Industry*, improved ways are being sought, including new uses of CPDL, to transfer technology from the public to the private sector.

The role of the National Research Council will shift somewhat in emphasis as a result of the proposed changes. The council, without its granting function, will have less responsibility for the general development of science in Canada, and more for using the demonstrated capability of its laboratories in tackling national problems. There will continue to be room in the council's mandate for the high quality basic research for which it has deservedly attained an international reputation, both for NRC and Canada.

With regard to defence research, the National Defence Act is to be altered to bring the Defence Research Board into organizational integration with its primary customers, the Canadian Armed Forces. The board will continue as an advisory group to the Minister of National Defence, while the defence research establishments are consolidated within the department. The legislation serves to clarify the new role of the DRB which is already in effect.

Three amendments to the bill were reported to the House of Commons on third reading from the Standing Committee on Miscellaneous Estimates. No objection was raised in the house to these amendments, which do not alter the major proposals of the bill.

• (2050)

Coming to the details of the bill, I think it is more convenient and timesaving to deal with it part by part rather than section by section.

Part I sets up the new council to be known as the Social Sciences and Humanities Research Council, and describes its functions, organization and operating instructions.

Part II amends the Canada Council Act and describes its new mandate.

Part III is a repetition of Part I, except that the new body it creates is to be known as the Natural Sciences and Engineering Research Council.

Part IV amends the Science Council of Canada Act and describes its new role.

Part V amends the National Research Council Act and outlines its organization and activities. It also transfers the crown corporation, called Canadian Patents and Development Limited, to the Department of Industry, Trade and Commerce.

Part VI amends the National Defence Act and integrates the Defence Research Establishments with the Department of National Defence. It also makes the Defence Research Board advisory to the Minister of National Defence.

Part VII amends the Medical Research Board Act and enlarges its scope.

Part VIII is consequential and provides for representation of the new councils on the National Library Board.

Part IX is transitional.

In summary, Bill C-26 reorganizes two of the three federal granting councils for university research and creates two new granting councils. It transfers the granting function and support staff of the NRC to a new council to be called the Natural Sciences and Engineering Research Council. The NRC will continue to manage its laboratories. It transfers the granting function and support staff of the Canada Council in the area of social sciences and humanities to a new council to

be known as the Social Sciences and Humanities Research Council. The Canada Council will continue to support the arts.

It enlarges the scope of the Medical Research Council to include public health research and it restates the mandate of the Science Council, giving it a national role with respect to public information.

Honourable senators, I believe that Bill C-26 will have significant and beneficial long-term implications for research in Canada, and I strongly recommend it for your approval.

Senator Deschatelets: May I ask the honourable senator a question? This is indeed a very important bill. While I was listening to the details being outlined, I wondered whether some of the provisions contained in the bill were not the result, either directly or indirectly, of some of the recommendations of the Special Committee of the Senate on Science Policy.

Senator Carter: I am pleased to say that such is the case. The honourable senator may not have heard me when I referred to that fact in my introductory remarks.

On motion of Senator Grosart, debate adjourned.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. David G. Steuart moved the second reading of Bill C-13, to amend the Historic Sites and Monuments Act.

He said: Honourable senators, the Historic Sites and Monuments Board of Canada, which has been in existence since 1919, advises the Minister of Indian Affairs and Northern Development about those persons, places and events of national historical importance. The board's areas of concern range from recommendations for acquiring properties, buildings and other structures for the purpose of establishing National Historic Parks and Sites to inscriptions for plaques and distinctive monuments all across Canada.

At present the board is composed of 15 members: two representatives each from Ontario and Quebec and one each from the remaining eight provinces, one representative from the National Museums of Canada, the Dominion Archivist, and an officer from the Department of Indian Affairs and Northern Development. The provincial representatives are usually historians or archivists of great repute. Mr. Marc LaTerreur is the Chairman of the Board. He is also a member of the Department of History of Laval University in Quebec.

The board has established special committees of its members. They include an Executive Committee, a Fur Trade and Indigenous Committee, an Historic Buildings Committee, and an Inscriptions Committee. The committees report to the board at its regular meetings.

In the past 20 years, on the recommendation of the Historic Sites and Monuments Board of Canada, more than 70 historic parks and major sites have been designated and almost 700 persons and events of historical significance have been commemorated.

The purpose of amending the Historic Sites and Monuments Act is to have a better representation of two important parts of Canada: the Yukon Territory and the Northwest Territories. Up until now, representatives from these northern regions attended board meetings only as observers and without the right to vote. If the amendment to the act is adopted, the delegates from the Yukon Territory and the Northwest Territories to the Historic Sites and Monuments Board of Canada will no longer voice their opinions in merely an advisory capacity. The board would then have 17 members instead of 15.

The north, with all its human, cultural and natural resources, is becoming increasingly important. In fact, the June meeting of the board will be held in both Vancouver and the Yukon Territory.

The act, as amended in 1968-69, provides that eight members constitute a quorum. It is desirable to keep the figure for the quorum at the same relative level, and therefore the bill will amend the present act to raise the number to nine. Since this bill will broaden representation on the board and recognizes the growing importance of the Yukon Territory and the Northwest Territories, I urge all honourable senators to support it.

On motion of Senate Grosart, for Senator Bélisle, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 840*)

REPORT OF THE SPECIAL SENATE COMMITTEE ON THE CLERESTORY OF THE SENATE CHAMBER

TABLE OF CONTENTS

	Pages
I. Jurisdiction and Authority	853
II. The Locus of Parliament	853
III. The Style, Composition and Treatment—for the decor of the Senate Chamber	853
IV. The Windows: Composition or Theme	854
V. Walls: Composition or Theme	854
(a) Parliamentary Development	854
(b) The Primacy of the Law	854
(c) Legends of the Canadian People	855
(d) Stone—with Architectural Features	855
VI. Style or Treatment of the Windows	856
VII. Style or Treatment of the Walls	856
VIII. Selection of Artist for Stained Glass	857
IX. Selection of Artist for a Project for the Walls	857
X. The Area of the Throne	858
XI. Recommendations	858
Appendices—original architectural sketches	
A. Cross section of the Senate, North side	
B. Cross section Senate Chamber (Detail) East and West Walls	
C. Cross section Senate Chamber (Whole Wall)	

1. On Wednesday, January 29th, 1975, the Senate approved a motion to appoint a Special Committee to consider and report upon the question of "the installation of stained glass windows in the clerestory of the Senate Chamber". It was reappointed March 10th, 1977. The present members are:

The Honourable Senators:

Austin	Inman
Beaubien	Lafond
Cameron	Lang
Carter	Neiman
Connolly (Ottawa West)	Quart
Deschatelets	Sullivan
Forsey	Thompson
Hicks	Yuzyk

2. The Committee held eight meetings for the purpose of receiving evidence, and an additional meeting to consider its Report.

I JURISDICTION AND AUTHORITY

3. The Clerk of the Senate and Clerk of the Parliaments, Mr. Robert Fortier, Q.C., was called as a witness to advise your Committee of its power and of the power of the Senate to deal with the matter of the installation of stained glass in the clerestory of the Senate Chamber. It was clear from this evidence, and we so report, in the light of custom and precedents, that the Senate is master of its own precincts, both in respect of major changes and installations (which this is) as well as housekeeping items. The Senate has no budget for this work. Arrangements for such work are normally made by the Department of Public Works. The estimates of that department carry any item required to defray such cost. In this respect the authority of the Senate as regards the precincts of the Chamber is analogous to that of the House of Commons in respect to that Chamber. The Senate may initiate a project. The Department of Public Works is the executive authority.

4. This testimony was confirmed by Mr. Guy Desbarats, Assistant Deputy Minister, Design and Construction, of the Department of Public Works. (1:17) (24-3-77)

II THE LOCUS OF PARLIAMENT

5. We think it important to report upon some evidence we received touching the architecture on Parliament Hill in Ottawa. The original buildings were designed by Thomas Fuller and his associates about 1859. The style was Victorian Gothic. Henry Russell Hitchcock, a great American art historian, wrote of that original grouping:

> "The variety of forms, the gusto of the detail, and the urbanistic scale of this project made of the Dominion capital a major monumental group unrivalled, for extent and complexity of organization, in England."

6. The existing centre block was designed by John Pearson after the fire of 1916. Dr. R. H. Hubbard, Chief Curator of the National Gallery, describes the style as "modern Gothic." And of the area he said "it is one of the great architectural groupings in the world." (7:8)

7. Miss Jean Boggs, Director of the National Gallery, spoke of the need to harmonize every structural or decorative change with the established style in "this admirable work of architecture." (7:5)

8. Of changes in the Senate Chamber, Miss Boggs stressed the importance of understanding what is appropriate, given the architectural setting, when a project is being planned.

9. The Committee would emphasize the importance of this advice.

III STYLE, COMPOSITION AND TREATMENT—FOR THE DECOR OF THE SENATE CHAMBER

10. If the windows in the clerestory of the Senate are to be treated with stained glass the questions of style, composition and treatment are of great importance. Style is a factor of harmonizing what is done in the clerestory with the other physical features of the chamber. Composition is subject matter. Is there a theme to be developed? How, too, does this theme relate to other elements of the structure and decor of the room? As for treatment, one must determine how specifically the components of the chosen theme are to be distributed and represented.

11. The Senate is an integral part of Parliament. It is the only place where Parliament's three elements meet. Parliament is central to the democratic process. It is the focus of attention for most Canadian studies in political science. It is visited annually by tens of thousands of Canadians and by many foreign visitors. It is reported upon constantly in the media. Politics and politicians are the warp and woof of conversation of our people. The place where this interest is generated has become, in a sense, a shrine. If it is a place of dignity and even of majesty, it will raise the perspectives and broaden the horizons and opportunities of those who make it function. If its buildings and their components and surroundings can indicate something of the purposes, the aspirations and the achievements of the nation, the place of Parliament can be of enormous inspirational value to our people.

12. For these reasons the Committee was concerned that any theme chosen for the windows should support these objectives. It is impressed with the importance of reflecting the broad lines of national progress and national life, as the work of parliamentarians should reflect that progress and that life.

13. It early became clear that despite the Committee's restricted terms of reference it could not recommend a theme for the windows without considering other features of the chamber. In particular it was repeated many times by both artistic experts and historians, that the eight pictures now lodged on the walls of the Senate, despite their history, their artistic qualities and their emotional appeal, might not be retained indefinitely. Through them, for over half a century, the Senate had honoured the sacrifices the country, its armed forces, and its people made in the first world war. The ideals which inspired those sacrifices are a permanent part of our

history, and their purpose, to preserve the Canadian way of life, has been achieved. The nation and its people since have advanced tremendously in freedom and in opportunity. Now the larger milestones of that progress may be worthy of commemoration in a chamber of Parliament.

14. If then, in time, these pictures are to be displaced, any theme adopted for the stained glass must not preclude the choice of an appropriate theme for the decor of the walls. Moreover, there should not be conflict between the subject matter and treatment of the windows and that of the walls.

IV THE WINDOWS: COMPOSITION OR THEME

15. To assist the committee with suggestions for a solution of these problems, we had evidence from Dr. Jacques Monet of the University of Ottawa, and President of the Canadian Historical Association, and Dr. J. M. S. Careless, of the University of Toronto, the Association's immediate past president. One could not summarize adequately the excellent evidence given us by these two fine scholars. They were learned, enthusiastic at the opportunity presented by the project, and keen about the messages and the inspiration which could flow, for Canadians, from the right decisions.

16. An assessment of this evidence leads the Committee to conclude that the theme for the windows should be the ethnic origins of the Canadian people. It is felt that this is not in conflict with the symbols in the beautiful ceiling which represent the founding racial groups of modern Canada. There would be some overlap. But it would not detract from the main concept. Discoverers and explorers investigated the immense terrain. It was those who were here earlier and those who came later, who forged the new nationality, in unity, on the northern half of the continent and made of it a dynamic progressive and favoured habitat for a peaceful people to live in opportunity and optimism.

17. Problems of style and treatment, of the division and allocation of space in the windows are thought to be a function of another group or committee of senators which would work with the artists and their advisers. Certainly advice from historians would be needed at this later stage of development. As the project develops it is hoped that interested groups in many Canadian communities could supply ideas. No one can say that the present ethnic composition of Canada's population is now set for all time. But it is within our grasp to make adequate use of the materials we have available at this stage of Canadian development.

18. In his evidence to the Committee Mr. John F. MacNeill, formerly Clerk of the Senate and of the Parliaments, made the point most emphatically that the idea and fact of unity, basic to national feeling anywhere, is especially important in Canada. There was no suggestion of developing a sense of introspective isolationism. Rather it was urged that unity could continue to foster a nobility of national purpose. There should therefore be a harmony in the accoutrements of the Senate chamber which would embellish this idea. But it is the people of the nation in their diversity and variety who must achieve it.

V WALLS: COMPOSITION OR THEME

19. Four proposals are submitted for the treatment of the walls, following receipt of evidence given by many witnesses.

(a) *Parliamentary Development*

20. If the windows are to acknowledge the ethnic contribution to Canadian society, some evidence proposed the adoption of a theme for the walls to show the development of government in Canada. Witnesses traced the possibilities of this proposal from the meetings of the early Indian tribes, through the Sovereign Council of New France, and the early legislatures in the Central and Atlantic regions as well as of the regions of the west and north, to the more developed assemblies of the modern era and the period of our juridical self-sufficiency. Most of the significant events of Canada's history have not been wars or revolutions or famines or plagues. They have been—regardless how primitive in some cases—parliamentary events. They reflect constitutional progression—reasonable and orderly—in tune with the growth and complexity of a changing society.

21. The Committee concludes that this theme, worked out on the walls, would not conflict with the ethnic theme of the windows. One in fact would supplement the other. It may be for another generation of senators to complete the project for the walls. It is hoped, however, that the views of the present committee might help to avoid any discordant elements between the two projects, should such theme prove practical.

22. It was suggested for consideration, to depict meetings of the primitive community meetings starting with assemblies of Indian Chiefs and leading up to our developed forms of legislative chambers. Such arrangement would supply historical sequence, but the depictions are bound to be repetitive. Only the more recent would have an influence on existing parliamentary establishments. To-day few Canadians and few parliamentarians look to performance in earlier forms of legislative assemblies for guidance or for inspiration. The development of legislative institutions in Canada followed the progress of the people of scattered primitive frontier settlements to a more populous, urban industrial society. The process was one of evolution of accepted popular forms to meet the needs of the times and the capacity of the people to operate newer institutions. This is not to say that agitation did not precede reforms. It did. But it seems reasonable to say that the agitation was not shattering as was the case in the French Revolution, or in the U.S. War of Independence. Nor did a wholly new permanent constitution emerge at one time.

(b) *The Primacy of the Law*

23. A second option for the walls is more broadly based. The purpose of a legislative chamber is to enact law. In the Judeo-Christian dispensation—the civilization of the West—law is based upon its ethic, its concept of morality. This is derived from its religious (though not sectarian) beliefs. The fundamental precepts as well as their positive developments

can be associated with historic characters—law givers—all readily recognized. Their significance can be portrayed easily. Legislation in the countries of the West should conform to the basic elements of these fundamental pronouncements. This is not to say that a legislator adverts to the Decalogue or to the Magna Carta each time he debates a new proposal. But with his experience he recognizes a proposal which conforms to or departs from the fundamental human rights which they enshrine. It is not enough to have in other countries monuments to such events and people. If we as a people follow in the tradition, we should have reminders here—and for our own inspiration. And we must join to this, significant milestones of our own constitutional development. As we build, it is prudent to stand upon the shoulders of the greats among the ancients. Wherefore, from the following, an appropriate selection might be made.

24. The underlying ethos of the people of Canada is rooted in the institutions of the Western world. It seems appropriate to proclaim in our senior legislative halls some of those fundamental propositions upon which our systems of law are founded, the figures of some of the law givers who announced them or the events or occasions from which they emerge. Some are ancient, some are contemporary. It would be important to make a careful selection from the long list available. Nor should we be reticent about our allegiance to these pervading traditions. There is in them a sublimity of thought which both ennobles and inspires the human spirit. Here are some examples of what might be considered.

25. The ethic of the West springs from the propositions of the Decalogue. The heroic human, the instrument of the new dispensation, was Moses. He was indeed a law giver and as such inspired the genius of Michelangelo. We too can made a gambade of reverence in his direction.

26. We should consider Solon, the Athenian statesman, the positive law giver of the 6th century B.C. He distinguished between international and domestic law. He reformed the constitutional and economic laws of Greece and he led his countrymen in primitive but significant steps towards the democratic control of state power.

27. The Christian dispensation has shaped the mores of the West. Wherefore to show Christ disputing with the doctors and teaching the people in the temple of Herod as he instituted the new dispensation would be essential to this theme.

28. Justinian too is a figure of heroic proportions. He was a codifier of the pronouncements of the jurisconsults of Greece and Rome and from whose work many of the legal precepts and systems both of civil and common law are derived.

29. When the barons of England met John at Runnymede in 1215, the Charter which emerged from the confrontation between the aristocracy and the autocrat contained the seeds of processes from which have grown many of our democratic institutions.

30. Voltaire wrote of Louis IX—Louis of Poissy—that he was

> "a prince destined to reform Europe, had it been capable of being reformed, to render France triumphant and civilized, and to be a model for the rest of mankind."

Louis IX belongs with the law givers of history, and with those who dispensed justice.

31. Coming closer to home, we could acknowledge how western men have recognized basic human rights—the great freedoms—the principles, v.g., of anti-slavery and anti-apartheid. Most of these are embodied in the Atlantic Charter. But, how does one create such a tableau? Does one go abroad to men like Wilberforce or O'Connell or Lincoln or Churchill or Roosevelt? One should include significant contributions made by Canadians to those principles. Or does one select a signal event symbolic of the march towards a climate of personal fulfillment for the free human spirit. There is a challenge in this proposal both for the person who designs the artistic conception and for the person who executes it.

32. It would be important to consider contemporary and significant events in Canada's history. For example, the giving of the Royal Assent to the British North America Act of 1867. This may have been done by Victoria in her Council or it may have been done by the Commissioners in the House of Lords.

33. It would seem too that a reference should be made to the Statute of Westminster. From it not only did Canada derive her virtual independence which Canadians have asserted in war and in peace, but as well it gave Canada an important status in a Commonwealth which may yet have a significant role in world affairs.

34. Finally too, our close association with the founding and development of the United Nations would be an acknowledgement of the determination of Canadians to play, as we have played, a modest but effective role in the peaceful life of the international community. This is not suggested as a record of achievement. Rather it would express a hope for useful membership in groups which shape the great aspirations of human kind. As a people, we are not the directors and shapers of major world events. However, we can give moral and sometimes tangible support to the great and noble thrusts of an unfolding history.

(c) *Legends of the Canadian People*

35. It had been suggested as a third option that the theme for the eight spaces on the walls might be the legends of our people. Some research has been done and the proposals are available from the Committee Clerk. While the Committee concludes that the suggestions are imaginative and might well result in tableaux of beauty, in modern Canada legends are not meaningful to the majority of people. In future years they could be, but legends require time to become established in Canadian thought—in its diversity—and enough time may not have yet elapsed.

(d) *Stone—with Architectural Features*

36. A fourth option arises from evidence supplied by officials of the Department of Public Works, some of whom were

architects. Since this proposal does not involve a theme, it is more appropriately discussed later under the heading "Style or Treatments of the Walls."

VI STYLE OR TREATMENT OF THE WINDOWS

37. As already noted, the style of the windows should conform to what Dr. Hubbard (7:6) described as the modern Gothic style of the Senate chamber and of the building generally. This is a problem for the artist to resolve. The composition or theme for each window should illustrate the ethnic motif, suggested above. But on the question of treatment, the Committee faced a problem. It arose from the position of the windows, which are clerestory windows, high in the walls above persons viewing the area of the floor. The tops of the 48 lights in the main part of the chamber are 45′ above floor level. Moreover, each light, apart from the tracery above it, is 7½′ high and 21″ wide. (7:5) These lights are in 8 symetrical groups of 6 main lights each. It is clear that in windows relatively small and highly placed, figures and other detail would not be particularly significant.

38. Again the light from the west is very strong on sunny afternoons. Considerable protection is therefore needed for the east side of the chamber.

39. Miss Boggs referred to the impossibility of absorbing elaborate historical compositions into the windows. She insisted, however, upon a simplification of design—probably some symbolism—to achieve the ethnic motif. Miss Yvonne Williams, R.C.A., spoke about the aesthetic power of good glass in the hands of a skilled artist (5:10). Viewers will enter into a theme with great imagination, even when there is but an oblique allusion to an idea. (5:8) We think that the advice of these acknowledged experts should be followed; that the composition of the windows should be uncluttered with figures. It should emphasize colour to convey a sense of inspiration (7:7), and set off the ceiling as a crown. (5:6)

VII STYLE OR TREATMENT OF THE WALLS

40. We repeat. Our terms of reference are restricted to problems surrounding the installation of stained glass in the windows of the Senate chamber. Witnesses have stressed the importance to the dignity of Parliament of a harmony in the precincts of the building and of its chambers. As for the existing pictures on the walls and their theme of events in the war of 1914-15, some witnesses urged us to consider the use of a broader theme for the Chamber. The Committee believes that in this broader theme is much that is appropriate. Miss Boggs recommended that the windows and the possible replacement of the paintings should be considered together (7:5) and developed together (7:14). The windows should express more 'abstract concepts', while the walls would be developed for 'a more literal and educative function' (7:14). The purpose? To quote her: "I hope it is possible to give a very fresh and noble interpretation of Canada's history in that room." (7:8)

41. What vehicle should be used on the walls? Removable paintings? Permanent murals? Tapestries of Canadian production? The use of tapestries suggested by Mr. Jean Marie Ostiguy, of the National Gallery, was endorsed by Miss Boggs and Dr. Hubbard. It is an appropriate and imaginative suggestion. The Committee would recommend interested persons to consult a volume "Great Tapestries" available in the Library of Parliament and published in Lausanne, Switzerland in 1965, edita—S.A.

42. Architects and officials of the Department of Public Works appeared before the Committee on March 24th, 1977. They proceeded upon the assumption that the existing pictures on the walls of the Senate chamber would be removed. For many and technical reasons they rejected the use of other pictures or tapestries for the walls. They urged favourable consideration for painting upon the walls the design of Mr. John Pearson, the original architect of the chamber. This design shown in Appendices B and C (24-3-1977) was for galleries on the east and west sides of the chamber. This mural would be a "trompe l'œil" (1:6) (24-3-77)—a mural painting of architecture. Such work might cost over $250,000 and might be completed within a few years (1:10) (24-3-77). Examples of such treatment in European buildings were shown the Committee (1:9). They pointed out that such murals would not present the complications which tapestries or murals would produce (1:11). It was said that tapestries or paintings would conflict with the windows. They would also offend the gothic features of the chamber by continuing the element of "horizontality," which the existing pictures create. Architects urged the Committee to keep as close as possible to the original neo-gothic architectural aspects of the room (1:13). They said that tapestries might cost several millions of dollars (1:14).

43. The Committee does not think that the proposal of the architects for an architectural mural—a trompe l'œil—would be acceptable. It can understand the concerns of the architects.

44. The original plans of the Senate chamber provided for galleries in the spaces where the pictures are now installed. It seems unlikely that this modification will be made, and for various reasons, including the use of television. But there may be a permanent unobtrusive installation provided to accommodate television cameras (1:29) (24-3-77) instead of the unsightly and dangerous platforms now used at the Opening of Parliament.

45. While the Committee is not in favour of painting an architectural design upon the walls, it is suggested that the design of Mr. John Pearson might be adapted to another arrangement. This would be the installation of either stone or wood along the lines of the Pearson sketches. If wood, it would appear as the continuation of the existing panelling. This treatment, however, would darken the chamber and give it a heavy look.

46. The Committee considers that if paintings or tapestries are not appropriate, serious consideration should be given to a solution in which stone alone be used. This means that the space below the windows and above the wood panelling would

be decorative stone to match the other stone of the chamber. It is suggested that the design be based upon the sketches of Mr. John Pearson. However, instead of openings for galleries between the arches as in the Pearson design, there would be a stone facing. In the result the chamber would be brighter, and the architectural features in the stone would eliminate monotony.

47. Behind the arches, instead of galleries, there could be a flat stone facing. Better still, monolithic blocks could be carved in high relief in the style used in the lobby of the House of Commons just above the main pillars. A theme for these carvings could be selected from the themes outlined above in this report. The blocks could in fact be carved elsewhere than in the Chamber and thereafter installed.

48. The Committee is inclined to the conclusion as stated in paragraph 16 above, that the theme for the windows should be the ethnic origins of the Canadian people. The design should be simple with some symbolism to achieve the ethnic motif and should emphasize colour to convey the sense of inspiration as suggested in paragraph 39 hereof.

49. The Committee also favours a treatment for the walls as summarized in paragraph 47 above. In this connection the Committee would allude to Thomas Hardy—"The Abbey Mason"—on the restoration of the Abbey of Westminster:—

"The new-vamped Abbey shaped apace
In the fourteenth century of grace;

(The church which, at an after date,
Acquired cathedral rank and state.)

Panel and circumscribing wall
Of latest feature, trim and tall,

Rose roundabout the Norman core,
In prouder pose than theretofore."

VIII SELECTION OF ARTIST FOR STAINED GLASS

50. Mr. Gerald Tooke, of the Department of Visual Arts at Algonquin College, Ottawa, said that the proposed installation of the windows in the Senate chamber is the most serious project in stained glass in Canada (apart from the House of Commons) for the last ten or fifteen years.

51. The Committee desires to report that all witnesses were familiar with the recent installation of stained glass in the windows of the House of Commons. All approved with enthusiasm, the style, the composition and the treatment of the project for that chamber. It was designed and executed by Miss Eleanor Milne, of the Department of Public Works. She supervises the carving and the decor in the centre block of the Parliament Buildings. We are indebted to Miss Milne for her continuous help to the Committee.

52. The Committee had many letters and a petition from persons interested in the project for the windows. The request made in these communications was that the artist or artists for the design and execution of the project should be selected after a competition, open across Canada (and inferentially, at least, that the proposal with the lowest tender price should be awarded the contract.)

53. Both Miss Boggs and Mr. Tooke, for various reasons, advised against an open competition. For one thing it would be too costly in time and money for the unsuccessful aspirants. Miss Williams recommended that a genius be sought—and that if a single theme is selected, one artist should direct the work on the windows. The officials of the Department of Public Works would have to consider the wisdom of holding a competition (1:19) (24-3-'77).

54. Should stained glass windows be installed some modification of the lighting system will be required. (Miss Williams and Miss Milne discussed this.) Structural changes are not expected to be needed.

55. It is clear from the evidence that the Senate or a committee thereof would not award a contract. That is a function of the Department of Public Works. Miss Boggs indicated, however, that the Department would undoubtedly seek the assistance of an interdepartmental group of persons expert in the field. She added that because of the authority of the Senate touching matters of major importance in its precincts, a committee of the Senate must be consulted when the interdepartmental committee proposes to make recommendations in respect of style, composition and treatment generally of the windows and of the selection of the artist.

IX SELECTION OF ARTIST FOR A PROJECT FOR THE WALLS

56. The Committee does not urge that the two projects proceed simultaneously, although the plans for both should be harmonized before any work proceeds. Indeed financial considerations may delay both projects at this time. The interdepartmental committee above mentioned, must also be fully conversant with the problems of decoration of the walls. On this issue it must consult with a committee of the Senate. It will find many proposals in the evidence supplied by historians to the Committee. It may require additional consultation with the historians and others.

57. If the walls are to be completed in stone, the design of John Pearson is virtually a ready-made plan. If pictures, or murals, or tapestries are to be used, the project will present more problems. In this event the interdepartmental committee should recommend the method of selection of the artist and the elements of the project must be approved by a committee of the Senate.

58. If it transpires that a single artist should direct the work on the windows and a separate artist should supervise the work for the walls, their work should be co-ordinated for style, composition and treatment. In fact co-operation must be a condition of their appointment even if both be subject to higher management.

59. The report of the interdepartmental committee should be made jointly to the Minister of Public Works and to the Leader of the Government in the Senate.

X THE AREA OF THE THRONE

60. Although the area of the Throne in the Senate chamber was not part of the Committee's terms of reference, advantage was taken of the presence of the officials from the Department of Public Works to obtain their views. They produced a sketch by Mr. John Pearson. A copy appears as an Appendix to this report. It shows the Throne itself with a canopy which is kept low enough to reveal the sculptures. (1:22) The officials will supply further detail and an estimate of cost in due time (1:23). The canopy, in wood and appropriately carved, would in effect be a reredos, a screen in front of which the two main chairs of the throne would be placed.

61. The Committee observes that while some of the carving in stone is shown on the sketch, the four heads, two near the base of each pillar, are obscured. It might be possible to design the canopy, to display these four decorative features.

XI RECOMMENDATIONS

62. The following are the concluding views of the Committee:—

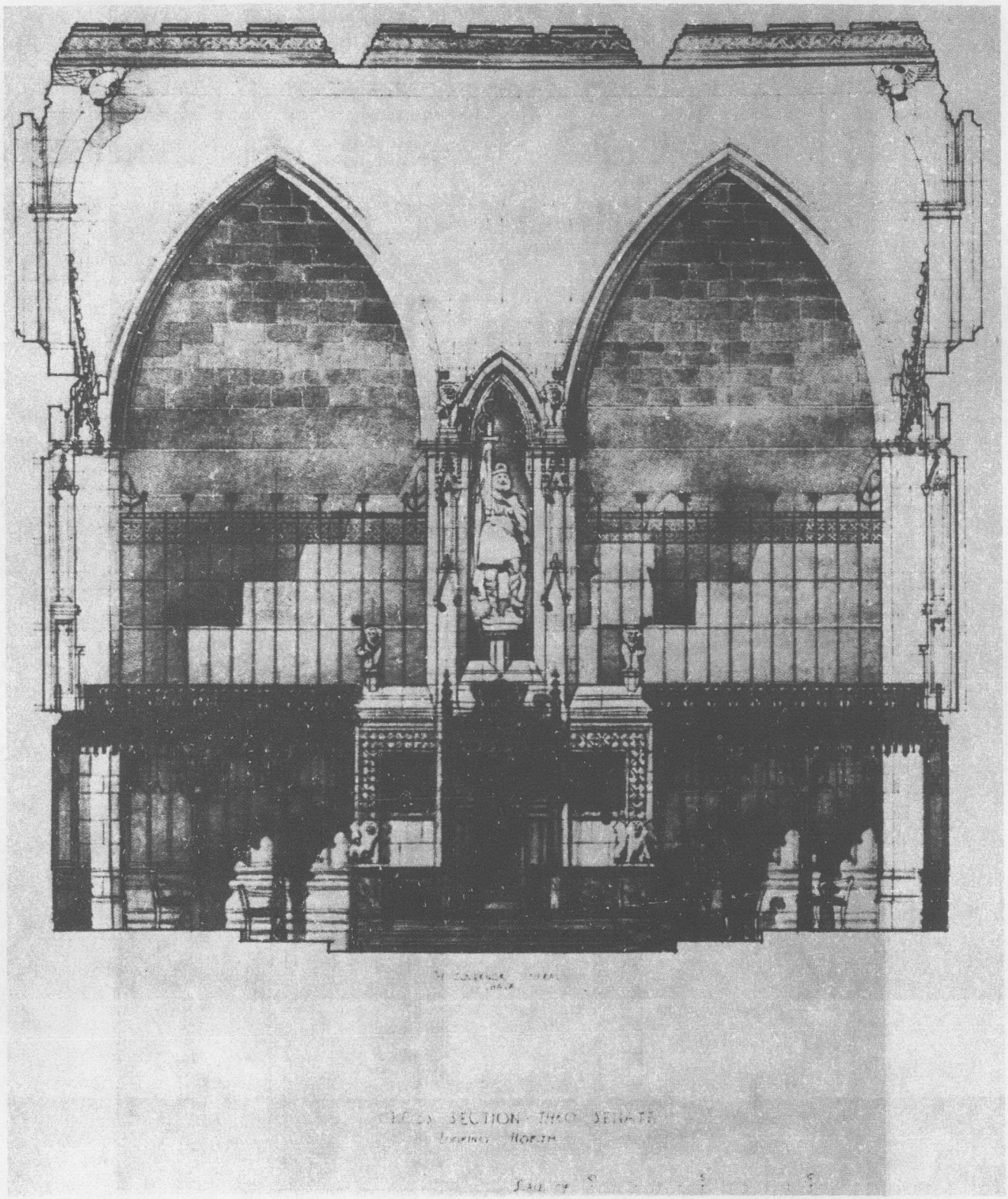
1. At an appropriate time the coloured windows in the clerestory of the Senate Chamber should be replaced with stained glass.
2. The theme should be the ethnic origins of the Canadian people.
3. The style should conform with the other features of the Chamber and of the building.
4. The treatment of the windows should be simple and uncluttered. Suitable colour should be a feature. Red should be a predominant colour. Protection against direct sunlight must be ensured.
5. A decision should be made respecting the installation of permanent facilities for television in the Chamber.
6. The Senate, at a suitable time, should consider the removal of the pictures now on the walls of the chamber to an appropriate place of display in Ottawa.
7. The style, composition and treatment of a project for the replacement of these pictures should be in harmony with the stained glass and the general features of the Senate Chamber.
8. The treatment of the windows and the walls should be considered by an interdepartmental committee working with a committee of the Senate. This work should begin at an early date.
9. There should be adequate liaison between the Minister of Public Works and the Leader of the Government and the Leader of the Opposition in the Senate, and the report of the interdepartmental committee should be made jointly to both Ministers. The Leader of the Government in the Senate, or his nominee, should report thereon from time to time to the Senate.
10. Consideration should be given to the wisdom of proceeding simultaneously with the projects for both windows and walls.
11. The timing of the project(s) should abide a review of the estimate of cost and the availability of the required funds.

63. The Committee desires to record its appreciation of the help it had from artists, scholars, and the officials who assisted the Committee, and to Mr. John Parkin, the President of the Royal Canadian Academy for his advice.

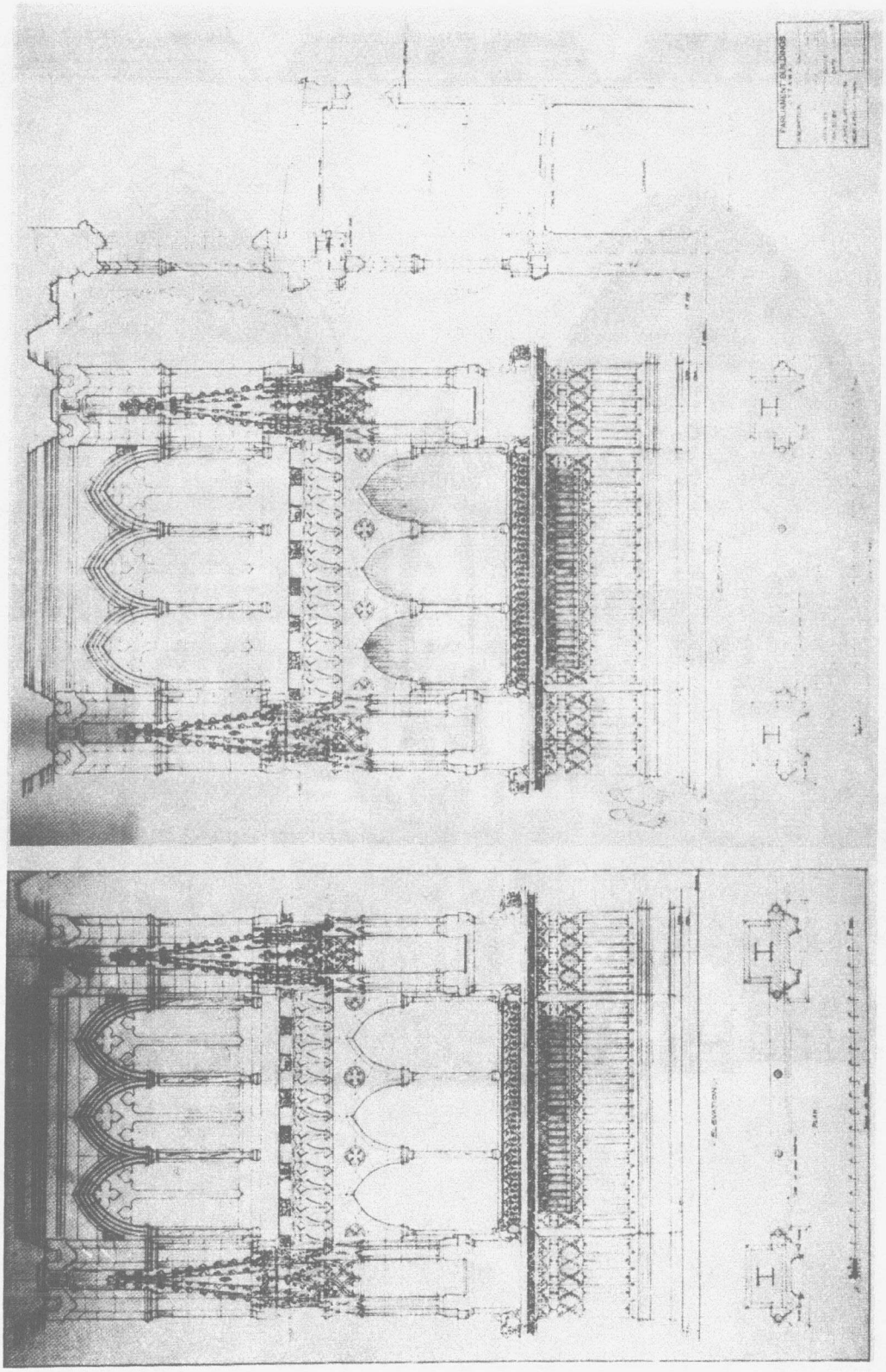
Respectfully submitted,

JOHN J. CONNOLLY,
Chairman.

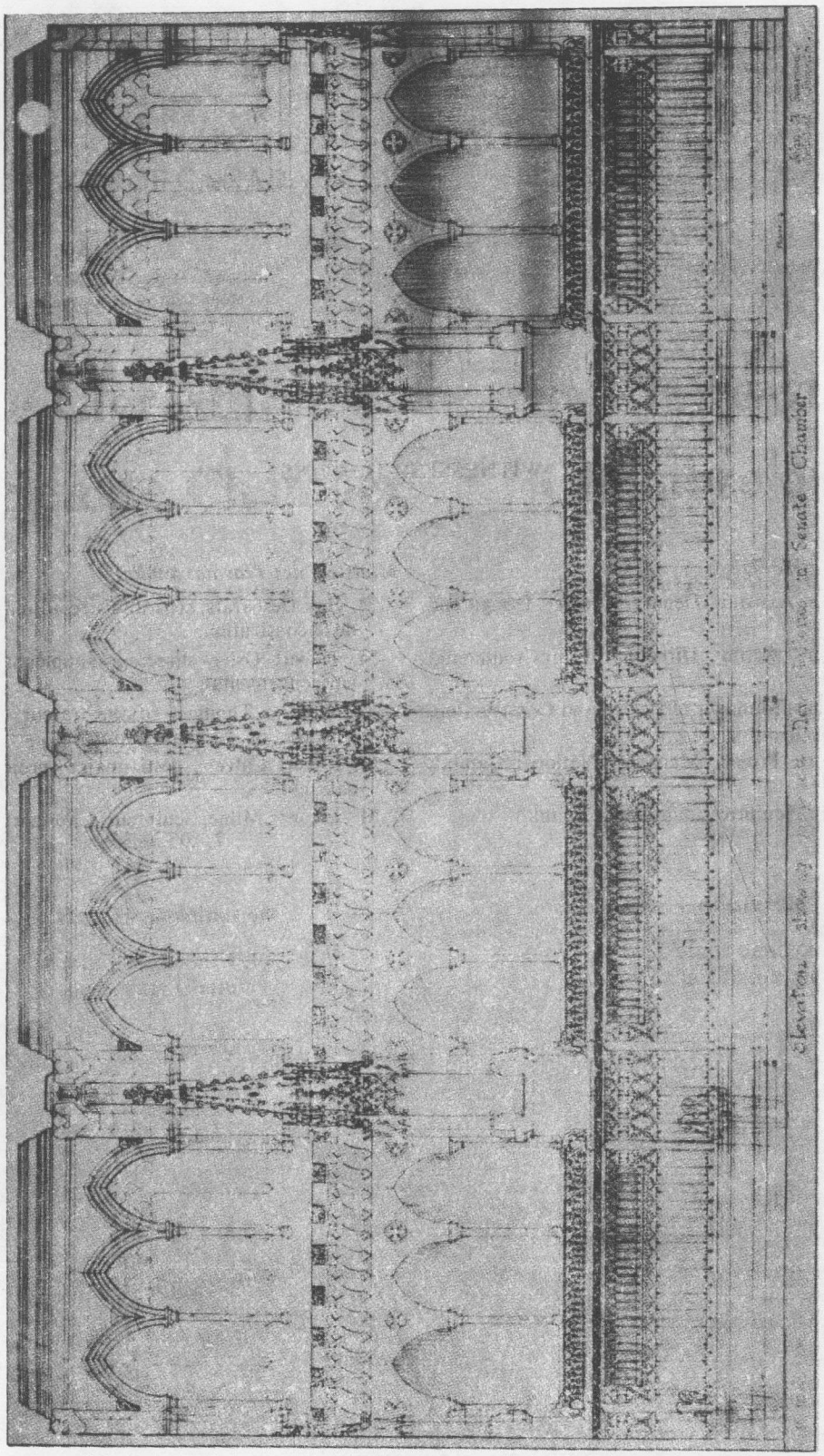
APPENDIX "A"



APPENDIX "B"



APPENDIX "C"



THE SENATE

Thursday, June 9, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Report of the Task Force on Mirex, dated April 1, 1977, to the joint Environmental Contaminants Committee of the Department of the Environment and the Department of National Health and Welfare.

RULES OF THE SENATE

REPORT OF THE STANDING COMMITTEE ON STANDING RULES AND ORDERS PRESENTED

Hon. Hartland de M. Molson: Honourable senators, I have the honour to present a report from the Standing Committee on Standing Rules and Orders recommending certain changes in the Rules of the Senate.

The Clerk Assistant (*Reading*):

The Standing Committee on Standing Rules and Orders, having examined the Rules of the Senate pursuant to rule 67(1)(e), recommends that the said rules be amended as follows—

Senator Flynn: Dispense.

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Molson: Honourable senators, I move that the report be placed on the Orders of the Day for consideration on Tuesday next.

Senator Flynn: Honourable senators, I wonder if it can be taken for granted that the report will be printed as part of the *Debates* of today. It would certainly be important for senators to have a look at it.

Senator Molson: Honourable senators, my understanding is that it would normally be printed in the *Minutes of the Proceedings of the Senate*, but if it is the wish of the Senate to have it appear in the *Debates of the Senate*, that is fine.

I might say, en passant, that since these changes are being recommended at this late stage in the session, it might be advisable to have them become effective only at the beginning of the next session.

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

Hon. Senators: Agreed.

(*The report follows:*)

Thursday, June 9, 1977

The Standing Committee on Standing Rules and Orders, having examined the Rules of the Senate pursuant to Rule 67(1)(*e*), recommends that the said Rules be amended as follows:

1. *Page 2, Rule 5(e):*

Strike out the definition "inquiry" and substitute therefor the following:

"(*e*) "inquiry" means the procedure whereby a senator, after giving notice in accordance with Rules 43 and 44, calls the attention of the Senate to a particular matter for the purpose of informing the Senate of that matter or having it considered or examined by the Senate;"

2. *Page 3, Rule 5(n):*

Strike out the definition "question" and substitute therefor the following:

"(*n*) "question", except in respect of the question period and a question of privilege, means a proposal presented to the Senate or a committee thereof by the Speaker or chairman for consideration and disposal in some manner;"

3. *Page 6, Rule 20:*

Strike out Rule 20 and substitute therefor the following:

"20. (1) When the Speaker calls the question period, a senator may, without notice, address an oral question to

(*a*) the Government Leader in the Senate, if it is a question relating to public affairs,

(*b*) a senator who is a minister of the Crown, if it is a question relating to his ministerial responsibility, or

(*c*) the chairman of a committee, if it is a question relating to the activities of that committee.

(2) Supplementary questions may be asked.

(3) If an oral question cannot be answered immediately, the senator to whom it is addressed may take the question as notice.

(4) A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

20A. (1) A question described in paragraph 20(1)(*a*) or (*b*)

(*a*) that seeks statistical or other information not readily available, or

(*b*) to which an answer in writing is desired,

shall be sent in writing to the Clerk of the Senate to be placed on the order paper until answered.

(2) The reply to a question on the order paper shall be printed in the *Debates of the Senate* of the day on which it is given.

20B. A preamble to a question, whether it is asked orally or in writing, is out of order."

4. *Page 7, Rule 28:*

Strike out Rule 28 and substitute therefor the following:

"28. A senator shall not speak more than once to any question or other matter before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter."

5. *Page 10, Rule 42:*

Strike out Rule 42 and substitute therefor the following:

"42. (1) The Speaker shall stand head uncovered when addressing the Senate.

(2) The Speaker may participate in any debate other than a debate on a point of order, or a question of privilege, on which the Speaker is required to render a decision.

(3) If the Speaker participates in a debate in accordance with subsection (2), the Speaker shall leave the chair and may call upon any senator to preside as Speaker until the Speaker resumes the chair."

6. *Page 20, Rule 75:*

Strike out Rule 75 and substitute therefor the following:

"75. (1) A senator who has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, in the matter referred to any select committee, shall not sit on such committee and any question arising in the committee relating to that pecuniary interest may be determined by the committee, subject to an appeal to the Senate.

(2) Subject to subsection (1), a senator on whose motion any bill, petition or other matter is referred to a special committee may, if he so desires, be a member of the committee."

Respectfully submitted,

H. de M. Molson,

Chairman

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

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, June 15, 1977, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, June 13, 1977, at eight o'clock in the evening.

● (1410)

Before the question is put I should like to outline for you briefly, as well as I can at this time, the work schedule for the Senate and its committees next week. We are planning to have the Senate sit in the evening on Tuesday as well as Monday so that all day Tuesday may be devoted to committees.

As honourable senators know, we already have a substantial amount of legislation on the order paper to continue with next week, and we can expect the following bills from the House of Commons: Bill C-3, to amend the Canada Deposit Insurance Corporation; Bill C-23, to facilitate conversion to the metric system of measurement; Bill C-46, to amend the Aeronautics Act and the National Transportation Act; and Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada, and, of course, there may be others.

I shall now mention the committee meetings that have already been set down. There will be additions to this schedule as further bills are referred. On Tuesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m., *in camera*, on the subject matter of Bill C-16; the National Finance Committee will meet *in camera* at 2.30 p.m. on the estimates of the Department of Public Works, and the Health, Welfare and Science Committee will meet at 3.30 p.m. to hear the Minister of National Health and Welfare with respect to the proposed ban on saccharin.

On Wednesday the Banking, Trade and Commerce Committee has called a meeting for 9.30 a.m. on the subject matter of Bill C-42, the Combines Investigation Act.

On Thursday the National Finance Committee will hold another meeting *in camera* on Public Works estimates; the Joint Committee on Regulations and other Statutory Instruments is meeting at 11 a.m., and there will be a meeting of the Agriculture Committee on the beef industry at 3.30 p.m. or when the Senate rises.

In the light of the foregoing, it is quite possible that it will be necessary for the Senate to sit on Friday next week.

Senator Perrault: Honourable senators, may I say, to add to the remarks by the honourable deputy leader, that there is a possibility, as of today, of twelve additional bills, not on the list read by the deputy leader, which will be before us by the end of the month. I know that all senators would wish to co-operate as fully as possible in order to expedite the legislative program. In view of the additional demands on time which are going to be made I hope to be able to discuss with the Leader of the Opposition some of the scheduling of this proposed legislation so that we can meet the time schedule and will not find ourselves sitting until the end of August.

Senator Flynn: I suggest that the deadline the other place seems to have set may not be the same as we will want for this place. Especially will this be the case if bills come to us the day before the other place has set as its intended day of departure.

Senator Perrault: Of course not. However, I know that in the other chamber there have been some delays that had not been anticipated. Perhaps we should put it that way. It is therefore not an arbitrary deadline by those in the other chamber.

Senator Flynn: Oh, no.

Motion agreed to.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—THIRD READING

Senator Connolly (Ottawa West) moved third reading of Bill C-47, to amend the Export Development Act.

Motion agreed to and bill read third time and passed.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Steuart for the second reading of Bill C-13, to amend the Historic Sites and Monuments Act.

Hon. Rhéal Bélisle: Honourable senators, the purpose of amending the Historic Sites and Monuments Act is to ensure better representation of two important regions of Canada, namely, the Yukon Territory and the Northwest Territories.

I believe that the members of this house will approve a measure which proposes to increase the number of members on the Historic Sites and Monuments Board from 15 to 17 by permitting the addition of one representative for each of the Northwest Territories and the Yukon Territory in order to give them full voting rights. Honourable senators will agree that this amendment should have been proposed a number of years ago, because until now representatives from these regions attended board meetings only as observers without the right to vote.

To emphasize the necessity of having representatives from the Yukon Territory and the Northwest Territories fully participating in the work of the board, I wish to say a few words about the role fulfilled by the Historic Sites and Monuments Board of Canada.

Before a site is referred to the board for consideration, a background paper is prepared by the National Historic Parks and Sites Branch research staff. The board then determines the significance of the site and makes its recommendation to the minister. The board gives informed and impartial advice to the minister and fulfils the role of an independent jury in determining whether a site is of national historic significance.

In order that the board member may effectively carry out his duties, he must at all times be in effective communication with the department in Ottawa and its regional office as appropriate. To this end he should expect to be consulted on all matters concerning the locations of national historic parks, sites and monuments to be established or erected in his province and to be informed of the progress of all departmental operations that affect his province.

In the past 20 years, on the recommendation of the Historic Sites and Monuments Board of Canada, more than 70 historic parks and major sites have been designated, and almost 700 persons and events of historical significance have been commemorated.

[*Translation*]

The mere mention of some of the achievements of the Historic Sites and Monuments Board enables us to go over our history. Allow me to mention, among others, Fort Louisbourg in Nova Scotia, a monument to the glory of New France; the Saint-Maurice Ironworks in Quebec, site of the first steel industry in Canada, founded in 1729; and small Fort Garry in Manitoba, built of stone by the Hudson's Bay Company around 1830, which has been restored with its big house and attic full of furs.

[*English*]

We have in Ontario a magnificent site marking the relationship between Canada and the United States when it was not quite as happy as it is today. There are stories in my part of Ontario, and I am sure that each member of the house could find stories, as the Parliamentary Secretary has said, as interesting as any. If young Canadians want to look to an exciting past, let them look to the past of this nation. If there is to be an understanding between the various regions of Canada and the various cultural groups in Canada, I think this kind of preservation and memorializing is more significant than we are sometimes prepared to admit. We have a lot of difficulties in Canada now. We have misunderstanding—perhaps lack of understanding—from place to place, and I think we can begin the job of erasing these differences by understanding and having a feeling for the roots from which we all have sprung and the events in our nation's development which have affected every one of us. If that is the object of the Historic Sites and Monuments Board—and I am sure that is part of it—it should be supported by all Canadians.

● (1420)

Bill C-13 is a straightforward bill which should become law as soon as possible. I should like to emphasize the necessity for

the Historic Sites and Monuments Board of Canada to provide adequate information on its work to the public. So many groups are willing to work for the conservation of our heritage but too often, unfortunately, they don't know where to apply for information and professional advice. Therefore, the Historic Sites and Monuments Board of Canada should play a more active role in ensuring the participation of interested groups in the important task of preserving our national heritage.

Hon. Senators: Hear, hear.

Senator Petten: Honourable senators, unless any other senator wishes to speak in this debate, I move second reading on behalf of Senator Steuart. Before the question is put, could I inform Senator Bélisle that if it is his wish to refer the bill to committee that will be done. If not, third reading may be moved.

Senator Bélisle: If it pleases honourable senators, the bill could be given third reading now.

Senator Flynn: Next sitting.

Motion agreed to and bill read second time.

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

Senator Petten, for Senator Steuart, moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1977

SECOND READING—DEBATE ADJOURNED

Hon. Léopold Langlois moved the second reading of Bill C-53, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other acts subsequent to 1970.

He said: Honourable senators, a public announcement was made in the House of Commons in June, 1975, by the then Minister of Justice, of the commencement by the Department of Justice of work towards the development of a new program of statute law amendment. The program was designed to provide for the correction of anomalies, inconsistencies, archaisms, and errors discovered from time to time in federal statutes. At present, unless major changes are made in a particular statute, the correction of troublesome errors must await the next ten-year consolidation; and as a result, in some instances, administration is rendered more difficult, and, indeed, hardships occur in the interval.

The program is regarded as a unique step forward in the area of law reform, and has been highly commended by numerous members of the judiciary and others as a most useful innovation. It will be seen that the usefulness of the program arises in large part from the regular periodic nature of successive bills, of which the present bill is the first to be introduced.

It has been stressed by the Minister of Justice, and the point has been acknowledged by other parties in the other house, that non-controversiality is of the essence of the program and of the individual proposed amendments contained in the bill. In fact, it has been made clear to the Department of Justice officials, and to committees that have had an opportunity to examine the bill, that should any proposed amendment be objected to, it should be deleted from the bill, not only to avoid the possibility of controversy but for the purpose of preserving throughout this program the atmosphere of mutual benefit and participation that was truly intended with its inauguration.

The bill contains about 160 amendments, 33 of which are included in schedules of corrections to either the English or the French version of the statutes. Eighty statutes are affected, and the amendments now in the bill are those regarded throughout as completely non-controversial.

The bill contains one amendment which involves a slight additional annual expenditure, namely, the National Library Act, where an addition to the personnel of the National Library Board may entail as much as $1,000 of additional expenditures in a year. Other than in this instance, none of the amendments would involve additional expenditures of public funds.

There are no amendments to the Criminal Code. These are dealt with under a separate series of statutory amendments.

The bill was tabled in the other place, and referred to and reported on by the Justice and Legal Affairs Committee of the Commons in draft form which committee recommended the following changes.

One of the original amendments proposed that the location of the head office of the Canadian Commercial Corporation be relocated from the city of Ottawa into the National Capital Region. It was originally proposed as clause 5 but was deleted as being possibly of a controversial nature.

An amendment has been included, as clause 18, changing the period in respect of which contributions would be made to provinces under the Hospital Insurance and Diagnostic Services Act from the calendar year to the fiscal year ending March 31. This change was deleted at the request of the Department of National Health and Welfare, and is to be included in another bill containing more comprehensive amendments to that act.

The bill had originally contained a clause, No 23, repeating section 4 of the Fair Wages and Hours of Labour Act. This section of the Fair Wages and Hours of Labour Act had set out the wages and hours of workmen employed by the Government of Canada, and it had been thought to be redundant in view of the new legislation respecting collective bargaining. It was determined, however, that the section still had some applicability, and its deletion was omitted with the concurrence of the Department of Labour.

With the exception of certain editorial corrections the only other two changes in the original bill as tabled were additions now appearing as clauses 27 and 44 of the present bill.

• (1430)

Clause 27, which provides a new symbol to be known as a national tire safety mark, appears as an amendment to the Motor Vehicle Tire Safety Act. Clause 44 of the bill, which provides greater facility to the Registrar of Trade Marks, as an amendment to the Trade Marks Act, is designed to relieve a very substantial backlog of work in the office of the Registrar of Trade Marks. The first of those had been omitted because it had not been put forward prior to the original introduction of the bill, and the second was omitted pending advice as to the views of the Standing Committee of the House of Commons on Justice and Legal Affairs.

Reference was made earlier to the unique nature of this proposed legislation. The discovery of inaccuracies in any body of statutes is, of course, not unique, but an attempt such as that which is represented by this bill, where all parties were invited to participate, is considered, indeed, to be a new departure in democratic government and one which should result in a substantial improvement in the administration, not only in connection with social legislation but throughout the broad scope of Canada's statutes, dealing, as they must, with the country's rapid advances in scientific and social development.

Before concluding, I should like to refer honourable senators to two previous statements made on this subject, one made in the other place and one in this chamber. The first of these was made in June, 1975, in the other house by the then Minister of Justice, the Honourable Otto Lang. The second was made by the Leader of the Government in the Senate on May 19, 1976. In both statements details as to the means by which these errors were discovered were provided. It is interesting to recall what was then said.

It was said by both honourable gentlemen that letters had been dispatched to all members of Parliament, all senators, all federally appointed judges, all chief judges appointed provincially, deans of law schools, federal and provincial law reform commissions, the Uniform Law Conference, provincial Attorneys General, law societies and associations, and the Canadian Institute of Chartered Accountants, as well as to the deputy heads and chief executive officers of federal departments of government and legal officers in the Department of Justice, suggesting that the attention of the Department of Justice be drawn to instances of the sort mentioned that were observed from time to time in the Statutes of Canada.

As honourable senators will realize, the search for errors in the Statutes of Canada was an extensive one, and the result of that search, and the correction made in the present bill will in large measure improve the Statutes of Canada.

Senator Choquette: What role did the Joint Committee on Regulations and other Statutory Instruments, co-chaired by Senator Forsey, play in this?

Senator Langlois: That committee deals with quite a different subject matter. It is on the lookout for errors or excesses in orders in council and other statutory instruments. It is on the lookout, for example, for cases where orders in council and statutory instruments are *ultra vires* of the statutes under which they are made, which is quite a different matter. The present measure would correct possible errors in the statutes themselves in advance of the decennial consolidation of the Statutes of Canada. Instead of waiting for the decennial review in order to make corrections, it is hoped that it can be done on an annual basis.

On motion of Senator Grosart, for Senator Walker, debate adjourned.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.—(*Honourable Senator McElman*).

Hon. Richard J. Stanbury: Honourable senators, in the absence of Senator McElman, I ask leave to speak in this debate.

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

Hon. Senators: Agreed.

Senator Stanbury: Honourable senators, Senator Perrault has given us, through the introduction of his motion and by way of his excellent introductory address, an opportunity to think and talk about our country such as has not been presented for a long time. Perhaps one of the causes of the difficulties we now face is that we do not stop frequently enough to consider deeply the nature of our country, the difficulties inherent in the governing of such a massive and thinly populated land and the fantastic potential which lies within our grasp were we only big enough individually and collectively to pursue it with energy and wisdom.

I have heard many of the speeches of honourable senators and, in any event, I have reread them all in preparation for my address today. May I make a suggestion to honourable senators? I suggest, in a completely non-partisan and co-operative way, that we produce a booklet containing the addresses already made and those yet to be made in this debate, and that that booklet be distributed not only to the media, the legislators, and the libraries of Canada, but to school children and university students. As each honourable senator speaks about his particular part of the country, I find a wealth of information and outlook which is not general knowledge across the country. I am afraid that each of us assumes that everyone else knows everything that he knows and, either through reticence or thoughtlessness, fails to communicate much of it to his colleagues and to others. One of the great documents of reconfederation could be a collection of these addresses.

As I make that suggestion, I hasten to propose that my own speech not be included. I am inclined to think that what I have already said is as important as anything I am likely to say in the course of this address.

We have already had three speakers who have touched in some measure on the question of education. Senator Rizzuto, Senator Steuart and Senator Carter have already tackled that subject from different points of view. When I heard Senator Carter's address on Monday night, it occurred to me that perhaps I should change the thrust of the speech I was preparing for today. But I have not done so because the fact that a number of us have considered the inadequacy of our educational system to be at the root of our problem is probably significant enough to warrant a deeper examination of that inadequacy, and what we are doing and what we may be able to do about it.

When the young teller at my bank in Toronto looked at me questioningly and said, "We don't have a Senate in Canada," I began to suspect that we were in trouble. When the bell-boy in an Ottawa hotel said, "Senator? What state are you from?" I knew we were in trouble.

It was not so much the lack of knowledge about our chamber that bothered me—one gets hardened to that—but when I questioned each of them as to where they had been educated and they said Toronto and Ottawa respectively; and when I asked them what they had been taught about our politics, our form of government, the various peoples who make up our country, the principles for which we stand as a nation, our history or any national personalities of the past or present, I drew a blank. Neither of them could recall anything. Then the teller recalled that once, when there was an election, they talked about that in class. She could not remember whether it was a provincial or federal election, or the issues or the outcome.

Let us make allowances. Perhaps these were not the brightest students in their classes. So I spoke to a young lady attending the University of Toronto. She was enrolled in honours Economics, and plans to go to the London School of Economics when she graduates. She is bright, intelligent, outgoing and charming. She is off to Turkey for the summer to work for a company through a university exchange program. So I asked her the same questions. She took some time to reflect on her academic career so far, and then she said "I don't really remember being taught anything about Canada in public school. In Grade 10 I learned about Champlain and all those people—about up to the First World War. I know there was a good Canadian history course in Grade 13, but I didn't take it. It was optional. And, of course, most of the kids left school in Grades 10 and 11 so they didn't even have the option".

• (1440)

I could hardly believe my ears. So I talked to a teacher. I asked why the children of Ontario never learned about the roots of the people of Newfoundland, about whom Senator Cook spoke so eloquently, and why the children of British Columbia had never heard of the Acadians, about whom Senator Michaud spoke so feelingly. I asked why our children had no idea of how they were governed, of the principles of democracy, of the names of the people who made this country live. The answer was so straightforward that the questions seemed ridiculous. She said, "How could the teachers teach those things? They have never learned them themselves. They are products of the same school system and their training as teachers has never even approached these subjects." I found her comment confirmed by a survey made by Professor Frank Simon of the University of Calgary in 1976. He surveyed the perceptions of Canadian educators with respect to social studies in general, and Canadian studies in particular. He said, "Although a perceived lack of curriculum materials coupled with didactic, fact-oriented, and textbook-dominated courses were in several provinces cited as weaknesses, the principal complaints were the inadequacy of pre-service and in-service training."

The next step was to go to the people who prescribe the curricula for the schools and run the teachers' colleges—the provincial departments of education. They each have a practice of writing annual reports. I studied the report from each province. Some reports set out the objectives of the educational system. In no case did the objectives include creating in their students an awareness of their country, of the responsibilities of citizens, of the rights of democratic peoples, of the cultures of their co-citizens. In most cases the only reference to such things in the annual report was a paragraph on social studies mentioning the Canadian society in passing, and in two or three cases there was also reference to their participation in the Young Voyageurs Program of the federal government. As far as Canada was concerned, that was it.

I am sure that everyone in this chamber has assumed that education has been improving since we were young. That was my assumption, and that is why I found it so hard to understand how the generation now entering the work force could have learned so little about their country. I decided I should look back to see what it was that I learned in public school that gave me the deep sense of the Canadian spirit which has attracted me toward public service all my life. I found that the old Ontario Fourth Reader, which I used in junior fourth and senior fourth—now Grades 7 and 8—and which was used as the standard reading textbook of Ontario schools well into the 1930s, contained as some of its prose exercise stories on the Battle of Hastings, the Battle of Bannockburn, The Discovery of America, Making Maple Sugar in Canada, The Mound Builders of Prehistoric North America, Heroes of the Long Sault, Lumbering in Canada, The Heroine of Verchères, The Battle for Quebec, Agriculture in Canada, The Founders of Upper Canada, and Canada and the United States—that was a speech by Joseph Howe. These were just reading exercises, but in themselves they provided a good overview of Canada from its roots. There was also poetry, which included a poem about Jacques Cartier written by D'Arcy McGee. Which of our Grade 7 and 8 pupils today even know who D'Arcy McGee was? There were other poems extolling the grandeur of the prairies, the beauty of the Thousand Islands and other Canadian subjects. The old spelling book contained as exercises excerpts from an essay on Brock of Queenston Heights, a speech of Sir Wilfrid Laurier and excerpts from the records of various events in Canadian history.

Compare these with the sophisticated texts in use today, and then ask yourselves which are most likely to turn out people having a genuine love of Canada, its traditions, its ideals, its background and an appreciation of the great historical and human events from which we were formed.

Eagerness to conform with the latest fashions in education which had promised much in American systems moved our provincial ministries to import theoreticians and curriculum advisers—people professionally recognized, but who had no commitment to the idea and ideals of Canada. They came, and were ensconced in temples dedicated to the great god Education by ambitious ministries which were anxious to become identified with its most sophisticated priesthood, and which handed our future citizenry over to them for formation. The experiment has not been a happy one, and since 1970 the concerns have become deeper and more articulate.

[*Translation*]

But at least up to this moment I thought everyone agreed that it was a good idea to make changes in the situation, to start finding ways of educating young people about Canada. But I was disappointed. Recently, the Government of Quebec banned the use in Quebec schools of the game "O! Canada". That game helps give students a knowledge of both official languages and all of Canada.

Mr. Lévesque has said before that the debate leading to the referendum would be open and free to give Quebecers an opportunity to decide that important question democratically. But now, his government is beginning to limit the kind of information available to make an intelligent choice.

However, the decision of the Quebec government to ban the game "O! Canada" in Quebec schools is only the natural culmination of the ignorance of our national heritage on the part of all provinces of Canada.

In asserting the ban of the game "O! Canada", Jacques-Yvan Morin, the Quebec Minister of Education, said that on the pretense of encouraging bilingualism that game actually teaches children a certain image of Canada that helps promote national unity. So the game was banned!

If teaching children bilingualism and the knowledge of their country is considered dangerous propaganda, one can see how the Lévesque government wants to keep young Quebecers in ignorance of their birthright that they share with all other Canadians.

Is it possible to move further away from the concept of a courageous and new country extending from one sea to the other, made up of both founding races, much enriched by different peoples who are not afraid of truth but who are very afraid that it should be kept from them?

I am very pleased to know that teachers, children and parents in Quebec asked for that game in increasing numbers since the ban. Quebecers will not submit to that kind of censorship. They know that independence based on such tactics would be a meaningless victory.

• (1450)

[*English*]

But is it worse for a province consciously to ban such materials than it is for others, consciously or unconsciously, to ignore it? I doubt it. And English-speaking provinces have been doing that ever since Manitoba illegally barred the use of French in its schools in 1890.

Not until 1976 did Ontario issue a guideline on Canadian studies which at least began to define the obligation of its school system to teach children some basic information about their country. The curricula of the schools in British Columbia are still almost bare of any such influence. Nova Scotia, New Brunswick and Saskatchewan have improved greatly in the last two years. But it is hard to believe that a country to whom God has been so good can have been so negligent in its stewardship as to permit its children, its most sacred charge, to grow up ignorant of their heritage and of each other, unmindful of their opportunity for brotherhood and unprepared for the challenge which lies before them.

There are signs of hope. In 1970 the Canada Studies Foundation was organized under the chairmanship of the Honourable Walter L. Gordon. There was good reason for its formation. A. B. Hodgett had just written *What Culture? What Heritage?*, after surveying the extent of Canadian studies in Canadian schools. He had said that high school graduates:

> —have found very little in the Canadian past which is interesting and meaningful to them and practically no source of inspiration in their cultural heritage. They are future citizens without deep roots, lacking in historical perspective and only vaguely aware of traditions that have by no means outlived their usefulness. Contrary to clearly stated national goals in education, they develop an apathy toward Canadian history which tends to influence adversely their feelings toward modern Canada. By continuing to tolerate antiquated materials, by using methods that so often produce attitudes the very opposite of those desired, by functioning as autonomous units in society, by overemphasizing provincial concerns and inadvertently neglecting legitimate national interests, the schools are reinforcing unwarranted, as distinct from natural and desirable, regional feelings. Canadian studies do not give to most of our young people a constructive sense of belonging to a unique, identifiable civic culture.

Set up with the endorsement of the Council of Ministers of Education, and financed by private sources and the Canada Council, the foundation is an experiment in voluntary inter-provincial co-operation, unique in the history of Canadian education. Our own Senator Lamontagne is on the board of directors of the foundation.

It has been a success and, when I said earlier that there has been a visible improvement in the emphasis on Canadian studies in the various school systems, the foundation should be given a good share of the credit for that fact.

During the year ended June 1, 1977, the foundation ran nine projects, three of them francophone, one bilingual and five anglophone. Each project had to have representation from at least three regions of Canada and, in fact, the projects had an average representation of seven provinces and involved over 400 teachers. The emphasis was on increasing the professional development of a relatively large number of teachers across Canada and their capacity to deal effectively with Canadian studies.

For the last two years the foundation has been financed by the Council of Ministers of Education of the provinces and matching grants by the Secretary of State. Now there has been so much bickering among the provincial ministers, and unwillingness to accept the expense of any project not strictly limited to their respective provinces, that the Council of Ministers has cut back its support by two-thirds, and has advised that it does not intend to continue its support next year. The Secretary of State, although the financing is supposed to be on the basis of matching grants, has managed to find the money to keep the federal contribution at its original level for the coming year. The foundation is now winding down its operations and will be out of existence in June 1978. What a tragedy at the very time that we need such an organization most! What a reason to disband it—pettiness and provincialism, the devils which plague us even in our most difficult hour!

If the Canadian Studies Foundation is to pass into oblivion then its task must be picked up by someone—by co-operation among the provincial ministries, by the Secretary of State, by a new agency, someone. Someone must see that a good book on Canadian studies is published. Someone must see that a catalogue of resource material on Canadian studies is prepared. Someone must see that there are physical exchanges of teachers and students among the provinces. A young man teaching about the prairies in a geography class in Newfoundland without ever having seen the prairies found that his whole attitude and behaviour was transformed after he worked on a project in Westlock, Alberta.

There are some things which simply have to be done regardless of cost. They are a matter of survival. If we should be so fortunate as to work ourselves out of our present difficulty, we must resolve never again to allow our country to be endangered by dereliction of duty toward our children.

Quebec Cultural Affairs Minister Camille Laurin has indicated that Quebec might consider a solution to language education based on agreement among the provinces. This may be the beginning of a useful idea. But if provinces are to retain exclusive jurisdiction in education in the future, then the provinces will have to agree upon much more than language education. One of the conditions of any new Confederation pact must be a firm undertaking by each province to inculcate and cultivate among our citizens a sense of solidarity based on knowledge, understanding and appreciation of the cultures and aspirations of each other.

On motion of Senator McDonald, debate adjourned.

FOREIGN AFFAIRS

VISIT OF DELEGATION OF CANADIAN PARLIAMENTARIANS TO MEXICO, MARCH 21 TO 28, 1977—DEBATE CONTINUED

The Senate resumed from Tuesday, May 17, the debate on the inquiry of Senator Molgat, calling the attention of the Senate to the visit of a delegation of Canadian parliamentarians to Mexico, from 21st to 28th March, 1977.

Hon. Rhéal Bélisle: Honourable senators, rarely do I listen to myself twice in the same day, but I would ask for your indulgence on this occasion.

I should like, first of all, to express my sincere thanks for having been chosen to form part of the Canadian parliamentary delegation which went to Mexico from March 21 to 28, 1977. As was well explained by Senator Molgat, the co-leader of the delegation, this was a most representative group of all parts of Canada.

If the visit to Mexico was a real success, I believe it was due to two things—first, the excellent briefing we received from the officials and the homework which we had all done in order to familiarize ourselves with the facts and figures pertaining to these most important discussions; and secondly, the calibre of the composition of the delegation and, surely, not last but one of the most important, the good leadership given by Senator Molgat, and Mr. Gus MacFarlane representing the House of Commons. If we were able to accomplish so much, I think it is due to their preparedness, and their ability to lead the delegation and have everyone take part in the discussions.

● (1500)

It is not my intention to repeat what was so ably said by Senator Molgat in his presentation, but I would like honourable senators to view this matter in the context of Mexican history.

Mexico has 61 million citizens. It had an annual population growth of 3.4 per cent in 1975, and its economic growth was 6.7 per cent for the same year.

Since the 1920 revolution, the same Institutional Revolutionary Party has controlled Mexican politics. The present President, José Lopez Portillo, assumed office in 1976. If the office becomes vacant during the first two years a general election must be held. After two years Congress can choose a successor to complete the term. Congress comprises a Chamber of Deputies with 210 members, elected for three years by universal suffrage, and a Senate composed of 64 members, two from each state and the federal district, elected for a period of six years. Each of the 31 states has its own constitution, government, legislature and judicial officers, but the President appoints the mayor of the federal district.

Twelve other Presidents have had a six-year term of office. Under the Mexican constitution the President can be elected for only one term in his lifetime; similarly, a mayor cannot be elected for more than three years, a member of the Congress for more than three years, and a senator for more than six years. They have the prerogative of dropping out of politics or joining the executive branches and running for another posi-

tion after three years, but after a second period as mayor, member of Congress or senator, they cannot be re-elected.

For a long time the Mexican economy depended on natural resources and plantation crops. However, in the 20th century a more diversified economy has been developed. The percentage of workers employed in agriculture and related activities has decreased from 83 per cent in 1921 to less than 50 per cent to date. The importance of mining has also declined in comparison to manufacturing.

As was said by Senator Molgat, in 1938 a policy of Mexicanization was introduced, which reserved certain sections of the economy for Mexicans and required 51 per cent Mexican control in many other areas. In the early 1960s, the government purchased a number of American-owned utility companies and began prodding foreign-owned mining companies to take in Mexican partners.

In May 1973, a new law respecting foreign investment was adopted, limiting foreigners to 49 per cent ownership in most new ventures. Among other things, it also required foreign investors to obtain official permission to acquire more than 25 per cent of the stock in a local company or 45 per cent of its fixed assets. Key industries such as oil, basic petrochemicals, most mining, electric power, railroads and communications became officially government monopolies. Activities such as radio and television broadcasting, sea and air transport, and land development were reserved for Mexicans under the new law. Although the rhetoric of Mexican policy on foreign investment is often strident, the application of the rules is generally realistic, and most of the provisions of the investment law have been official Mexican policy for some time.

The Mexican government also adopted a law to insure that foreign technology is used as an instrument of development and not as a means of domination. Thus, the import of technology is restricted if it is already available at the same price in Mexico. It also forbids companies to enter agreements with foreign parent companies if the contract restricts production or prices of goods made in Mexico, or if the terms oblige the Mexican buyer of technology to purchase materials or the equivalent from the seller.

Despite various provisions of the Mexican law on foreign investment a number of factors still favour Canadian-Mexican trade. A major factor contributing to trade between the two countries is the complementary nature of the two economic systems, particularly as it concerns the agricultural production cycle. The bulk of Mexico's exports to Canada are perishable fruit and vegetable commodities, while Canada exports auto parts, paper, asbestos and railway equipment. Mexico embarked on a program of rehabilitating its railroad network in the 1960s and the Dominion Steel and Coal Company of Canada—DOSCO—received orders for steel rails and track accessories totalling some $100 million. The main difficulty in Mexico's trade with Canada is its lack of diversification. Mexico would like to export more manufactured goods to Canada.

Both delegations held working sessions in Mexico City, during which they exchanged points of view on Canada-Mexico relations, trade balance, tourism, air transport, exchange of young technicians, migrant workers in agriculture, fisheries, the new international economic order, the defence of prices of raw materials, development financing, cultural relations and energy.

Both delegations agreed that the relations between the two countries have been strengthened and improved. They pointed out the importance and usefulness of the interparliamentary meetings to consolidate friendship between these two countries, and expressed willingness to continue holding these meetings. They also reaffirmed their conviction that meetings of heads of governments are valuable means of furthering understanding and co-operation between countries.

The Canadian and Mexican delegations exchanged points of view on tourism, and stressed its importance for the economy of both countries since it generates employment, increases foreign exchange and is a factor for better understanding among people. In 1975, approximately 200,000 Canadians visited Mexico and approximately 35,000 Mexicans visited Canada.

The two delegations examined with special attention the need to better utilize energy resources and to co-operate in research of new sources of energy. We were pleased to hear the announcement of recent discoveries of large deposits of oil in Mexico. Based on conservative figures, they have a proven potential of 60 billion barrels of oil, and there is a strong possibility that it may go as high as 90 billion barrels. In this context, the Mexicans will become the Arabs of North America. They look forward to an agreement being reached for the exportation of Mexican oil to Canada in exchange for our eastern coal.

• (1510)

It was my observation that as a result of these large oil deposits on their soil, the Mexican people have found a new pride and a greater hope to improve and standardize the way of living of its people. I had the pleasure of visiting Mexico in 1969 with the Honourable John Turner, and at that time I did not find the happiness and the hope now shining in the eyes of all Mexicans.

On my 1969 visit I assessed the former President, Luis Echeverria Alvarez, as a politician of the extreme left, and I believe it was because of his political philosophy that he did everything he could to associate his country with the Third World non-aligned group of underdeveloped countries.

Senator Molgat mentioned that we had the privilege of meeting the new President, José Lopez Portillo. This President impressed me as being a well-matured politician. In exchanging views with Mexican senators, I was led to believe that the President will not carry all his eggs in one basket. The Mexicans have already soft-pedalled their association with the Third World, and it is my view that their future lies more in their attitude and ability to negotiate bilateral trade than going through the merry-go-round of multilateral agreements.

I noticed a sincere desire on the part of Mexican congressmen and senators to open up a new door of goodwill on the Western nations. They are still convinced that they must continue their association with the Organization of American States. In my opinion, their role will be more as an actor and not as a passive spectator in international affairs.

Moreover, several new orientations can be seen in the President's activities in the international arena. There was an effort to escape from traditional foreign ties, particularly the ever-present American influence, by broadening the scope of diplomatic relations to include more distant countries or ones with which Mexico previously had no national links.

Mexico has served as a focal point for two continuing but important international questions, those of nuclear arms testing and protection of the marine environment. The Treaty of Tlatcloclo has been successful in preventing the spread of nuclear weapons into Latin America and all the nuclear powers, except the U.S.S.R., have now signed protocols to the treaty. Mexico's recent interest in closer ties with Australia reflects in part its concern about French nuclear testing in the South Pacific while, at the same time, its public stance has been more moderate than that of some others, such as New Zealand and Peru.

What is perhaps most significant is the fact that President Echeverria made a novel attempt to portray Mexico as a member, if not a leader, of the Third World, although it does not fit neatly into either the developed or underdeveloped category of nations. He proposed an international charter of economic rights and duties of states at the 1972 UNCTAD Conference in Santiago. This raised considerable interest in the Third World, where the desire to have an economic parallel to the United Nations Charter on Human Rights is one that strikes a very sympathetic note among many underdeveloped countries.

[*Translation*]

Honourable senators, I would like to say briefly that I was glad of the opportunity to be part of a delegation which has, in my opinion, opened up new fields of endeavour for our country. I am grateful to Senator Molgat and Mr. McFarlane for having enabled me to make the last speech at the banquet given by the Minister of External Affairs in the enormous room of their new art centre. Among the cultured assembly were several ambassadors from various countries, including ours, His Excellency James Langley, and his wife. The ambassador gave each of us a lot of help and support for which we were truly grateful.

I would also like to mention that we had the privilege of being accompanied during our stay in Mexico by the new Mexican ambassador to Canada, His Excellency Augustin Barrios Gomez, who has just arrived in Ottawa.

This banquet inaugurated the centre and closed the official part of our trade exchanges, and I would be grateful if I could be allowed to include as an appendix to *Hansard* the notes that I used for my speech since the Minister of External Affairs of Mexico asked me after I was finished to include it in the report of our Canada-Mexico visit.

[*English*]

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

Hon. Senators: Agreed.

(*For text of address see Appendix, p. 872.*)

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned until Monday, June 13, 1977, at 8 p.m.

APPENDIX

(*See p. 871*)

FOREIGN AFFAIRS

ADDRESS BY SENATOR RHÉAL BÉLISLE TO THIRD INTERPARLIAMENTARY MEETING BETWEEN MEXICO AND CANADA, MARCH 24, 1977

[*English*]

Honourable Secretary of Foreign Relations, Your Excellencies, honourable colleagues of Mexico and Canada, ladies, gentlemen and friends: I am very pleased to be given the opportunity to say to you thank you and to close these important discussions which we had with your officials and colleagues of Mexico on the most vital issues of economic co-operation and development. More progress must be achieved in these areas if we are to succeed. Time is always an important asset in the field of diplomatic agreements, but time for our developing nations is becoming short.

To say to you, Hon. Minister, and through you to all those ministers and ministries involved in our visit a sincere thank you is just performing an act of politeness.

My colleagues and I from Canada have been so impressed by your generosity, your hospitality, your openness and the bona fide desire of the Mexican people to work, cooperate and enrich their standard of life that we Canadians will leave no stone unturned, will remove all obstacles within our power to see the reality of a better understanding, a mutual co-operation of industrial development.

Having established firmly in our minds the principle of economics, we must involve in a struggle to develop our countries with the bilateral and multilateral agreements at our disposition.

At no time, Mr. Minister, have we found it necessary to emphasize that Canada is not seeking preferential treatment or special advantages . . . for this would be contrary to our principle of freedom to negotiate with one or with all.

If we do not find solutions to our trade problems now, we may be doing ourselves and our children a great disservice. If we regard this as an adversary one, we should be foolish as well, for solutions are not beyond our reach.

We know in our hearts what has to be done, even if we have not yet found in our minds the way it can be done.

The key, as in all accomplishments of worth, lies within the scope of individual men and women. It is found in their attitude towards others. The role of leadership today is to encourage the embrace of global ethics, ethics which abhor the present imbalance in basic human conditions . . . an imbalance in access to health care, to a nutritious diet, to shelter, to education, ethics which extend to all men, to all spaces, and through all time, ethics which are based on confidence in one's fellowman; confidence that, with imagination and discipline, the operation of the present world economic structure can be revised to reflect more accurately the needs of today and tomorrow.

[*Translation*]

Mr. President, we are pleased to be here at the southernmost point on the North American continent in this Mexican land so rich in history, which has seen the birth of so many proud Mexicans who contributed so generously to the advancement of Mexican culture and thereby to the culture of mankind, not only in the past centuries but also in the contemporary world.

Even though my presence here has to do with commercial and economic matters, I have always entertained the idea of evolution in cultural matters and this process of evolution of ideas. I am convinced that each of us, be he Mexican or Canadian, can and must have an impact on world thought. Monetary considerations are the subject of the day in general, specially since the oil crisis of 1973, but I am one of those who believe that there are other values to existence and survival than money.

Our moral values, our national pride and, above all, the significance we attach to tolerance, be it at home or on alien soil, is becoming and should become the barometer of world conscience.

Honourable ministers, senators and parliamentarians of Mexico, you have done your utmost to make our stay as pleasant and agreeable as possible, and by inviting our spouses to accompany us you have just revived the old proverb which says that a man who sleeps well, who gets a good night's rest, does better things the morning after.

When we were given the privilege of visiting your Parliament yesterday morning, what impressed me most besides the warm remarks made by those who spoke is the way you honour your flag and that inscription on top of it.

The Fatherland comes First.

And above your flag, I read this inscription:

> Between individuals as among nations, let respect for individual rights be peace.

During our visit to your cultural arts centre, we were told that the Flower symbolizes Hope, and the Flame represents the Revolution.

Since we have been receiving much from Providence by locating in the North American context, we like to think that we are a young nation moved by a spirit of cooperation much

more than *grandeur*. We wish to be guided by your flower of hope rather than the flame of ambition.

We accept the flame as a symbol in the context only of the International Olympic Games.

We have had the privilege of such a pleasant and fruitful visit full of promise for common understanding, thanks to the visits by our predecessors in this venture, your former President and our Prime Minister, and especially to the discreet though very efficient work of our ambassadors. In my view, they are the leaven that seeds, plans and develops the bonds of friendship and understanding between our two countries.

Although they do not make the headlines, their actions and good work stem from their good will and love of country. As long as we have such men, our two countries' cause will not only be protected but enhanced.

To conclude, I would like to tell our guests that this must not be our last supper. Within the Christian context in which we all grew, the Last Supper laid the seed of a Supper that must go on taking place as it has for two thousand years, and we Canadians will always be very happy to open the goodness of our hearts as you have done in such a marvellous way.

Your kindness, your unfailing attention to the needs of each and every one of us will no doubt remain the cement, the mortar that will help build a structure of cooperation, understanding and friendship making our two peoples the pyramids of industrial expansion between our two countries.

[*English*]

And now, ladies and gentlemen, permit me to offer to you, on behalf of the Canadian delegation, a small token of our appreciation. It is small but we hope that you and many Mexican senators and members of Congress will come to Canada to receive the balance of our gratitude.

We Canadians owe also a great debt of gratitude to His Excellency Rafael Urdaneta, your Ambassador to Canada, for the wonderful contribution he has made in representing so ably your government. His many years of service in Canada contributed largely to promoting cultural and economic ties which brought 225,000 Canadian tourists to Mexico in 1976. We hope that you will come back and enjoy the hospitality of Canadians and of your successor, whose company we have already appreciated.

THE SENATE

Monday, June 13, 1977

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

Prayers.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, to amend the Canada Deposit Insurance Corporation Act.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES BILL

FIRST READING

The Hon. the Speaker: informed the Senate that a message had been received from the House of Commons with Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

MOTOR VEHICLE SAFETY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-36, to amend the Motor Vehicle Safety Act.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

AERONAUTICS ACT AND NATIONAL TRANSPORTATION ACT

BILL TO AMEND—FIST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-46, to amend the Aeronautics Act and the National Transportation Act.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Canadian Freightways Limited and its Office and Technical Employees, represented by Union Local 15, dated June 3, 1977.

2. Collingwood Shipyards and their Office Unionized Employees, represented by the United Steelworkers of America, Local 8234, dated June 3, 1977.

3. Pistes de Courses Richelieu Inc. and its employees, represented by the Construction and Supply Drivers and Allied Workers—Teamsters Local 903, dated June 3, 1977.

4. Trailways of Canada Limited and its employees, represented by the Brotherhood of Railways, Transport and General Workers, Local 305, dated June 3, 1977.

Report on the administration of the Canada Student Loans Act for the loan year ended June 30, 1976, pursuant to section 18 of the said Act, Chapter S-17, R.S.C., 1970.

Copies of contract between the Government of Canada and the Province of Newfoundland for the use or employment of the Royal Canadian Mounted Police in the municipality of Corner Brook, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English Text).

Copies of twenty-three contracts between the Government of Canada and various municipalities in the Province of Manitoba for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contracts between the Government of Canada and the municipalities of Parkdale and Sherwood, Prince Edward Island, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of thirty-six contracts between the Government of Canada and various municipalities in the Province of Alberta for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of Report of the Anti-Inflation Board, dated June 8, 1977, to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada 1974-75-76, reporting its reference to the Administrator of the said Act of proposed changes in compensation plan between the Souris Valley School Division No. 42, Souris, Manitoba and its employees in the Teachers Group, represented by the Manitoba Teachers Society.

Copies of document entitled "A Food Strategy for Canada", issued by the Minister of Agriculture and the Minister of Consumer and Corporate Affairs.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between the Corporation of the Town of Dryden, Ontario and the group of its policemen, represented by the Dryden Police Association, dated June 8, 1977.

Report of the Superintendent of Insurance for Canada, Volume III, Annual Statements of Life Insurance Companies and Fraternal Benefit Societies, for the year ended December 31, 1975, pursuant to section 8 of the Department of Insurance Act, Chapter I-17, R.S.C., 1970.

• (2010)

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, June 14, 1977, at 8 o'clock in the evening.

Motion agreed to.

FOREIGN AFFAIRS

LOANS TO FOREIGN COUNTRIES—QUESTION

Senator Desruisseaux: Honourable senators, I should like to ask the Leader of the Government the following question, a copy of which I have already given him.

(1) How much, on what dates, at what interest rates, and for how long, has Canada loaned, advanced, and transferred money as foreign aid or help or for whatever reasons, from January 1, 1945, to December 31, 1976, to what foreign countries?

(2) How much of it has been repaid by what countries and on what dates during the same period?

(3) How much has been written off or erased without payment, on what dates, for what countries, during the same period, and for what reason?

(4) On what authority have such write-offs been given?

Senator Perrault: I wish to thank the honourable senator for providing me with prior notice of this question. However, I am unable as yet to provide the information. The question is a detailed one, and so I must take it as notice.

Senator Flynn: I thought you would have the answer at your fingertips.

THE SENATE

TRAVEL ARRANGEMENTS FOR SENATORS—QUESTION

Senator Smith (Colchester): Honourable senators, having in mind the problem of making travel arrangements, can the Leader of the Government say whether it is now definite that the Senate will sit on Friday of this week?

Senator Perrault: Honourable senators, we hope to have more information regarding that situation tomorrow morning. I am unable to state at this moment that we shall be sitting on Friday, but there is a good chance of it. That is all I can say at the moment. The flow of bills from the other place is such that if several additional ones come here, we may be called upon to sit not only this Friday but on Friday of the following week.

We went through a long period of what might be described as a legislative drought, and now there is a deluge. As honourable senators have seen this evening, we have had four bills introduced here after being dealt with in the other place. We may know the situation better tomorrow morning.

Senator Smith (Colchester): I wonder if I might ask the leader another question flowing from his comment that we might sit a week from Friday, which I understood was a day when customarily Parliament did not sit?

• (2020)

Senator Perrault: Thank you very much for drawing that to my attention. Of course we will not be sitting on St. Jean Baptiste day, or on any holiday of that kind; but the point to be made is that there will very possibly be extra sittings between now and the end of the month. Thank you for drawing that to my attention.

Senator Rowe: Honourable senators, I share the same problem as other senators with regard to making travel arrangements at this time of year. Some of us have already found that the travel situation is beginning to get very difficult because of the mass movements taking place across Canada. If we sit on Friday of this week, will it be a morning sitting, an afternoon sitting or both?

Senator Flynn: Friday night, most likely.

Senator Perrault: I cannot say the exact time we may sit, but I should think that honourable senators would like to have the afternoon for travel, if that can be arranged. At some point this evening I should like to discuss this situation with the Leader of the Opposition to see if we can organize our work this week so that it will be unnecessary to sit on Friday.

THE SENATE CHAMBER

TAKING OF PHOTOGRAPHS BY THE PUBLIC—QUESTION

Senator Riley: Honourable senators, I wish to direct a question to the Leader of the Government. My question stems from the confusion which exists regarding permission for visitors to Parliament to photograph the Senate chamber when the Senate is not sitting. There are many complaints, particularly on the part of young visitors, about the restrictions on taking photographs in the Senate chamber. These young people from across Canada who come to visit Parliament, sometimes at their own expense and sometimes at the expense of school fund drives, are allowed to take pictures in the lobbies, the foyer and the chamber of the House of Commons on any day and at any time when that house is not sitting, but, I am informed, when they visit the Senate they are allowed to take pictures only at certain times during the weekend.

I wonder what the purpose behind this is, if it is true. Here we have these thousands of young people travelling from all over Canada to see not only the other place but this esteemed chamber as well. I would ask the Leader of the Government if it is true that visitors are not allowed to take pictures of the Senate chamber on days, as the officials say, when the Senate is sitting. Today, for example, they could not take pictures because the Senate was sitting tonight.

I ask the leader if this is not discrimination of the worst type, and is it not bad public relations for the Senate if these young people, and visitors in general, are denied permission to take pictures of our chamber and the foyer at a time when the Senate is not actually sitting?

Senator Perrault: Honourable senator, I would appreciate receiving from you any specific complaints which you may have received with respect to this alleged prohibition against picture taking. I must, however, state that it is my understanding that in recent months regulations with respect to picture taking in Parliament have generally been relaxed. It may well be that the prohibitions of which you speak exist, but that there may be good reasons for them. I have noted with interest the great numbers of young people who come to Parliament Hill—more, I think, than in any other year—and I believe this is a trend that is to be encouraged. While it is clearly desirable for as many young people as possible to see the buildings on Parliament Hill, and both the Senate and the other place, it may be that if unrestricted photography were to be permitted here on any day, that process could well slow the flow of visitors who want to see Parliament. There may be good reasons for a restriction or even prohibition of picture taking at certain times. There may be a good reason for this restriction or prohibition, because it takes some time to take pictures. The element of time may be the reason for a prohibition. I can only suggest that I am prepared to undertake an inquiry to see whether the desired information is available.

At the same time, I would appreciate receiving information from any senator who may have received complaints of the nature outlined by Senator Riley so that the matter may be discussed.

Senator Riley: Honourable senators, I have a supplementary question. Could there possibly be any reason why the privileges granted to these young people in respect of the House of Commons are not granted in respect of the Senate?

Senator Flynn: Madam Speaker may also take that question as notice.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—THIRD READING

Senator Steuart moved the third reading of Bill C-13, to amend the Historic Sites and Monuments Act.

Motion agreed to and bill read third time and passed.

CANADIAN HUMAN RIGHTS BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, June 8, the debate on the motion of Senator Goldenberg for the second reading of Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

Hon. Paul Yuzyk: Honourable senators, in recent years Canada has been undergoing a great transformation. The Special Joint Committee of the Senate and House of Commons on the Constitution of Canada—of which some senators, including myself, were members—in its report, tabled in Parliament on March 16, 1972, defined the Canadian reality and identity of today as "an independent, democratic, officially bilingual, multicultural, federal state."

A new Constitution was recommended for Canada which, in its preamble, should include the following basic objectives:

1. To establish a federal system of government within a democratic society;

2. To protect and enhance basic human rights;

3. To develop Canada as a bilingual and multicultural country in which all its citizens, male and female, young and old, native peoples and Métis, and all groups from every ethnic origin feel equally at home;

4. To promote economic, social and cultural equality for all Canadians as individuals, and to reduce regional economic disparities;

5. To present Canada as a pluralistic mosaic, a free and open society which challenges the talents of her people;

6. To seek world peace and security, and international social progress.

Canada has made great progress in the realization of these objectives, particularly in the field of human rights. She was a signatory of the United Nations Charter, the Universal Declaration of Human Rights in 1948, and, last year, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights of the United Nations, as well as the Helsinki Declaration in 1975.

The Canadian Parliament enshrined the basic principles of freedom and human rights in the Canadian Bill of Rights of 1960, under the leadership of the then Prime Minister, the Right Honourable John G. Diefenbaker. Hailed as a great milestone in the struggle against discrimination, that document was, however, limited in its application by courts in the interpretation of federal laws. Many law authorities claim that its implementation lacks enforceability—or "teeth," to use popular jargon.

Subsequently, the Federal-Provincial Conference of 1968, under the leadership of Prime Minister Pierre E. Trudeau, considered the adoption of a constitutional charter of human rights, but an agreement could not be reached with all of the provinces. The Victoria Charter of 1971 included many fundamental rights, but it also did not win the approval of all the provinces. That was a set-back for human rights in Canada, but not for long.

The present government introduced the Canadian Human Rights Bill last year, which was piloted by the Minister of Justice, the Honourable Ron Basford, who secured the co-operation of all the parties in the other house. Bill C-25 was thoroughly examined in committee, where several amendments were adopted with the approval of the minister. It has come to the Senate, after an amendment brought in by the official opposition was defeated on third reading in the other chamber.

The sponsor of Bill C-25 in this chamber, Senator Goldenberg, is a recognized constitutional lawyer, who was involved as special counsel regarding the charter of human rights at the Federal-Provincial Conferences of 1968 and 1971. Unquestionably, he is an outstanding authority in this field. His explanation of the principles of the bill was objective, factual and full, for which lucid presentation he is to be heartily congratulated. It has made my task as a critic relatively easy.

I agree with Senator Goldenberg that this is a very important bill, and one which is long overdue. For the first time in our history we have an anti-discrimination code at the federal level, and for the first time Canadian citizens will have the right to obtain access to personal information about themselves in the files of the federal government.

To remind honourable senators, the first basic principle of this legislation is found in clause 2(a), which reads:

—every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex or marital status, or conviction for an offence for which a pardon has been granted or by discriminatory employment practices based on physical handicap.

● (2030)

The other principle of the bill is enunciated in clause 2(b):

—the privacy of individuals and their right of access to records containing personal information concerning them for any purpose including the purpose of ensuring accuracy and completeness should be protected to the greatest extent consistent with the public interest.

The bill makes certain provisions for the implementation of these principles. A Canadian Human Rights Commission will be established. It will consist of a chief commissioner, a deputy chief commissioner and at least three, but no more than six, other commissioners. Although an independent body, members of the commission may be removed by the Governor in Council on address by the Senate and the House of Commons. The commission is empowered to administer the act and to issue binding guidelines and regulations. Up to 12 regional offices may be established, each with panels that will be less than the full commission. It will be able to conduct research for informational and educational purposes.

Furthermore, a Privacy Commissioner will be designated, who will be a special member of the Human Rights Commission. His role will be to provide a review procedure for individuals who consider that their rights have been infringed by the commission. The Privacy Commissioner will be required to establish a procedure readily accessible for all individuals, expeditious in its performance and at reasonable cost to the individual and Canadian taxpayers. The final decision, however, will be left with the minister, who will be accountable to Parliament, to which he must report if he refuses to act on the recommendation of the Privacy Commissioner. Thus, the Privacy Commissioner is intended to be an effective check on the use or abuse of the power of the minister.

That, briefly, is the extent of the legislation. The rights are defined precisely and clearly, not as is usually the case in complicated legalistic terminology but in simple terms understandable to the average citizen. It is a functional piece of legislation, because a mechanism will be established not only to deal effectively with cases of discrimination, but also to promote the observance of human rights in the Canadian society. In this respect it brings us in line with other democracies, such as the United States, Sweden and the Federal Republic of Germany, and well ahead of other countries with parliamentary systems.

Mindful of some of its shortcomings, we, Her Majesty's loyal opposition in the Senate, approve Bill C-25 in principle and warmly welcome it. It is a significant step in the direction of the exercise of democratic rights which are basic in Canadian society. I personally welcome this measure as a giant leap forward, because it greatly enhances the fundamental values of our democracy, making them more meaningful to the citizen.

This legislation respecting human rights is a significant part of the constitutional process in Canada. I refer again to the Final Report of the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada, which recommends that the basic objectives of the Canadian federal democracy be enunciated in the preamble to the Canadian Constitution which, in broad terms, would state what kind of a country Canada is and what she aspires to be. The report distinguishes the Canadian nation as:

> —a free people in a free society; a country characterized by rich diversity, in linguistic communities, cultural heritages, and regional identities; a country where individual fulfilment is the fundamental goal of society; and a country where individual Canadians look to the state not simply as a vehicle by which to serve their own self-interest, but as a vehicle by which they can contribute to the well-being of other Canadians.

I believe that the Canadian Bill of Rights of 1960 and the Canadian Human Rights Act of 1977 should become an integral part of the new Canadian Constitution, which is now in the making, but should not be unnecessarily delayed in view of the critical situation with Quebec.

Furthermore, we are aware that discrimination is practised in Canada in many forms. The press frequently reports many incidents of racial prejudice and discrimination, particularly against those of a different colour and cultural background, such as the Chinese, Japanese, East Indians, Pakistanis, and others. Some of these incidents of racism lead to violence and riots. Bill 1, which is now before the Quebec legislature, outrightly discriminates against English and other languages and those groups which are not French. I am sure that each of us is aware of incidents of various forms of discrimination, which are a painful source of discontent and trouble. Many of us have been victims of discrimination. If we asked for documentation of discriminatory practices and incidents, a committee would have to sit for a long time to produce it.

Bill C-25 goes a long way in dealing with discrimination, and eliminating many of its practices and preventing them in the future. It is our duty and task to make this legislation as effective as possible. Therefore, I agree with the sponsor, Senator Goldenberg, that it should go to committee, where it can be examined clause by clause and, where necessary, improvements made.

Here I shall mention only a few matters that should receive the attention of the committee. One is the right of final appeal to the Federal Court, which I understand is available but very expensive. Would not a special individual right of appeal be to the advantage of a citizen?

Certain grounds of discrimination, such as language, political affiliation, sexual orientation and physical handicap, generally and not only in employment matters, have been excluded from this legislation. Although the Official Languages Act of 1969 protects both English and French as official languages at the federal level, the other languages spoken throughout Canada and taught in our educational system, such as Italian, German, Ukrainian, and others, have no rights and no protection from discrimination.

I also want to raise a thorny issue, which is another exception in this bill. Clause 63(2) states:

> Nothing in this Act affects any provision of the *Indian Act* or any provision made under or pursuant to that Act.

There is outright discrimination in the Indian Act, on the basis of blood, against women. Indian women who marry white men lose their rights on the reserve, while white women marrying Indian men have their rights on the reserve. This has very serious implications regarding the equality of sexes. If the proposed Canadian Human Rights Act is to be effective and applicable to all Canadian citizens, then all acts of the Canadian Parliament must be amended accordingly, and this includes the Immigration Bill, which is now before Parliament and which contains certain discriminatory features.

There are other shortcomings and weaknesses in this bill which should be thoroughly discussed in committee with the Minister of Justice and officials of his department. We know that legislation will not eliminate discrimination entirely but it can be a very effective deterrent, even in subtle instances. We have to ensure that there will not be any loopholes that could make mockery of certain sections, so that the public will have full confidence in the laws of the land.

Above all, what is most important is the spirit behind the Canadian human rights legislation which motivates the government and the members of both houses of Parliament. We should give to our citizens the best legislation that we are capable of producing—legislation which will enshrine our dedication to human rights. Today this is a great force in humanity, and will be the centre of attention at the Review Conference of the Helsinki Declaration at Belgrade, Yugoslavia, this week. This proposed act will be our commitment to the universal principles of freedom and democracy, truth and justice, equality and brotherhood, and peace for all men and women and all peoples of the world.

Senator Forsey: I wonder if I might ask Senator Yuzyk a question, the answer to which I ought to know, but do not. What was the amendment of the official opposition in the other place that was voted down?

Senator Yuzyk: It was an amendment brought forward by Mr. Woolliams. The proposed amendment, in essence, was that there should be a special appeals tribunal in those cases where a citizen did not feel he or she received justice from the Human Rights Commission. That amendment, as you said, was voted down.

On motion of Senator Forsey, debate adjourned.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL 1976

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Carter, seconded by the Honourable Senator Molgat, for the second reading of the Bill C-26, intituled: "An Act respecting the organization of certain scientific activities of the Government of Canada".—(*Honourable Senator Grosart*).

Senator Grosart: Stand.

Hon. Henry D. Hicks: Honourable senators, I wonder if the Honourable Senator Grosart would allow me to speak to this item now as I will not be here much during the course of the coming week.

Senator Grosart: Of course.

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

Hon. Senators: Agreed.

• (2040)

Senator Hicks: Honourable senators, I have to start out by saying that I am rather skeptical of the usefulness of the legislative changes contained in Bill C-26. We have had a National Research Council operating in Canada now for about 60 years with an enviable record indeed. This council has conducted research in its own laboratories, it has supported university research throughout the country and, more recently, has given substantial support to industrial research in Canada. The guiding principle of the National Research Council, at least insofar as the support of individuals and of university research is concerned, as enunciated by Dr. Tory many, many years ago, was that you should find the good, young scientists and support them in doing what they wanted to do, and in that way you would build a nation of good scientists. Indeed, I think the National Research Council's record in this respect has been exemplary.

I did not know Dr. Tory, but I have heard that same thesis repeated on more than one occasion by Dr. C. J. MacKenzie and Dr. Steacie, who were subsequent presidents of the National Research Council.

It might not be an exaggeration to say—and if it is an exaggeration it is only a slight one—that the National Research Council fellowship program practically created the modern scientists in Canada's universities.

Furthermore, the National Research Council, although it was interested in supporting curiosity-oriented or basic research, did not neglect more practical research, or mission-oriented research as it is popular to refer to it today. One only has to look at the many practical achievements which have come out of the NRC laboratories and which have been made by others both in university and in industry in conjunction with NRC, achievements which have resulted in practical solutions to the problems of Canadian business, industry, agriculture and many other activities today. I would mention the admirable record that the National Research Council had working with others and in its own laboratories in the development of radar and electronics during World War II and, indeed, in the beginnings of atomic physics research at the same time.

The Canada Council was created by an act of Parliament passed 20 years ago. For nearly all of the past 20 years the Canada Council has been supporting, by similar methods, research and production in the arts and research and scholarship and inquiry in the humanities and social sciences.

It is now alleged that there has recently been some dissatisfaction—or it must be inferred that there has because of the very existence of this legislation—with the National Research Council and the Canada Council. And there has been. What is the reason? Simply that the demands upon NRC and the Canada Council for their fellowships, their research grants, their support of research and scholarly activities in universities and elsewhere have not been able to be met by the budgets which have been made available to them.

I submit that any dissatisfaction with NRC and the Canada Council has been almost entirely budgetary, and is not due to other or more sinister causes. Bill C-26 presumes to solve this problem by removing the granting function from the National Research Council and placing it in the hands of a newly created Natural Sciences and Engineering Research Council. And it splits the Canada Council essentially into an arts council and a council dealing with the social sciences and humanities. Neither of these actions will in themselves have any effect on the budgetary problems of the two councils.

Nay! I am wrong. They will have some effect. They will make it necessary to support duplicate hierarchies of administrators and bureaucrats at the top of the granting agencies concerned, four of them instead of two, which should draw off some money that would otherwise be available to support scholarly research and scholarly activities both within and outside the universities.

If the budgets of the Canada Council and of the National Research Council had been allowed to grow as they ought to have grown in this country, comparable to the other OECD nations, for example, then I do not believe that the dissatisfaction which some people have expressed in relation to the National Research Council and the Canada Council would exist today.

In any event, I am very much concerned that this bill, rather than helping the problem, will only add to the administrative costs and diminish the sums of money that may be available to carry out the purposes for which the councils are being created.

Some Hon. Senators: Hear, hear.

Senator Hicks: At the same time, this bill reduces the Defence Research Board to the status of an advisory council to the minister. I am not entirely happy that research relating to the national defence of this country in the difficult times in which we live today should be handled in that manner, but I hope that the ministers of national defence will be enlightened enough to supply sums of money in their budgets to support

appropriate levels of national defence research. It was originally said when this bill was being talked about that the Defence Research Board activities would be taken over by the other granting agencies—the Natural Sciences and Engineering Research Council—and, presumably, such aspects of the Canada Council or the new Social Sciences and Humanities Research Council that relate to them. I was very skeptical that this would work, because there is such an attitude prevalent among many academics in our country today that they tend to want to refuse research activities that are in any way classified or secret. Of course, we have certain types of academics who are suspicious of national defence activities whatever they may be. I have no sympathy for these people and I think that a country the size of Canada and in Canada's position in the modern world has to spend some money and some effort in defence research if we are to play our part among the NATO nations and among the powers of the world.

Penultimately, I want to say something about the Inter-Council Co-ordinating Committee. First of all, I am glad to say that this committee is not established by legislation. But the Honourable Senator Carter, in moving second reading of the bill, said that the minister did intend to create an Inter-Council Co-ordinating Committee which would be chaired by the secretary of his Department of State and would be comprised of the heads or presidents of the several councils concerned. These are all bureaucrats, and the only representation at all from the scientific or cultural community would, to quote Senator Carter's speech, be "from time to time."

I am suspicious indeed of the activities of this Inter-Council Co-Ordinating Committee. I am afraid that rather than being a co-ordinating committee it will be a committee which will place limitations on the activities of each of the councils which come under it and will subject them to further bureaucratic delays and make them comply with further red tape before legitimate scholars and scientists can get support for their work in Canada's universities and outside Canada's universities in the years ahead.

Finally, I want to close my remarks by referring to a view stated on more than one occasion recently by the present Secretary of State, to the effect that the federal government should only support research in the universities or elsewhere that is useful or practical or mission-oriented. No room for basic research in the universities or curiosity-oriented research! Well, I agree that the university people as well as others in the community must be willing to undertake practical research projects and must concern themselves with solving the problems of Canada and its provinces and its industries and its activities in our country today. But to say that you can do this best by eliminating the support of basic research is very, very wrong indeed.

Is it a brave or is it a foolhardy minister who so lightly ignores the proven wisdom of men like Doctors Tory, MacKenzie and Steacie? We can only hope, honourable senators, that the views of this Secretary of State will not prevail.

• (2050)

As I say, this bill can only improve the state of scientific research and the support of research both inside and outside the universities of this country in the years ahead if more funds are made available to do the job. If the same pie is divided into more pieces, then almost certainly the pieces will be smaller, the administrative costs will rise, and the effect of this legislation will not achieve any of the aims and objectives that its sponsors have advocated.

Senator Norrie: I should like to ask the honourable senator two questions. On several occasions during his speech he referred to research students in universities and elsewhere in the country. I should like to know how the students are divided, and in which place do they receive the better training—inside or outside our universities? Also, how much money is spent in the universities as compared with the amount spent outside?

Senator Hicks: Honourable senators, in reply to Senator Norrie, I used the term inside and outside the universities because I was conscious of the work that the National Research Council has recently done to try to promote industrial research. I was referring to that. I was also trying to include generally the activities of the Canada Council, which, of course, are not restricted to the universities. Almost all those people, except those in the performing and fine arts, would have had university education and would have commenced their research careers in the university environment, although they may now be helped to carry them on in other milieus such as industry, agriculture or whatever it may be.

As for my giving the honourable senator a breakdown of the amount of money spent this way, I regret that I do not carry those figures in my head.

Senator Norrie: Not approximately?

Senator Hicks: Not approximately. Most of the kind to which I believe Senator Norrie refers, and to which I referred, would be university directed—except for those aspects of the Canada Council which are not primarily university oriented.

On motion of Senator Grosart, debate adjourned.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Henry D. Hicks moved the second reading of Bill C-12, to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, the purpose of this bill, as its title indicates, is to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

In addition, in order to facilitate changes in the tax treaties required by changes in the tax legislation of Canada or the other country concerned, the bill provides that the Governor in Council may, subject to a resolution of Parliament, give effect by order in council to any supplementary conventions.

When Bill C-12 was introduced in the Commons last fall, it included an agreement with the Federal Republic of Germany as well as the six conventions with the countries to which I have referred.

The Minister of Finance indicated in the other place that changes in the corporate tax legislation of the Federal Republic of Germany made it necessary to renegotiate the signed agreement with that country, particularly with respect to the articles relating to the taxation of dividends.

This does not mean that we have no relief from double taxation with the Federal Republic of Germany in the meantime, because there is a treaty dating from the 1950s, made prior to our tax changes of 1971, which gives tax relief in respect to most forms of tax, but not capital gains tax, which was introduced in Canada in 1971. So this treaty will have to be renegotiated, and hence the references to the Federal Republic of Germany have been removed from Bill C-12.

The expansion of Canada's network of tax treaties with other countries was implicit in the 1971 tax reform. At the present time Canada has 18 treaties in force, and most of them are being revised from day to day.

It is expected that new treaties will be signed with as many as 40 other countries. Tax treaties are particularly important, of course, because they present an opportunity to overcome or mitigate tax obstacles impeding the flow of trade and investment with other countries.

The bill under study consists of seven parts and has six schedules. The first six parts are the implementing legislation, and the text of the treaties is contained in the six schedules.

Before I comment on the content of the treaties I should like to address myself to Part VII of the bill. Part VII, honourable senators, is designed to ensure that the tax treaties can be kept up to date as a result of changes in bilateral tax relations between Canada and those countries.

Some honourable senators will recall that when Bill S-32, a bill implementing similar tax treaties with France, Belgium and Israel, was before us in the spring of 1976, some of the debate was devoted in this house and elsewhere to the proper mechanism under which a treaty could be amended. The mechanisms provided for in this bill are similar to those agreed to previously and in connection with Bill S-32 of 1976.

The six tax treaties under review follow the general pattern of the recent treaties previously concluded with other countries, such as that, for example, with France. They follow the format and language of the model draft convention prepared by the Committee of Fiscal Affairs of the Organization for Economic Cooperation and Development, OECD. Canada is a member of this organization and accepts the language and style of the provisions recommended in the model convention. However, in a number of cases the substance of the OECD proposals does not reflect Canadian policies and cannot be followed in our bilateral treaties.

The most important of the Canadian departures from the OECD model, which concern dividends, interest and royalties, were discussed when the last of the bills to implement Canada's tax treaties, Bill S-32, was before us. The treaties generally provide that dividends can be taxed in the country of source at a maximum rate of 15 per cent, although higher rates are provided for under specific circumstances in the case of Pakistan and the Philippines, and a general rate of 18 per cent is provided for in the case of the Dominican Republic.

A general rate of 15 per cent—again, 18 per cent in the case of the Dominican Republic and 25 per cent for interest arising in Pakistan—is also provided for in the case of interest originating in one country and paid to a resident of the other country, although there are specific exemptions for certain types of interest in order to favour the development of close financial economic and trade relations between Canada and those countries.

With respect to royalties, the conventions with Morocco and Switzerland provide for a general rate of 10 per cent, and the ones with Pakistan and Singapore for a rate of 15 per cent. In the case of the Philippines, the Canadian rate is limited to 10 per cent and the rate in the Philippines to 25 per cent, or the lowest rate imposed by the Philippines on similar payments to residents of a third state, and in the case of the Dominican Republic the rate is limited to 18 per cent. There are a number of other matters dealt with in these tax treaties upon which I should like to comment briefly.

● (2100)

Capital gains: The provisions of the six treaties relating to capital gains reflect the standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

Non-discrimination: Under the treaties, discrimination on the basis of nationality is prohibited, thereby ensuring Canadian nationals of fair and equal treatment in the six countries concerned. On the other hand, various fiscal incentives—such as the small business deduction and the dividend tax credit—which apply only to residents of Canada will not be extended to non-residents.

Teachers: Under most of Canada's existing tax treaties, teachers from abroad are given a two-year tax exemption in Canada. These provisions have given rise to widespread dissatisfaction, and the white paper on tax reform indicated that such concessions would be removed from new Canadian tax treaties. The tax treaties under review do not contain such provisions, I am glad to say. I do not know whether honourable senators realize what a temptation this has sometimes created for university administrators. Under the existing law—and this still obtains in relation to the United States because we have not renegotiated our tax treaty with them—if you wanted to pay a professor a net income of $20,000 you could bring someone in from the United States, pay him $20,000 a year for two years, and he would pay no taxes at all on that amount

of money. On the other hand, if you were to engage a Canadian professor and you wanted him to have a net income of $20,000, you would have to pay him $27,000 or $28,000, depending on the nature of his dependents, which would determine the net amount of income available to him. This seemed very wrong, and indeed the Association of Universities and Colleges of Canada called this to the attention of the federal authorities many years ago. I am glad that these treaties have avoided what seems to me to be this anomalous situation. I hope we will not be too long in renegotiating our treaties with the other countries, particularly the United States, with regard to which this effect still sometimes is felt among Canada's universities.

Senator Rowe: Before the honourable senator proceeds, I wonder if he would know offhand what the rationale was behind this decision that a two-year exemption be granted to teachers from abroad?

Senator Hicks: I think the original rationale was that this would enable visiting professors to come in for a limited period of time, and make it possible for academics to be more mobile as between one country and another.

Senator Rowe: Did it also include teachers?

Senator Hicks: It included teachers, though it was largely used, and on some occasions, I suggest, abused, in the universities.

Pensions and annuities: Canada has retained the general right to tax pensions and annuity payments to non-residents.

Double taxation relief: The provisions dealing with the specific methods for eliminating double taxation are, of course, among the most important in treaties such as those we are considering here. The Income Tax Act contains unilateral rules designed to alleviate double taxation of foreign source income of Canadian residents. These foreign tax credit rules are generally satisfactory, but because of their unilateral nature they cannot take into account all the particular circumstances of each case. A double taxation treaty gives Canada the opportunity to adjust its foreign tax credit rules to accommodate specific problems which may exist for Canadian taxpayers deriving income from a particular country. In addition, Canadian companies are granted an exemption in respect of certain dividends which they receive from their foreign affiliates in a country with which a double taxation convention exists. In order to promote the flow of capital and investment, the tax treaties also ensure that proper relief will be granted in Morocco, Pakistan, Singapore, the Philippines, the Dominican Republic and Switzerland in respect of taxes paid in Canada.

The tax treaties with Morocco, Pakistan, Singapore, the Philippines and the Dominican Republic contain an additional feature commonly referred to as a "tax-sparing provision." This is a technical means of ensuring that the tax incentives granted by those countries under pioneer-industry legislation will in fact benefit Canadian enterprises and/or individuals, as the case may be, and will not be taxed away in Canada. This is achieved by Canada agreeing to take into account, for the purposes of computing the foreign tax credit, the amount of tax which would have been payable in the absence of the special incentive legislation.

Honourable senators, I can see that my explanation is now beginning to sound like a section from the Income Tax Act.

On balance, the terms of the tax treaties provide an equitable solution, and in many respects a solution favourable to Canada, to the various problems of double taxation existing between Canada and these countries. I therefore commend this bill to the favourable consideration of this house.

Senator Inman: Would the honourable senator permit a question? Has he any idea of the dollar value, annually, of the dividends and interest received by Canadian citizens from Pakistan?

Senator Hicks: No, honourable senator, I cannot give you that figure. I shall try to get it for you. I should think it must be relatively small.

On motion of Senator Grosart, debate adjourned.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, June 7, the debate on the motion of Senator McIlraith for second reading of Bill C-50, to amend the Judges Act and other acts in respect of judicial matters.

Hon. Daniel A. Lang: Honourable senators, when I adjourned this debate last week I did so after listening to Senator Flynn, which was one day after Senator McIlraith had introduced the bill on second reading. Unfortunately, I was absent the night before and did not have the advantage of hearing Senator McIlraith's remarks, but I did gather from what Senator Flynn was saying that it was possible that certain very fundamental and substantive matters are being dealt with in this bill by means of what looked like routine procedural changes. That, on my part, was only a suspicion when I was listening to Senator Flynn, and I adjourned the debate in order to give myself the opportunity to read Senator McIlraith's remarks and look over the legislation itself. Having had that opportunity, I was able to confirm in my own mind that this was indeed the fact, and that there were substantive changes involved in this legislation. I should like to deal with those tonight, though only very briefly.

I should say at the outset that my review of the bill itself, and of the debates both here and in the other place, does not lead me to disagree with its substantive provisions; however, I should like to comment on their adequacy in present day circumstances, and perhaps also on the direction of these changes and the methodology adopted in order to bring them into effect.

As Senator McIlraith stated, the most important aspect of the bill deals with the question of the independence of our judiciary. He pointed out that the increasing complexity of legislation over the past years, and the increasing involvement of the government in matters heretofore regarded as outside its

area of involvement, has resulted in the Crown's becoming a major litigant before the courts. As a result, we have what Senator McIlraith referred to as "an anomaly." The anomaly would be, of course, the fact of having the main litigant represented by the Minister of Justice combined with the Attorney General in one office, one man, and one department. In that dual role he is appearing before the courts, presumably to have a wholly independent and impartial judgment rendered by the judge, while at the same time he has the administrative responsibility for the judiciary. I am afraid that rather than calling it "an anomaly," I would refer to it as a substantial conflict of interest.

● (2110)

Honourable senators will recall that in March last, speaking in the debate on the report of the Joint Committee on Regulations and other Statutory Instruments, I voiced my concern over the fact that the functions of the Minister of Justice and the Attorney General are combined in one minister and in one department. My concern, of course, was, as it is now, based on the very same anomaly that Senator McIlraith has referred to. I must confess that I cannot, by any stretch of my imagination and as much as I might like to, link what I said in the chamber on March 16 last with the somewhat ameliorating provisions contained in this bill, which was read for the first time one month later on April 19. By itself, I must say that is far too short a lead time, but I confess that I am pleased that there is someone somewhere in the Department of Justice or on the other side who is aware of a problem. I am not sure whether that person or persons unknown are aware of the extent of that problem, but I am pleased to know that someone is aware of it.

Honourable senators have been told that what the bill proposes to do in this regard is to remove from the Department of Justice its responsibility for the administration of the affairs of courts and judges except those of the Supreme Court of Canada, and to vest that responsability in a newly created post called the Commissioner of Federal Judicial Affairs. This new position will carry with it the status of deputy minister. But note, his appointment will be made by the Minister of Justice, and after consultation with the Canadian Judicial Council.

As to the administrative affairs of the Supreme Court of Canada, these will be transferred from the minister to the registrar of that court. But the registrar of that court will remain responsible to the Minister of Justice although, at the same time, be under the supervision of the Chief Justice of Canada as regards the day-to-day administrative matters of the court.

Honourable senators, we can take satisfaction from this move inasmuch as it represents a formal acknowledgment of the problem. Nevertheless, in my humble opinion, it is only a gesture in view of the basic nature of the conflict of interest danger, and this is particularly so because the new commissioner and the registrar will be directly responsible to the Minister of Justice for the most important matters they have to deal with. Even then, I would not be too concerned about the adequacy of the proposed arrangement, except for the fact that the Minister of Justice is, in fact, still the Attorney General of Canada, and in that role of Attorney General he is still the main litigant before the courts of this country. Therefore, I must conclude that the conflict of interest problem remains basically intact, although somewhat masked. It is one small stage removed from direct involvement at ministerial level.

I would not oppose the bill because of the inadequacies of this provision as I perceive them, but I would suggest and urge that the only real and permanent solution is to separate the functions of the Minister of Justice from those of the Attorney General—that is, place them under different ministers of the crown. This would re-establish the historic and independent roles of both officers and secure as firmly as can be secured the independence of the judiciary, and, flowing from that, the rule of law.

On the remainder of the provisions of this bill, I will only comment briefly. The bill provides for a substantial increase in the number of judges in Canada. In my opinion, the need is self-evident, and I commend the move. Nevertheless, let us urge the government to consider the judicial load created by each new piece of legislation—and I should say "governments" rather than "government" because this applies equally to the government of each province. The Chief Justice of Ontario has been deploring the amount of "unnecessary" legislation that is being produced today, and the problems and workload it creates for the judicial system. Therefore, let us, as legislators, also deplore it, and freely comment as to whether any legislation be necessary or unnecessary, notwithstanding what may be the judgment of cabinet in that regard. In so doing, we may help relieve the increasing pressures on our judicial system.

Let us also applaud the efforts of the Law Reform Commission and the Canadian Judicial Council to promote efficiency in the courts through the introduction of management techniques, pre-trial procedures and other time-saving and efficiency-making schemes. These present the real opportunities, in my opinion, to reduce the requirement for an ever-increasing number of judges.

May I refer briefly to two other matters raised by the bill? First, I would like to mention the question of judges' salaries, which are dealt with in this legislation. I really wish that the question of judges' salaries did not have to come before Parliament. I find it a repetitively awkward matter to deal with, and I wish it could be dealt with in a more objective atmosphere outside of the legislative process. However, I also realize that this problem will be with us for a long time, if not for all time, because of the constitutional legal background.

● (2120)

Ten years ago the remuneration of our judges was such that there was a real danger that the recruitment of men of high calibre from the bar might be prejudiced. This was particularly so in high case-load areas such as Toronto. However, over that period of time and up until today, substantial improvements have been made in the remuneration of our judiciary. On the one hand, there have been increases of 65 per cent, over roughly a 10-year period, in the case of the top level of our judiciary, and, on the other hand, increases of up to 140 per

cent at the lower court levels. Accordingly, the danger that existed of our being unable to recruit our best minds into the legal system has greatly diminished.

Salary levels have now reached a point that, combined with the prestige and tenure of office afforded, a judicial appointment today can attract the best minds at the bar in any province, and these men are not only available today in the present climate, but ofttimes are actively seeking office. That, to me, is a great improvement, and I think we should recognize that from a lag position the judiciary is now in a caught-up position. Perhaps the consideration of further increases should be regarded in that light, and divorced from the cliché that we must continually increase the salaries to attract our best minds. In weighing the equation between the quality of candidates available for the bench and the public purse, the departmental officials now may bear in mind the law of diminishing returns which our graduated income tax system imposes. That diminution applies not only to the earnings of the bench but also to the earnings of the bar.

In support of my statement that good men are now available for recruitment into the judicial system, I need go no further than to say—and I think I can say it without any equivocation or fear of contradiction—that in Canada today we probably have as fine a bench as we have ever had in our history. I know that to be the case in the province of Ontario, and I am certain that that is so throughout Canada. For that I think we must give much credit to the present Minister of Justice, and also to his predecessors in office. If I read *Hansard* of the other place correctly, and the comments in this house, I think that observation can be considered a non-partisan one.

Finally, honourable senators, I should like to say something about the provisions of this bill that affect the Canadian Judicial Council. I need not remind you that this council was set up in 1971, as Senator McIlraith outlined, to promote uniformity, efficiency and improvement in the quality of our judicial services; but, most importantly, it was also charged with the establishment of inquiries into the conduct of judges.

The council consists of 24 chief justices of the superior courts, but on that council there are now no county court judges. If my recollection is correct, the powers of the Judicial Council and the Minister of Justice under the Judges Act differ as regards superior court judges and county court judges. This, I believe, is because of the constitutional background. Whereas on an adverse finding by the Judicial Council the Minister of Justice, through an order in council, can terminate the salary of a superior court judge, on such a finding with respect to a county court judge he can, by the same means, remove that judge from office. Although this may look like a distinction without a difference, the superior court judge can still hold his office, if not his salary, subject to the will of Parliament. On the other hand, both the office and the salary of a county court judge are entirely in the hands of the Judicial Council, the minister and the cabinet, and Parliament has no say except to debate a report *ex post facto*.

Honourable senators, if peer judgment is any part of the principles involved here, it is manifestly unfair that the Judicial Council contains no representative from the county court system. The amendment in this bill is designed to remedy this defect, and I commend it. It does so by the creation of the County Court Committee of the Judicial Council. I only leave it with honourable senators that this County Court Committee, when constituted under clause 16 of the bill, is to be "advisory." I pose the question: Is that adequate representation under the circumstances, particularly in a case involving the conduct of a county court judge? I cannot answer that.

Specifically, clause 16 is stated to be a step to bring about a closer working relationship between judges of the superior courts and judges of the county and district courts. I hope it may accomplish that purpose. However, is it perhaps not the time now to examine the possibility of merging the county and district courts throughout Canada? There is no distinction today in Quebec and Prince Edward Island. Over the years the jurisdictional distinctions between the two courts have all but disappeared, and today many county courts judges shoulder all the responsibilities and workload of many superior court judges, but at a lesser pay scale and at a lower point in the judicial pecking order. I ask honourable senators if, under the circumstances, this is fair or rational? Certainly today in Ontario the historic geographic basis for the two-court system, based on considerations of travel time, isolation, local interests, and social conditions and concerns, has all but completely disappeared. Managerial efficiency in handling case-loads, uniformity in practice and procedures, and even the continuing education of the judiciary in a complex legal environment, all seem to dictate the desirability of merging the two court systems. This is certainly so in Ontario, and I suspect it is also true in the other provinces in which merger has not yet been realized. Also, as a peripheral benefit, we would not have to be fiddling around over the question of representation on the judicial council by county court judges as provided for in clause 16 of the bill.

• (2130)

Honourable senators, I hope these remarks have made some contribution to this debate. This is a bill which I support in principle, and I must say that I support it without reservation, because of the directions in which it is moving the system. However, as you may suspect, although I support the bill without reservation, I do so with some comments, and some questions such as I have posed this evening.

Senator Connolly (Ottawa West): May I ask the honourable senator a question relating to the conflict of interest problem that he sees as a result of the fact that the Minister of Justice and the Attorney General of Canada are one and the same person?

The function related to the administration of the courts and the appointment of the members of the judiciary is performed as Minister of Justice. The representative function in the courts on behalf of the Crown is undertaken as only one function of the Attorney General. I understand that in the United Kingdom the head of the judiciary is the Lord Chancellor of the day. I gather—although on this point I am not sure—that the administration of justice is supervised through

his office, and I believe that the appointment of the superior court judges of the United Kingdom are made by him. I am wondering how the United Kingdom authorities avoid the conflict of interest which the honourable senator seems to indicate obtains here.

Perhaps this is a question for the committee, and the house would prefer to have it answered there, but the honourable senator may have some observations to make on the subject.

Senator Lang: Honourable senators, I am not sufficiently familiar with the practice in the United Kingdom, but the Lord Chancellor, according to my understanding, has no function as Attorney General or Crown litigant. Therefore, the division of those two activities is complete. I cannot imagine that we could transpose the English experience into our system, their House of Lords, in fact, being the final court of appeal. However, I do believe we could segregate those two positions, with their potential for conflict, by simply dividing the two offices and putting them back into the historic role which prevailed in Canada earlier. I cannot remember on what date this merger came about, but I know that in Ontario at one time there was a segregation of these functions and, subsequently they became merged. I do not see any rationale for their being merged in one department, nor do I see in the English system any of the potential conflict of interest we find here.

Senator Connolly (Ottawa West): I wonder if there is a situation in the United Kingdom which could help to solve the problem raised by the honourable senator?

Senator Forsey: Honourable senators—

Senator Lang: I would refer a difficult question such as that to a more erudite authority than I on the opposite side of the chamber.

Senator Forsey: I must disclaim any such title, but I meant to ask a supplementary question. Is it not perfectly clear that in the United Kingdom the office of Attorney General is completely distinct from any other office? That is the answer to the question put by Senator Connolly. I was a little surprised that he even asked the question, when I thought that the answer was so extremely obvious. As far as I know, the office of the Attorney General has always—well, I should not say always, but for a great many years it has been perfectly distinct from any other office.

Senator Connolly (Ottawa West): That is the answer to the question.

Hon. George McIlraith: Honourable senators—

The Hon. the Speaker: I must inform the Senate that if the Honourable Senator McIlraith speaks now his speech will have the effect of closing the debate on second reading.

Senator McIlraith: Honourable senators, my remarks will be very brief.

Senator Asselin: That's surprising.

Senator McIlraith: I am not so sure it is surprising, but in any event my remarks will be brief.

I wish to thank Senator Flynn for his contribution to the debate. He raised two points of which I might make mention. He said that the bill provided for five additional puisne judges of the superior court in Quebec, and he asked whether the Government of Quebec had passed complementary legislation in this respect. The answer is that there is complementary legislation with relation to three of the new appointments to that court, and the Attorney General has indicated that the complementary legislation will come forward very shortly with respect to the remaining two appointments. In other words, it is in the mill, if I may use a phrase we so frequently use around here. All appointments of additional judges are, of course, made at the request of the respective attorneys general of the provinces concerned.

● (2140)

The other point he raised was one in which he differed slightly from my suggestion regarding the importance of the principle involved in the matter of the setting up of the Judicial Council and the additional powers for the registrar of the court. I think that question can be answered by itself. I have re-read my own remarks—something I rarely do—and I have re-read my honourable friend's remarks, after having listened to them rather attentively, as a result of which I stick to what I said originally concerning the important principle involved in this attempt to further protect the independence of the judiciary and the Federal Court itself. The remarks perhaps stand on their merit on that point.

I consider Senator Lang's speech this evening to be a most interesting and thoroughly exhaustive analysis of the matters raised in the bill itself and, indeed, some related matters. I am very appreciative of the exhaustive analysis he made of the whole subject.

There is one point arising out of his remarks that I think should receive some attention, that being the additional authority to be given to the Registrar of the Supreme Court of Canada under the bill. That additional authority will be in relation to administrative matters affecting the Supreme Court of Canada, which were formerly the responsibility of the Minister of Justice. That point is more important, perhaps, than Senator Lang's remarks indicated. The powers of the Registrar of the Supreme Court of Canada derive mainly from the Supreme Court Act, and under that act he comes directly under the responsibility of the Chief Justice in administrative matters. There are some special provisions respecting the printing of reports, and so forth, as well. To that extent, his powers are different from those of the Commissioner for Federal Judicial Affairs, who deals with the area of administrative responsibility for the rest of the federally appointed judiciary and the Federal Court. This distinction should be examined more fully in committee, because it will be seen that, except as to responsibility for the procurement of funds, the Registrar of the Supreme Court of Canada comes under the administrative responsibility of the Chief Justice of Canada, and not under the responsibility of the minister.

I am not aware of the desirability of any method of providing funds from the taxpayers' pockets other than through the

responsible minister answerable to the electorate. It is interesting that in the course of this debate that point was not raised. I see no other way than by having both the registrar and the commissioner responsible to a minister for the procurement of funds and budgetary matters. It seems to me there is no other desirable way of achieving that under our system. The point raised by Senator Lang as to the desirability of separating that function from the function of the main pleader before the court is a most interesting one, and it deserves further examination at a future time and possibly further legislative action.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, June 14, 1977

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

Prayers.

FARM IMPROVEMENT LOANS ACT SMALL BUSINESSES LOANS ACT FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

CANADA LANDS SURVEYS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, to amend the Canada Lands Surveys Act.

Bill read first time.

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

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada 1974-75-76, respecting compensation plan between The City of Winnipeg, Manitoba and the Group of its policemen (Police Sector), represented by the Winnipeg Police Association, dated June 9, 1977.

CANADIAN HUMAN RIGHTS BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Goldenberg for the second reading of Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

Hon. Eugene A. Forsey: Honourable senators, I was sorry last night to appear to be impeding the Honourable Senator Goldenberg in his wish to conclude the debate on second reading, but there are certain features of this legislation which are of such importance that I felt I should draw the attention of the house to them, and indicate certain particular features to which I hope the Standing Senate Committee on Legal and Constitutional Affairs will give very close attention.

● (2010)

To begin with, I may say—I perhaps need hardly say—that I am in hearty accord with the general thrust of the first three parts of the bill, though I think there are difficulties and weaknesses there which need to be dealt with, and I shall say something briefly about a number of those. Part IV, I think, is a blot on the legislation. It is so riddled with exclusions, exceptions, and—I have forgotten the other word I wanted to use there; however, that will do—exclusions and exceptions and booby traps, deletions, somebody suggests; no, I don't think deletions, but booby traps—that unless the part can be thoroughly cleaned, purged, reformed, I think it would be better dropped from the bill altogether.

I might also add, it confers an extraordinary breadth of discretion upon a particular minister or upon the Governor in Council, and this is something I think needs very, very careful attention. I am perhaps hypersensitive on this sort of thing because of my experience in the Standing Joint Committee on

Regulations and other Statutory Instruments. From my long experience there—long and sad; a torturing experience, I might almost say—I have come to the conclusion that all such provisions should be examined with the greatest care and, indeed, with the greatest suspicion.

I want to draw the attention of the house to certain things which I particularly hope the Committee on Legal and Constitutional Affairs will give special attention to. I should like to draw attention, for example, first of all, to clause 22(1)(*f*), which deals with regulations. Unfortunately, it is by no means clear exactly what a regulation would be under this paragraph of clause 22(1). It might be, for example, a regulation as defined by the Interpretation Act, which is one thing; it might be any document called or referred to as a regulation in any statute, which is not necessarily the same thing at all; and it might, in the third place, be a regulation as defined in the Statutory Instruments Act, which is narrower than either of the other two.

I think we need to be given some idea of exactly what "regulation" is intended to mean in this clause. It seems to me that the term is used in a sense which is open to a variety of interpretations and might, therefore, lead to a number of difficulties.

In the second place, I want to draw attention to the use of the word "guideline" in clause 22(2). This is a new word, a relatively new word. I do not know whether it is one of the poisonous things we have borrowed from the Americans, or what it is, but I cannot see, for the life of me, why we should not simply have the word "regulation" or the words "statutory instrument," or something of that sort instead of this vague term "guideline." These things will be pieces of subordinate legislation, no matter what they are called, and they might as well be called by a plain name instead of by this vague and fancy vogue, cant word "guideline".

Under clause 22(1), the guidelines, to use the word again, which apply to a particular case—for example, a decision about a single human being—are not to be published. Well, how are we going to ever find out about them, then? This is a question, I think, which might well be asked in the committee.

Under clause 22(3) you have an enormous breadth of delegation—delegation and sub-delegation. It states:

> On the recommendation of the Commission, the Governor in Council may, by order, assign to persons or classes of persons specified in the order who are engaged in the performance of the duties and functions of the Department of Labour of the Government of Canada such of the duties and functions of the Commission in relation to discriminatory practices in employment outside the Public Service of Canada as are specified in the order.

The degree of subdelegation which is there provided for seems extraordinarily wide.

Clause 23 provides as follows:

> The Governor in Council, on the recommendation of the Commission, may make regulations authorizing the Commission to exercise or perform such powers, duties and functions, in addition to those prescribed by this Act, as are necessary to carry out the provisions of Parts I, II and III.

Why "in addition to those prescribed by this Act"? This is a most comprehensive phrase, and I think it is the type of enabling power that should never appear in legislation. Why should the Commission have "powers, duties and functions" not prescribed in the act? Now, there may be some adequate answer to this, but I think the answer should certainly be sought from the officials when they appear before the committee. I am assuming, of course, that this legislation will go to the Committee on Legal and Constitutional Affairs. It is highly appropriate that it should, because by anybody's standards it is a complex bill; I don't think that even in his most incautious moments the Honourable Senator Laird would have described this as a simple bill. I venture to think that it is complex enough that it should certainly go to that committee.

Then we get clause 27(2)(*f*); we find there that:

> Every member of the Commission and every person employed by the Commission shall take every reasonable precaution to avoid disclosing any matter the disclosure of which—

Now, here's the gem:

> (*f*) might disclose legal opinions or advice—

Well, those words touch any member of the Statutory Instruments Committee on the raw. The clause continues:

> —might disclose legal opinions or advice provided to a government department—

Well, that's quite bad enough. The clause continues:

> —or body or privileged communications between lawyer and client in a matter of government business.

That last is the real beauty. What is "a matter of government business"? This ought to be made clear to us; and if there are "privileged communications between lawyer and client" and the client is willing to, and perhaps even anxious to, have them disclosed, why should they not be disclosed? It would appear that the last words seem to extend to legal advice given to a party adverse to the Crown, and why shouldn't he be able to have it divulged if he wants the opinion divulged?

If I may turn back for a moment to clause 19, we find there another beauty:

> The Governor in Council may make regulations respecting the terms and conditions to be included in or applicable to any contract, licence or grant made or granted by Her Majesty in right of Canada providing for—

And so forth. Well, why "respecting"? Why not simply "prescribing"? But here, again, we come across one of those favourite words of the Department of Justice, "respecting"; and that confers in the opinion of the Department of Justice and the interpretation which it places upon the word power, "authority as plenary and as ample as the Imperial parliament in the plenitude of its power possessed and could bestow." At least that is scarcely an exaggeration. It is interpreted to

confer a power to cover nearly everything but the kitchen sink. Even when it is limited by such words as follow there, it is a very wide power, which ought to be scrutinized with great care.

Then there is clause 40(3)(*c*), which provides:

> In relation to a hearing under this Part, a Tribunal may . . .
>
> (*c*) receive and accept such evidence and other information, whether on oath or by affidavit or otherwise, as the Tribunal sees fit, whether or not such evidence of information is or would be admissible in a court of law.

● (2020)

I feel some doubt about that. I commend that to the notice of honourable senators who are lawyers, and particularly those who sit on the Committee on Legal and Constitutional Affairs, as something that ought to be examined rather carefully. I think there are parallels for it in other legislation—notably in some labour relations legislation. But in my judgment it needs to be examined with some diligence, because it might leave the party complained about simply at the mercy of the members of the tribunal.

I want to call attention finally to clause 54(*g*), which brings out our old friend "legal opinions" again—"legal opinions or advice." It is the same kind of wording you get in clause 19, and once again the same objections apply or the same questions arise.

If we are to have a Part IV at all, then it seems to me that the scope of the discretion to provide for exemptions, exclusions and so forth should be very much narrowed. The regulations, or a large part of what regulations are contemplated, probably ought to appear in the bill itself. In any case we ought to be given some idea of what the regulations are likely to be. This business of giving enormous power to make regulations and saying, "Ah hah! Wait until you see them. No, you can't see them now" is one, I think, of which the members of this chamber have complained more than once, and I think that some of the complaints at least have been justified.

I very much hope, therefore, that when this bill goes, as I assume it will, to the Committee on Legal and Constitutional Affairs, it will get the kind of intensive scrutiny and the kind of zealous scrutiny—zealous for the protection of the ordinary citizen, zealous for the protection of the rights of both Houses of Parliament—which that committee is so well qualified to give.

Hon. George I. Smith: Honourable senators, I should like to rise in general support of what Senator Forsey has so ably said. It seems to me that one of the things which I have observed in increasing intensity since I came here, and, in fact, long before I came here, is the tendency for the Houses of Parliament and legislatures to allow, by default almost, very large powers of regulation to be given to Governors in Council and to Lieutenant Governors in Council; not only the power to deal with administrative matters, which sometimes can be extremely important in themselves, but powers to deal with substantive law, to deal with policy, to deal with principles of legislation. It seems to me that on every opportunity which presents itself the Senate, at least, should make known its view that the power to deal with policy, the power to deal with principles in legislation, should remain in Parliament and not be vested in any body, even so august as the Governor in Council or, in a province, the Lieutenant Governor in Council. Consequently, without going into any detail, I support entirely what Senator Forsey said on this point.

I want to draw attention to another thing which I think is completely and utterly obnoxious. To me, it is a new manifestation of the views of the Department of Justice and the government, namely, that the opinion of the law officers of the Crown is confidential and that the members of the public are not to know what the law officers think of any law.

Some Hon. Senators: Hear, hear.

Senator Smith (Colchester): I cannot conceivably think of any greater prostitution of the powers and duties of the law officers of the Crown than this determination to keep secret from the public, who are the people most concerned with it all, what they think of what the government does. So on this point too, I support and emphasize what has been said by Senator Forsey.

There is another thing which I am surprised he did not note, and that is that there is a gross omission in clause 2 of the bill which defines its purpose. It says, or purports to say:

> (a) every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society—

Remember that sonorous phrase, that expression of the fine principles of democracy which we all think very highly of, and which almost equates itself with the great American Declaration of Independence. I repeat, it says:

> —should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices—

So far who could say better? Ah, lest one's elation should be raised too high by not reading the second print, or the fine print in declarations of this government, one goes on to see an enumeration of the bases on which discrimination is prohibited. One would have thought that such a splendid declaration of principle should not have limited itself to some particular kinds of discrimination, but should have been broad enough to deal with all kinds of discrimination. And one of the omissions I note, and which to me is most obvious, in those things which attempt to limit this splendid declaration, is the words "political belief".

How many people in Canada since this government came to office have been discriminated against on the basis of their political belief? How many? Honourable senators, I dare anyone to stand here and say it is less than many, many

thousands spread all across this grand country. People shall not be discriminated against, this fine clause says, for many things including a conviction for an offence for which a pardon has been granted, but it omits the phrase "political belief". So I can only conceive that in the views of the draftsmen of this legislation, and of the government which sponsors it, that they consider political belief which is not recognized as supporting the government to be worse than a situation where someone has been convicted of an offence but has been pardoned for it.

Senator Croll: Oh, no.

Senator Smith (Colchester): Well, what else can you believe in? What else can you believe in? My honourable friend, Senator Croll, who on many occasions has waxed eloquent upon the necessity of no discrimination for any reason, now smiles. Does he think that now the citizens of Canada should be discriminated against because they do not vote for this government? Does he? How many of them have been denied appointments to the Senate because of their political beliefs? I haven't.

Senator Hicks: The present government has appointed more members to this Senate who were not of its political persuasion than the rest of the governments of Canada since Confederation put together.

• (2030)

Senator Smith (Colchester): My honourable friend exposes himself to me, as he has done so many times in the past. He can count on the fingers of one hand all those who support his proposition in this house simply by their being here.

Senator Steuart: How many did Dief put in?

Senator Smith (Colchester): Well, he surely did not put in enough to offset the discrimination of the ages.

There are some honourable senators here, and I have heard them say it in this house, who believe that there should not be this kind of discrimination, but that this house should be restored to a reasonable balance of political faiths by doing away with this sort of discrimination. Where are they tonight? Are they here? Does Senator Denis think he can wave me away, or wave the discrimination away, by a toss of his hand? Perhaps he can, but time will tell perhaps a different story.

Senator Perrault: Don't get political, now.

Senator Smith (Colchester): At last I rouse the interest of the Leader of the Government. I do not know that that will do either of us any good, however.

But the sponsors of this bill say, "Let us do away with discrimination."

Senator Perrault: Hear, hear.

Senator Smith (Colchester): Yet, when they come to a kind of discrimination that is as important as any other, and which has denied countless Canadians the opportunity to participate in the public life of this country at all levels, they sit back and smile, thinking that because they say that someone who has been convicted for an offence for which a pardon has been granted should not be discriminated against, they have done their duty. Well, honourable senators, aside from, and in addition to, supporting Senator Forsey, I suspect that he might very well feel that he overlooked something very important when he became a little tender about subjecting the Senate to too much of his wisdom at one time, and stopped before he reached this very important matter.

Senator van Roggen: Would the honourable senator permit a question? I had some difficulty in following his train of thought. Would the honourable senator feel that if a Jew were appointed to a government board, this would be discrimination against all Protestants? If the government appointed a black to a given government board, would this be discrimination against all whites? I have difficulty following the argument.

Senator Walker: It is a nonsensical question.

Senator Smith (Colchester): No, any more than I would feel that if they appointed a Tory they would be discriminatory.

Senator Steuart: It might be stupid, but it would not be discriminatory.

Senator Flynn: It has happened.

Hon. H. Carl Goldenberg: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Goldenberg speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Goldenberg: Honourable senators, my original intention was to say very little.

Senator Flynn: Stick to it.

Senator Smith (Colchester): Good intention.

Senator Goldenberg: I was going to suggest that the various criticisms that were raised be raised in committee. However, there has been a little excitement here this evening—

Senator Flynn: Won't you add to it?

Senator Perrault: There was more heat than light.

Senator Goldenberg: I do not intend to add to the excitement. I intend to explain one or two of the items in the list of prohibited acts.

Senator Yuzyk, whom I thank for his kind remarks about my speech the other day, said last night, and I quote him:

> Certain grounds of discrimination, such as language, political affiliation, sexual orientation and physical handicap, generally and not only in employment matters, have been excluded from this legislation.

I hope honourable senators will bear with me if I make a few remarks on each of these items. It may save time in committee.

In general, I want to point out that the list of prohibited discriminatory grounds is the largest and the most comprehensive list of prohibitive grounds of discrimination in any anti-discrimination law in Canada or in the United States at the federal or state level.

The Human Rights Commission which is to be appointed under this legislation can expect that the administration of this list will place considerable demands on its time. This is especially so with respect, for example, to "conviction for which a pardon has been granted" and to "physical handicap in employment," as these are relatively novel grounds which will require development of principles and techniques without much guidance from other jurisdictions.

The commission will have other heavy demands on its time. For example, the item on the list about which the Leader of the Opposition enjoys hearing—I mean the development of the "equal pay for work of equal value" requirement.

Senator Flynn: I have always been in favour of that. I supported you in this respect.

Senator Goldenberg: The initial demands of organization, the preparation of guidelines and regulations, the development of enforcement techniques and the development of its educational and informational role, will impose heavy demands on the commission. Consequently it was felt that some limits should be placed on the grounds to be included so as not to create an impossible workload. Therefore, generally only those grounds which have been included in other jurisdictions, and about which some principles and precedents have been developed which the commission can draw on, have been included.

I wish to say a word on each of the matters mentioned by Senator Yuzyk. The honourable senator mentioned the matter of sexual orientation. This has not been included as a ground for any anti-discrimination legislation in any Canadian province or in the United States at either the federal or state level. Consequently the implications of including it are quite unexplored.

Its inclusion would raise security problems that apply to employment in certain sensitive areas of the public service. The security community warns, rightly or wrongly, that homosexuals are vulnerable to blackmail. Also, problems would be raised for External Affairs and other departments involved in rotational service in countries where homosexuality is illegal; and other problems are raised for the military and the Royal Canadian Mounted Police in barrack situations and in situations where it would not be appropriate to have a homosexual supervisor.

It could be argued that sexual orientation should be dealt with in the context of security rather than anti-discrimination. The minister has announced that he intends to direct the Human Rights Commission to undertake a special study into the problem of whether sexual orientation should be included as a ground in the Human Rights Act, and report its findings to Parliament.

Another point raised by Senator Yuzyk, much more kindly than Senator Smith (Colchester), is the matter of—

Senator Smith (Colchester): Discrimination against opponents of the government.

Senator Goldenberg: —political affiliation. Both Senator Yuzyk and Senator Smith (Colchester) spoke about the omission of political affiliation as a ground for discrimination. This also raises security problems when applied to employment in the public service. It would allow persons with extreme political beliefs to demand employment in sensitive areas.

● (2040)

Senator Flynn: How do you define "extreme political beliefs"?

Senator Croll: Being a Conservative.

Senator Goldenberg: While the government probably would be able to refuse such employment under the "*bona fide* occupational requirement" exception under clause 14(a), it is thought to be preferable to leave it out of the bill. If reliance has to be placed on clause 14(a), the commission and Human Rights Tribunals which are proposed under the legislation could be placed in the position of reviewing the government's security policy. However, they probably would not be given full information on which to proceed.

Senator Flynn: What else is new?

Senator Goldenberg: The situation created could be embarrassing for both the government and the commission.

Senator Flynn: You should never embarrass the government.

Senator Goldenberg: The Leader of the Opposition will have to admit that I am frank.

Senator Flynn: Yes, a bit too much for the liking of the Leader of the Government.

Senator Smith (Colchester): I wonder if the honourable senator would permit a question which would further give him an opportunity to emphasize his frankness.

Senator Perrault: And fairness.

Senator Goldenberg: I am going to ask Senator Smith to reserve his question until I have concluded my remarks.

The next ground which has been omitted, and to which Senator Yuzyk made reference—I might add that I raised the same question in discussions on this bill before proposing second reading—is language. It is felt to be preferable to deal with all protection of official language rights at the federal level in the context of the official languages regime. To also include language rights for French and English in the Human Rights Act could only create confusion, as two separate government agencies would be involved under two separate schemes.

It is not thought to be appropriate to protect language rights for all minority groups in this bill. To do so would mean that the federally regulated service industries, and so on, would be required to provide service in any language demanded. This would be a problem in employment where a person did not speak the language of the workplace, although the "*bona fide* occupational requirement" exemption in the bill would provide some relief in this regard.

I would also point out, particularly to Senator Yuzyk, that some protection against discrimination on the basis of language is provided under the ground "national or ethnic origin." To the extent a person is discriminated against because

he is identified as speaking a certain language, protection is provided.

Senator Yuzyk also spoke about the restriction of physical handicap in employment matters. Under clause 21(1)(h) a duty is placed on the commission to promote the improvement and development of arrangements for the physically handicapped in the areas of goods, services, facilities and accommodation. Including it as a ground would raise very difficult questions for the commission as to what constitutes "equal treatment" and what fairly can be required. No province prohibits discrimination in these areas, and thus their experience cannot be drawn upon. There would have to be several exceptions made to the prohibition. For example, the railways cannot be expected to conduct expensive and difficult renovations and have specially trained attendants available to aid the handicapped at every small station. It is expected that the route of persuasion and promotion adopted under clause 21(1)(h) could be just as effective as prohibiting discrimination on this ground, as greater co-operation can be expected from the providers of goods, services, facilities and accommodation.

Finally, Senator Yuzyk made reference to what he called a thorny issue, and it is that. Another exception in this bill is found in clause 63(2), which states:

> Nothing in this Act affects any provision of the *Indian Act* or any provision made under or pursuant to that act.

The honourable senator went on to say, correctly:

> There is outright discrimination in the Indian Act, on the basis of blood, against women. Indian women who marry white men lose their rights on the reserve, while white women marrying Indian men have their rights on the reserve.

This was recognized by the authors of the bill. The provisions of the Indian Act are exempted from Bill C-25 because of the government's commitment to the National Indian Brotherhood not to alter the Indian Act without prior consultation. This process of consultation, I am advised, is under way and proposals for a new Indian Act are being drawn up by a joint National Indian Brotherhood-Government Committee.

The prime problem is section 12(1)(b) of the Indian Act, which allows for the disenfranchisement of an Indian woman who marries a non-Indian. There is no comparable provision for an Indian man. The Minister of Justice has served notice to the National Indian Brotherhood that the situation existing under section 12(1)(b) is not acceptable to the government and a solution will have to be reached. However, it is not felt possible to break the commitment at this point in time.

The general provisions of the bill, of course, do apply to Indians; that is, where an Indian is discriminated against in employment or in the provision of goods, and so on, the bill generally does apply and will provide a remedy. It is only where a specific term of the Indian Act is involved—the one to which I made reference—that the bill does not apply.

As far as my very good and very old friend Senator Forsey is concerned, I shall not undertake to reply to the many points that he raised. I agree with him that those are matters that should more properly be considered in committee.

Senator Smith (Colchester): I wonder if the honourable senator, having concluded his remarks, would now be prepared to accept a question or two, which will give him an opportunity to display his frankness in relation to these matters.

Senator Goldenberg: I thought it was one question before. It is one or two now, is it? I will allow two questions.

Senator Smith (Colchester): If the honourable senator is afraid of two I will be glad to reduce it to one.

Senator Goldenberg: I will accept two questions.

Senator Smith (Colchester): The first one is this: Does he really think it would be against the public interest to embarrass the government by inquiring into its security practices, and its advantages and disadvantages?

Senator Goldenberg: I do not think anyone can give a simple answer to that question. It all depends on how you define "security practices" and what is involved. I cannot say any more on that.

Senator Smith (Colchester): I thank the honourable senator for his comment, although I cannot thank him for an answer. My second question is: Does he think it is worse to be an opponent of the government than to have committed a criminal offence for which a pardon has been granted?

Senator Goldenberg: I am sorry, I did not hear the first part of the question.

Senator Flynn: Senator Hicks is prepared to reply, though.

Senator Smith (Colchester): I will be glad to repeat it and let Senator Hicks answer if he will. My question was whether the honourable senator thinks it is worse to be an opponent of the government than to have committed a criminal offence for which a pardon has been granted.

Senator Croll: If you happen to be a Tory it is.

Senator Goldenberg: I am going to leave that to the imagination of Senator Smith. He has a wonderful imagination, judging from the remarks he made tonight.

Senator Perrault: Fantasy, that is what it is.

Senator Smith (Colchester): With all respect to the honourable senator, I think he would have done better to have let Senator Hicks answer it.

• (2050)

Senator Flynn: I am not too sure about that.

Senator Yuzyk: May I ask a question with regard to the committee meeting? Can we look forward to having the Minister of Justice appear before the committee when we are discussing this bill?

Senator Goldenberg: I have already spoken to the Minister of Justice and told him, assuming we give second reading to the bill and refer it to the committee, we expect him to be a witness. He agreed he would be.

Senator Flynn: A very flexible witness.

Senator Langlois: And a very good one, too.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Goldenberg moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL 1976

SECOND READING

The Senate resumed from yesterday, the debate on the motion of Senator Carter for second reading of Bill C-26, respecting the organization of certain scientific activities of the Government of Canada.

Hon. Allister Grosart: Honourable senators, Senator Carter gave us a very complete explanation of this bill and its contents. It is not my intention to go through it item by item, except insofar as it may be necessary to explain some of its provisions as background for some comments I may make.

As Senator Carter said, the bill does not attempt to cover the whole field of science policy. In spite of that fact, the discussions that have taken place in the science community and in the other place have ranged far and wide over the whole problem of science policy in which our own committee, the Special Senate Committee on Science Policy, has been engaged for a number of years, and on which it has concluded its hearings and is about to bring in a report.

The title of the bill is "An Act respecting the organization of certain scientific activities of the Government of Canada." The short title is the "Government Organization (Scientific Activities) Act, 1976." I am sure that honourable senators will agree with me that we can at least endorse the principle if it means that the government is at last going to organize its activities in any sphere of the national interest, including science policy. The evidence over the years has been that it has not been very successful in organizing its activities in respect to the economy, of which science policy is a part.

The bill deals largely with the university sector, which is one of the three main granting sectors in receipt of funding from the federal government through various organizations set up for that purpose. The other two are the government in-house establishment and industry.

The background of this has been documented many times, particularly by our own committee. It is that we are in a most extraordinary position in respect to the balance of funding among all countries—including the entire group of free market countries and others—in that we have the largest percentage of our funding in-house. While this bill does not deal specifically with that, it is one of the major problems facing us, largely because the government has not succeeded, but has failed completely, to get the bureaucracy and the departments to pay any attention whatsoever to its own statements of intent and priority over the years. This raises the question of whether the intent expressed by the government in this bill will be implemented by action. I hope it will. I am sure all honourable senators hope it will. But, if the record of this government in stating fundamental scientific priorities and getting them implemented is any record, this bill might just as well be thrown out.

The fact of the matter is that three successive science ministers have stated categorically that it is a high priority of this government to transfer funding to industry. Yet, in spite of statements that were made three times by three different ministers, the percentage of government funding to industry has declined. This is the major problem. We have to ask ourselves, "Does the government mean to implement the provisions of this bill, or will we be faced with this same situation of utter ineptness in achieving what the government itself says are its priorities?"

The bill, as it stands, is based almost entirely on the report of the Special Senate Committee on Science Policy. This has been indicated, particularly in the comments of the present minister, who has, at his own request, come before our committee and explained those recommendations in detail.

Madam Speaker, I would find it much easier if one of our rules were enforced. I find myself disturbed by a conversation that is going on. Perhaps you might call attention to the rule that suggests that a conversation such as this be carried on outside.

Senator Flynn: I suppose, if Senator Eudes, for once, has something to say, Senator Grosart might yield.

The Hon. the Speaker: Order.

Senator Grosart: Thank you, Madam Speaker. I am sorry for having to bring that to your attention, but the two honourable senators seemed to find it necessary to carry on their conversation in voices so loud as to disturb me.

Senator Langlois: Perhaps it was an echo of your own speech.

Senator Grosart: That could be, although it did not sound as though it was an echo of what I was saying. It sounded much more serious and important.

I was saying that the bill before us is based on the recommendations of the Senate committee. There are some exceptions, and the minister has come before us, at his own request, and explained those exceptions. I cannot say that the committee has accepted them. In some respects we find this a half-way measure, but it is at least half way with respect to the recommendations made by the Senate committee.

The discussion on this bill in the science community, which has been very extensive, and in the other place, has repeatedly mentioned the recommendations of our own committee. They have acknowledged the work that has been done by this

committee and the influence of the report of that committee on this particular aspect of government science policy. Over and over again, the reference is to the "Lamontagne committee." I am sure honourable senators will understand if I take a moment or two to say that Senator Lamontagne's name has gone through the science community in Canada and around the world as one who has made a most significant contribution to science policy during the last few years.

● (2100)

Hon. Senators: Hear, hear.

Senator Grosart: I might perhaps regret a bit—not very much—that the committee is always referred to as the Lamontagne committee, although I once said that I hoped it would always be referred to as such because of the dominant contribution made by Senator Lamontagne. Unfortunately, it is not always referred to as a committee of the Senate. However, I am sure that those who are particularly concerned with this field are aware that it was a committee of the Senate chaired by Senator Lamontagne.

Senator Langlois: Perhaps we should call it the Lamontagne-Grosart committee.

Senator Grosart: The deputy leader suggests it be called the Lamontagne-Grosart committee. Far from it. As a matter of fact, the deputy chairman was Senator Cameron, and he, too, carried much of the load. Unfortunately, he is not present this evening. The sponsor of this bill, Senator Carter, was one of those who made a very significant contribution, and there were others.

Hon. Senators: Hear, hear.

Senator Grosart: It is a mistake to name names, but those are individuals who had either a special position on the committee or a specific role in the presentation of this bill.

It was a committee that worked well as a team under Senator Lamontagne. I am sure that all honourable senators who were part of that committee will agree that Senator Lamontagne did lead a team, and got some of us to do some work.

The bill before us, as Senator Carter said, is in nine parts, seven of which deal with certain changes that are to be made in the framework of the structure for the granting of federal funds to universities for research. On occasion in the discussion there is reference to a trio of councils. Actually, there are four involved—the Canada Council, the Science Council, the National Research Council, and the Medical Research Council. The latter is governed by an act called the Medical Research Board Act, but it is invariably referred to as the council. For these four councils there are additions and subtractions from their jurisdictions, their powers and their authorities. The Defence Research Board is to be abandoned. Canadian Patents and Development Limited is to be transferred from one department to another. These are inter-board or council transfers, and to them are added two new councils, which was a major recommendation of the Lamontagne committee. These are the Social Sciences and Humanities Research Council and the Natural Sciences and Engineering Research Council.

The bill deals largely with granting functions. The total amount involved in terms of government expenditure for the last fiscal year was $160 million, whereas this year, according to the blue book, total council expenditures will amount to $172 million.

Naturally, the proposed changes have raised a good deal of discussion, comment, and in some cases, almost defiant rejection, particularly from those who will lose some power and authority—which is understandable—particularly the Canada Council, and from some very ardent supporters of the work of other councils, such as the National Research Council. A very good example of that was the speech made by Senator Hicks last night in which he drew attention to the record and the work of the NRC and regretted that some of its powers and authority in the granting field were being transferred.

The recipients of the grants, generally speaking, have been happy that they are getting the grants. What concerns them now is whether there will be any change in the receipt of grants. Most generally, however—and this is an interesting fact—all of the studies, with perhaps one exception, that have been made of this general proposal for the restructuring of the granting councils have been generally in favour. There have been some suggested amendments but, by and large, the report of the Senate committee has been endorsed.

In its first report, the Senate committee found that the situation in Canada was that we had science policy by accident. I am glad to say that there has been some improvement over the years, for which the committee, I think, can take some credit, and the bill attests to that. Some might say that this bill is just an *ad hoc* stab at the problem, but it is more than that. The minister has described it as being evolutionary, not revolutionary, and I think that is true. In its second report, the committee said the same thing—that there be an evolution of the granting function, not a revolution.

It would also be fair to say that this bill suggests an experiment. In this whole field of the administration of science policy it will always be an experiment, as I will indicate in a few moments in my comments on the NRC. In the broad discussion on science policy, of course, we heard about the utter failure of the government to use science policy in the general interests of Canada, the economy and the universities in these last few years. The results, it is not unfair to say, have been disastrous. Total funding by the government of scientific activities has steadily decreased year by year, to the point where it is now no more than 1 per cent of GNP, compared with figures such as over 2 per cent in The Netherlands, over 2 per cent in Germany, over 2 per cent, or thereabouts, in Japan, and so forth, in spite of the fact that the recommendation of our committee some five years ago was that by 1980 total funding should reach 2.5 per cent of GNP. The government has lagged in that respect, and to some extent it is understandable, given the problem of inflation and the need for restraint. I am not being entirely critical, but the restraints and constraints on the support of science have had disastrous results.

As to our performance in technological innovation as a country—a free market, industrial country—Canada, according to the OECD, is at the bottom of the list. And this is in a country where technological innovation could almost be described as the lifeblood of its exports. That is the situation we are in.

Some of the provisions of the proposed act raise a few questions which, I hope, will be discussed in committee, or elsewhere. In the first place, as Senator Carter said, the two new councils, the Social Sciences and Humanities Research Council and the Natural Sciences and Engineering Research Council, are to be set up under separate acts. I do not know how that can be achieved. There may well be—there must be—some methodology to do that, but what we are dealing with here is a bill, which will presumably become an act, and the intention is to extract from it the provisions respecting two of these councils, and set them up under separate acts. Perhaps in due course it will be explained to us how that can be done. This, of course, is to match the situation for the Canada Council which is set up under an act, the Science Council which is under an act, the Medical Research Council, and so on.

● (2110)

The statement that they would be set up under separate acts is, I suppose, a kind of an apology for offering these provisions in an omnibus bill. Obviously, the proper way would have been to bring in separate legislation setting up these councils, but I will not comment too much on the reasons for that, except to say that it is part of the general legislative untidiness of the government to do things in this manner.

The usual remark from the Leader of the Government is, "Oh well, the opposition holds up these bills and it is terribly hard to get them through." The answer to that, of course, is that here we are, in the last three weeks, having to deal with 16 or more bills, when we have had only eight, I believe, in the whole session up to this time. Obviously, if the government wishes to manage its affairs, it can get these bills through, particularly when there is a suggestion of a June 30 deadline for recess. Surely we can have better management of our affairs than this, so that we do not have this type of omnibus bill, which we are then told will be broken down into separate acts. I do not know if they will be brought back to the House of Commons and the Senate. I do not know how we can pass an act by extracting it from an omnibus bill but perhaps there is a way, and, if so, I would be very interested in knowing about it.

The broad principles accepted by Senator Lamontagne's committee have been included in the provisions of this legislation. As I said, the bill goes at least halfway—perhaps more than halfway—because it accepts the major principle on which the committee laid its greatest emphasis; that is to say, the separation of the granting powers from other functions of these councils. It provides also for a co-ordinating council which will report to the Minister of State for Science and Technology. It will have a not too clearly defined function—as a matter of fact, it does not appear in the bill at all. The minister says he will appoint such a council. It will, according to his statement, not have any real authority; it will be able to advise the minister as to what is going on. It will, I suppose, to some extent co-ordinate the work of the councils, and the minister says it will have a major role in deciding on the allotment of funds from council to council.

In total, this seems to me to be a less effective method of tackling the problem than that suggested by the Senate committee. We suggested what I think would be a much more suitable and effective structure. In the first place, we suggested that these councils be known as foundations. I will not go into the reason, but there is an excellent reason and perhaps it was not understood by the minister, MOSST or the draftsmen. However, I am quite convinced that it would have been much better had these been set up as foundations.

This would apply particularly in the case of the Canada Council. Honourable senators may or may not be aware that the Canada Council was a creation of Senator Lamontagne when he was Secretary of State. At that time there was a large private legacy available to Canada. It occurred to Senator Lamontagne, and he was able to so persuade his colleagues, that this should be used as the base on which there could be set up a Canada Council to carry on certain activities, particularly in granting research funds in the field of the arts. At that time the social sciences and the humanities were included. The reason it was set up as a foundation was so that it could receive private funds and government funds, and dispense them. It was on the basis of that success story that we recommended that these be foundations rather than councils. There were other reasons, in addition to that.

Another problem that will arise from the implementation of the provisions of this bill is that these councils report to three different ministers. This, in my opinion, makes no sense whatsoever. The recommendation of the committee was that they would all report to one minister, the Secretary of State. I am sure that there will be very serious problems of non-coordination, which is one of the serious problems we face in science policy. The inter-council co-ordinating committee will report to the Minister of MOSST, so we will have a group of councils reporting to different ministers. Where they are to achieve the kind of co-ordination which is the principle of the bill from such a setup, I do not know.

This bill is divided into nine parts, and I now propose to deal specifically with them. The first deals with the Social Sciences and Humanities Research Council, and here there will be a transfer of the social sciences and humanities from the council to the Social Sciences and Humanities Research Council. This was a major recommendation of the Senate committee. One of the situations we discovered was the almost complete neglect of the social sciences in the whole field of support from the government and, indeed, from the private sector. We had suggested that this council be known as the life sciences foundation and we made some other recommendations, into which I do not intend to go now. One included the granting powers of the biological sciences. It is in this field that there has been most opposition to the Senate recommendation in the provisions of the bill. The Canada Council itself has put up a

hard fight, and its supporters have done likewise. Senator Hicks, I believe, is one of those who regard it as not a good idea to split these functions. I have found that those who feel this way are in a rather small minority of the experts and those who have studied the question. Going back to the UNESCO studies, they recommend this type of separation, and the Science Council has made much the same recommendation.

The reason for this, or one of the reasons, at least, is the tremendous growth in the importance of the social sciences, which is a very, very different situation from 20 years ago when the Canada Council was established. The neglect of the social sciences over the years has been very marked. For example, when the Science Council itself was established, it did not include a single representative of the social sciences, yet this was to be the council that would advise the government in the whole field of scientific activity, research and development. As a matter of fact, this very bill now before us provides for an additional number of directors of the Science Council in order to provide specifically for representation from the social sciences. This principle of separating granting from other functions, which applies also to the National Research Council, with which I will deal shortly, is of very great significance. I will not go into all the reasons, but there is almost a consensus, but not quite, among those who have carefully studied this problem that the two should not be mixed.

• (2120)

In these cases, and particularly in the case of the NRC, the laboratory function is a thing apart, and it does not seem to make sense that a council which has the function of developing research laboratories should also be making grants. That is the main reason for the separation.

There has been some suggestion that the transfer to the granting powers from the National Research Council to the new Council on Natural Sciences and Engineering Research is in some way intended to downgrade the NRC. So far as I am concerned, that is not the intent I read into the bill. On the contrary, the record of the NRC could hardly be more outstanding. I have said myself that some of the problems of Canadian science policy are a direct result of the excellence of the NRC. There can be no question that in the whole field of its operations up to now it has achieved an international reputation which would be hard to match in any other scientific organization in the world. So I say there is no intention here to downgrade the NRC.

As a matter of fact, the provisions in this bill are part of the evolution of the NRC, which is sometimes forgotten. One of the great credits we can give to the NRC is that it has developed within its own mandate many organizations which are now standing on their own feet. Atomic Energy of Canada Limited is one; the Defence Research Board is another; and the Medical Research Council is still another. So all that is happening here is that the NRC is being given credit for its ability to achieve this function of starting up other organizations and then sending them out to stand on their own feet. That is what is being done, for example, with Canadian Patents and Development Limited, a crown corporation whose main function is the patenting and marketing of scientific discoveries emanating from government. It does, however, have some mandate going beyond that.

So, here, two more of the original functions of the NRC are being transferred. I say that NRC can be proud that two more children are being added to its distinguished family. That should not in any way be regarded by NRC as a downgrading of its functions or its reputation. Quite the contrary. One would hope that its marvellous record of laboratory research will be enhanced by the concentration which will now be possible on that most important function, and one or two others which have been added in the bill, such as scientific information and assessment.

I come now to Part IV of the bill. The structure of the Science Council was of some concern to Senator Lamontagne's committee. Some recommendations were made particularly with respect to the fact that whereas it was an advisory council on a medium and long-term basis to the government, it had public servants or bureaucrats on the board, and the committee decided that that did not make sense. So the bill provides that there will be no more civil servants on the board.

We found that here was this tremendously important committee, whose chairman was not full-time and was not paid. We recommended that he should be paid, but there seems to be some question in the bill because it does not definitely provide that the chairman, the president, will be paid. It does not say he will not be paid, either; it says others will not be, so I presume that he will be paid.

Then we found, as I mentioned a moment ago, that here was this extraordinary situation of there not being a single social scientist on the board. This whole neglect of the social sciences carried through to the extent that when SCITEC, which is an umbrella association covering these scientific societies in Canada, was set up originally—and Senator Lamontagne, Senator Cameron, Senator Carter and I were there—one of the first questions put to us was, "Do you think it is really necessary to allow the social sciences in?" Well, that problem was resolved.

Part V deals with the National Research Council, and I have covered that. In part VI the National Defence Act is amended to discontinue or abandon the Defence Research Board. I am not quite sure how this will be achieved, and perhaps in committee, or elsewhere, we will have an answer to an extraordinary procedure which is quite new to me. We are told that this bill merely confirms or regularizes what was done in 1974: "under the authority of the Public Service Rearrangement and Transfer of Duties Act." It appears that this board, set up by an act of Parliament, was abandoned and abolished under another act. It is quite possible that that could be so, but it seems an extraordinary thing that we should have an act which would allow, if it does, the government to use the authority of an act such as the Public Service Rearrangement and Transfer of Duties Act to make a fundamental change such as has been made here. Perhaps we could have an explanation of that. Certainly, I am not aware of that act, and

I am not aware of how it has been used. Also, the Defence Research Board appears to have been downgraded. It reports at a very low level, and it seems to me that it should be reporting at least to an assistant deputy minister, as a similar board in agriculture is doing now.

The Medical Research Council has been notoriously starved for funds in the last few years—so much so that the government has practically been forced to add to its necessary resources by supplementary estimates three times in the last 18 months or two years. Its resources are to be increased, we are told, and it will now have an additional function in the whole field of public health. It is not quite in agreement with the recommendations of the Senate committee but, by and large, the concept matches the broad concept of our report.

Parts VIII and IX are consequential and transitional. They are of no great importance except to provide for carrying on the personnel of these research councils and boards until the various clauses of the bill are proclaimed.

In conclusion, honourable senators, I say that I support this bill in view of its relevance to the report of the Senate committee. It is a step in the right direction. At least, it does indicate that the government has taken the Senate report, assessed it, examined it in connection with many other studies and reached certain conclusions. I would not complain too greatly if it has not reached exactly the same conclusions so long as the broad concepts appear to have been implemented, as they have.

The main problem outstanding, then, is the entrenched departmental and bureaucratic fortresses. I said at the outset that it is shocking that there is no evidence whatsoever that the government, having decided on a priority policy, is able to have that policy implemented by its various departments. The funding of industry is one example, but there are many others. I believe that the new minister, Mr. Faulkner, who has been before the committee and whom I have had the pleasure of meeting on other occasions, means business. We tried in the committee to suggest to him that one important aspect of the implementation of this bill would be the upgrading of the position of the Ministry of State for Science and Technology. It is now at the level of a ministry of state, not a full department. We are told that this difference between a departmental responsibility and a mere ministerial responsibility does not have the same significance as it has in Britain, but certainly it has been taken as an indication of the low level of importance of this department. Why this is so, I do not know.

● (2130)

The total funding by the federal government of science and technology this year will amount to $1.664 billion in a total budget of about $30 billion. Certainly that alone would justify the upgrading of this ministry. We have had some evidence that the ministry under Mr. Faulkner is making considerable progress in upgrading its position in the cabinet. Certainly it seems to be following one of our very major recommendations, not in the immediate field of this bill but in the general field of science policy, and that is that we should have a visible science budget. We seem to be getting very close to the point where there will be a totally visible science budget before the budget goes to Treasury Board.

As one who has worked along with Senator Lamontagne on this committee for a good many years now, very often with great frustration, I have to say at this time that I believe times are changing. I believe that government science policy is starting to move in the right direction. This bill is one instance of that. It is, as I said, a step in the right direction. But the special Senate committee has concluded its hearings. It will bring in a report in due course. The committee will cease to exist, and then Canada will be in the unique and absurd position among the modern nations of the world of being just about the only one that does not have a science and technology committee in either house. There are signs that something may be done about this. One would hope in due course there will be a science and technology committee established in the other house. Certainly the discussions on this bill and other activities indicate that there are today a handful—more than a handful—of members of the House of Commons active, interested and well informed on science policy. The nucleus is there.

I am sure all of us on the committee will regret the existence of this temporary vacuum. It will not be in the best interests of Canadian science, the Canadian economy or Canadian society. The suggestion has been made that there should be established a joint committee, and I do not know what may come of that. But certainly as our committee ceases to exist, as it will very shortly, there will be a vacuum—and a serious vacuum—in the whole area of Canadian science policy.

Senator Carter: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if Senator Carter speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Forsey: Honourable senators, I should like to adjourn the debate in order to make some very brief remarks.

Senator Choquette: As brief as the others we have just heard?

Senator Forsey: I can make them now for that matter. I am perfectly happy to do so, but I am afraid I may be interfering with some plans for Senator Walker to speak to us tonight, and I have a much higher regard for Senator Walker's eloquence than I have for my own.

In spite of the modified raptures of the Deputy Leader of the Opposition, I must confess that I remain an unrevised and unrepentant supporter of the speech which Senator Hicks made last night. The speech of Senator Grosart was, shall I say, a eulogy of a bill which more or less, it appears, follows the recommendations of the committee of which he was so distinguished a member. I think as the speech went on it became clearer and clearer that it was very much a case of "more or less". He pointed out one deficiency after another in the bill from the point of view of the members of the committee on science policy. Much of what he said, however, it seemed to me was simply underlining the point that Senator Hicks had made that there was very little wrong that could not

be cured by providing more money for the existing agencies. He referred to the almost complete neglect of the social sciences by the Canada Council, and I am inclined to think that that comment is a little bit out of date—that it was true some years ago, but it is no longer true now.

I simply conclude by saying that in my judgment, for the reasons given by Senator Hicks most thoroughly and eloquently last night, this is foolish legislation which is wasting the time of Parliament, and if Senator Hicks or anybody else wishes to divide the house on it I shall be very happy to vote against the bill.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Carter speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Carter: Honourable senators, I should like to thank Senator Grosart, Senator Hicks and Senator Forsey for the valuable contributions they have made to this debate. As Senator Grosart pointed out, Bill C-26 reflects in large measure the recommendations made by the Special Senate Committee on Science Policy, and that is a source of pride to me personally, and I think it is a source of pride to the Senate as a whole.

I heartily join with Senator Grosart in the tribute he paid to Senator Lamontagne as chairman of that committee, and I thank him for the very kind references he made to myself. But I would point out that Senator Grosart was all too modest in minimizing his own contributions to that committee, which were of enormous proportions.

Some Hon. Senators: Hear, hear.

Senator Carter: I owe a special debt of gratitude to Senator Grosart because he has assisted me considerably in replying to the criticisms voiced at the last sitting by Senator Hicks and supported a few moments ago by Senator Forsey. Senator Hicks and Senator Forsey complained about the splitting away of the granting functions from the existing bodies. In this connection I think it is important to remember that the changes which are proposed in Bill C-26 are not the result of somebody's dream, and they were not plucked out of thin air. They were arrived at after consideration of advice from a number of sources, including the Glassco Commission, the Macdonald Study Group, the Science Council, the OECD, the Special Senate Committee on Science Policy, and every one of them recommended this change, that the granting functions be separated from the NRC and from the Science Council.

● (2140)

One very good reason for setting up separate granting bodies for various disciplines in the area of university research is to provide the same mandate established by the statute for all disciplines. This was not the case before. The president of the NRC often found himself in a difficult position, and in some respects an ambiguous one, in that as well as having certain intergovernmental responsibilities, he was responsible for supporting research in the universities as well as research in the industrial sector. Evidence presented to the Science Policy Committee made it plain that the Science Council was already spending 80 per cent of its time on the granting function, and this did not leave, in the view of the Senate Science Policy Committee, sufficient time to devote to the very large scientific laboratories operated by the NRC. The freeing of the NRC of the granting function, therefore, will enable it to devote much more time to this very important research function.

The reports of the studies referred to earlier, including that of the OECD and the Science Council, all stressed the necessity for a definition of science policy. If you look in the dictionary you will see that science is described or defined as "the organization of knowledge to meet human needs." The government has adopted a definition of science policy as, "the organization of scientific activities to achieve national goals and objectives". This is the definition on which Bill C-26 is based, and it is on this basis that Bill C-26 ought to be judged. It is obvious that this approach of the government is somewhat different from that of the scientific community. This gives rise to different schools of thought with respect to basic research. Perhaps I should say "apparent differences," because actually there is no real difference of opinion as far as the importance of basic research is concerned. There is, however, a difference of emphasis, because the government's emphasis arises from its responsibility to make the maximum use of limited funds to achieve national goals. Obviously that means, with respect to the funds available, that the best possible balance must be struck between basic research and technological development leading to marketable products.

The approach of the scientific community is similar to that voiced by Senator Hicks, in terms of which, if I can paraphrase what he said, you pick the best person you can find, provide him with the funds, and then let him pursue his own course.

That is very fine as far as it goes, and if funds were unlimited we could then have the very best of both worlds; but that course of action is based on the theory that basic research is at one end of a continuous spectrum leading to technological innovation and new marketable products.

Senator Hicks: And is it not?

Senator Carter: This is not the case. Perhaps I should say that it is not always the case, since sometimes it is. But a great deal of innovation results from improved design and improvements in technology rather than from scientific research.

A study carried out by MIT discovered that a considerable proportion of innovation resulted not from scientific research but from the reactions of users of the products themselves, who discovered flaws, and ways of improving the article or product in question.

Senator Hicks: Honourable senator, may I really ask if you think that MIT is a case that you could quote as being against the proposition of basic research? This is surely taking an institute which has a world-wide reputation for basic research

completely out of its context. The way to promote applied research is certainly not to destroy basic research.

Senator Carter: Well, I can refer my friend to Arthur Koestler, who said in his book *The Act of Creation,* that Faraday's lack of knowledge of mathematics and Edison's lack of science were assets to both these gentlemen. I would also point out that the classic example of this is the steam engine. The steam engine did not result from any research into the laws of thermodynamics.

Senator Hicks: But it all had to be done before the steam engine could have been built.

Senator Carter: The people who discovered the steam engine had very little knowledge of the laws of thermodynamics. What they were doing was trying to solve the problem of pumping water out of mines, and it was their addressing themselves to that problem which led to the invention of the steam engine. Scientific research had very little to do with it.

Senator Perrault: They are working on the perpetual motion machine over there.

Senator Hicks: I could reply—

Some Hon. Senators: Order.

Senator Carter: If my honourable friend wants another example, I can refer him to Dr. John Hughes of the lobster hatchery in the state research laboratory at Vineyard Station in Massachusetts. Dr. Hughes has devoted a great deal of his time to research in the commercial farming of lobsters. He has said that we have already all the biological research we need for this purpose but that we lack the engineering systems, the designing systems, and the hardware for water quality control and automatic feeding.

This is the point of the emphasis in this legislation on not giving all the credit to basic research but rather acknowledging the contribution which can be made by engineers, designers, and other technologists, to the solving of problems and the achieving of national goals.

Senator Choquette: You really are closing the debate, aren't you?

Senator Smith (Colchester): He hasn't closed it yet.

Senator Carter: With respect to the Science Council, not everybody's experience with it has been as happy as that of Senator Hicks and Senator Forsey.

Senator Hicks: I have never had any experience with the Science Council. Are you mistaken, sir?

Senator Carter: Well, I am not going to take time to read what you said.

Senator Hicks: My honourable friend referred previously to the Science Council when he meant the National Research Council. Did you mean the National Research Council just now?

Senator Carter: I understood that you deplored the setting up of a separate council for the humanities and the social sciences. The reason for that is that the social sciences and the humanities have grown tremendously in recent years, as Senator Grosart pointed out a few moments ago. Also, social problems have also grown and today are the most serious problems facing Canada and, indeed, most nations.

● (2150)

Senator Hicks referred to extra administrative costs. As I pointed out in my introductory remarks, the same personnel which now exist will be divided up among the new organizations. Very few extra personnel will be required apart from the three presidents of the new granting institutions. In any case, administrative expenses account for only 2 per cent of the total.

With respect to the Defence Research Board, the bill merely legalizes what is already the practice. The research establishment of the Defence Research Board have already been integrated into the Department of National Defence. This will be of benefit to them because, as the minister pointed out, the capital expenditures with respect to defence will be increased by 12 per cent, plus inflation, and so the funds available to those laboratories will be greater than they would be under the present system.

There has been some criticism of the Inter-Council Committee. I believe Senator Hicks referred to it as being on the inter-bureaucratic level. The Inter-Council will be made up of the heads or presidents of the three granting institutions. They will be coming into the government from the scientific community and will later return to the scientific community when their contract expires. Therefore it is hardly fair to refer to them as bureaucrats.

Senator Grosart referred to the fact that each of these new bodies will report to different ministers. I agree with what the Senate committee recommended, that they should report through a single minister. The ICC will obviate that to some extent because it will enable the heads of the three bodies to come together to discuss their mutual problems. They have a channel to the government through the Ministry of Science and Technology.

Senator Choquette: May I be permitted a question? Does the honourable senator intend to send this bill to committee?

Senator Carter: Yes. I have one further comment to make, which is in reply to Senator Grosart's question concerning parts I and III being separate acts. I am told that Parts I and III are already in the form of separate acts. They are exactly in the form they would be in if they were introduced as separate bills. When they are written up in the consolidated statutes they will be written up as individual acts.

I notice that the time is getting on, and it will be my intention to move that the bill be referred to committee.

Senator Grosart: Wait for second reading.

Senator Carter: I will be glad to terminate my remarks, unless honourable senators wish me to continue further.

The Hon. the Speaker: It is moved by the Honourable Senator Grosart, seconded by the Honourable Senator Molgat, that this bill be now read a second time.

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

An Hon. Senator: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Carter moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Rowe, for the second reading of the Bill C-12, intituled: "An Act to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Grosart*).

Senator Grosart: Stand.

Senator Hicks: Honourable senators, since I do not expect to be present during the rest of this week, may I be permitted to answer the question that was asked last night by Senator Inman? I do not purport to close the debate, but merely to reply to the question.

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

Hon. Senators: Agreed.

Senators Hicks: The question was:

> Would the honourable senator permit a question? Has he any idea of the dollar value, annually, of the dividends and interest received by Canadian citizens from Pakistan?

The answer is that the Department of National Revenue does not maintain a breakdown of the dividends and interest received by Canadian citizens from foreign countries such as Pakistan. However, in 1971 a special student project did tabulate some figures, and accordingly I am able to tell the house that for that year, 1971, interest paid by Canadian residents—which presumably includes Canadian corporate residents—to Pakistan residents amounted to approximately $7,600, and dividends, $6,950. I would think it safe to speculate that the amount which travelled in the reverse direction was substantially less than that.

On motion of Senator Grosart, debate adjourned.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—SECOND READING

Hon. Alan A. Macnaughton moved the second reading of Bill C-3 to amend the Canada Deposit Insurance Corporation Act.

He said: Honourable senators, at this late hour it is certainly not my intention to keep you here for long, but it is my duty to try to present a short resume of this bill, and I hope that you will find it of interest.

In brief, the bill proposes to amend the Canada Deposit Insurance Corporation Act. The main purpose of the bill is to permit the board of directors of the corporation to rebate—I underline the word "rebate"—some or all of the premiums paid by member institutions each year if the board is convinced that the deposit insurance fund is adequate or is growing at an adequate rate.

I have been in Parliament for quite a few years, and I have not known many bills which purport to rebate. In my view, it is a very healthy trend.

Apart from that the amendments are really of a housekeeping nature, to cure certain administrative problems and certain problems of interpretation which have arisen during the 10 years since the bill has been in force and in effect.

Before describing any of the proposed amendments in detail, it may be useful to comment briefly on the purpose and history of this act. The Canadian Deposit Corporation Act was passed in 1967 and had, for its main purpose, the establishment of the Canadian Deposit Insurance Corporation.

May I from now on, in referring to this long title, merely cite it as the CDIC? The corporation was formed for the purpose of ensuring deposits made in banks, trust companies and loan companies. The insurance covers each depositor up to the extent of $20,000 in each institution.

• (2200)

The latest figures show that the CDIC insures deposits in 94 member institutions. Twelve of these are banks, 36 are federally incorporated trust companies or loan companies, and 46 are provincially incorporated trust companies or loan companies. The total insured deposits held by the institutions at the end of 1976 were just under $56 billion.

The act provides that each member institution must pay a premium representing a proportion of the insured deposits. The premium is fixed at 1/30th of one per cent of the insured deposits, but this may be reduced under a formula presently in the act where the board of directors considers that the fund is sufficient to permit such a reduction.

During 1976 the premium income for the corporation amounted to $11,759,000, and at the end of that year the total assets of the corporation amounted to $125 million.

All federally incorporated banks, trust companies and loan companies are required to become members of the deposit insurance plan. Provincially incorporated trust companies and loan companies may become members if they have the authority of their home jurisdiction and if their financial position is

acceptable to the CDIC. I suppose that, in explanation, provincially incorporated companies can, with the acquiesence of their province of incorporation, become members and also be subject to a proper system of supervision.

The Province of Quebec has a deposit insurance plan applying to deposit-taking institutions in that province. However, the Quebec plan insures only deposits in Quebec; deposits outside Quebec incorporated institutions are insured by the CDIC. The CDIC insures deposits in all federally incorporated institutions, whether the deposits are accepted in Quebec or outside Quebec.

Apart from the basic function of the CDIC under the act of providing deposit insurance, it has other powers of an incidental or ancillary nature, such as the authority to assist member institutions through the making of loans and the purchase of their assets. CDIC can also act as liquidator or receiver of a member institution when appointed by a court, and in such cases assumes the related expenses.

The corporation is managed by a board of directors, consisting of the chairman, who is appointed from outside the public service, and four other directors who are *ex officio,* namely, the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance, and the Inspector General of Banks.

The most important of the amendments proposed in the bill relates to the growth of the assets of the CDIC and the rate of premium that should, as a consequence, be charged to member institutions. Although there is presently a formula in the act to reduce the premium rate below the basic rate of 1/30th of one per cent of the insured deposit, it has been found that the rate of increase in deposits has been much greater than anticipated when this formula was written into the legislation in 1967. As a result, it seems that the premium payments are now enough, or perhaps more than enough, to permit the deposit insurance fund to maintain a reasonable growth rate. It is to be kept in mind that the fund increases not only by premium payments each year but also by investment income earned.

It is not possible, of course, to be absolutely certain what size of the fund is reasonable in relation to any particular volume of deposits. However, it seems that, having in mind the investment income and the present premium level, the fund is growing at a more rapid rate than would be necessary to meet any reasonable assessment of risks resting upon it.

The bill proposes that the board of directors be authorized to rebate some or all of the premiums paid each year, should they conclude that the fund has reached an adequate level or is such that it need not continue to grow at the rate that would result if full premiums were paid.

In connection with the growth of the fund, the bill deals with another matter. It would authorize the directors to repay to the government the original capital of $10 million, should the directors consider that the fund is reasonably adequate for the purpose in hand. When the corporation was created, the initial capital was provided by the government in order to give a starting base. In recent years the corporation has paid interest on this fund. However, now that the fund seems to be reaching a point where it is more or less adequate, it seems that this original capital base could be refunded, thus letting the corporation operate on a wholly self-sustaining base. The bill therefore proposes that the CDIC have the power to redeem its shares and abolish the share capital structure. It is to be noted that, even if this action is taken, the corporation would still remain a crown corporation under the control of the government, as is provided elsewhere in the act.

A further amendment proposed in the bill concerns the definition of "deposits". When the act was originally passed, the board of directors was authorized to define that expression for purposes of the act. However, about a year later the act was amended and a limit was placed on the power of the board to alter the definition of "deposits". It is now proposed that the definition of "deposit" be included in a schedule to the act. At the same time, a few changes are proposed in the definition of "deposits".

The present definition of "deposits," broadly speaking, includes all demand deposits in Canadian dollars and all term deposits having a maturity of five years or less. Term deposits in this sense would include guaranteed investment certificates issued by trust companies and debentures issued by mortgage loan companies. One of the changes proposed in the definition would withdraw deposit insurance from debentures or deposit receipts that are issued in bearer form. Since insurance is limited to $20,000 per person per institution, it is essential that the deposits be in registered form in order that a determination may be made concerning the amount of deposit insurance. When the act was originally passed this was not considered to be a problem, but in recent years there seems to have been some tendency towards the use of bearer-type instruments.

Another amendment would withdraw deposit insurance from issues of debentures or other securities that are payable outside Canada. Debentures payable outside Canada would be primarily intended for sale in foreign countries. It is considered that to provide deposit insurance in such circumstances stretches the original intention of the act beyond that of insuring what are normally considered as deposits. It should be clear that this change will not withdraw deposit insurance from a non-resident who places his funds on deposit with an institution in Canada.

A further minor amendment would give CDIC authority to guarantee expenses of a liquidator of a member institution. Such expenses can now be paid by CDIC if it is itself appointed as liquidator, but it is felt that circumstances may arise where it would not be appropriate for CDIC to act in this role. It is thought that circumstances might arise where it would be in the interests of CDIC to be able to pay the liquidator's expenses rather than have them taken out of the assets of the company being liquidated.

The remainder of the proposals are of a minor nature and for the most part intended to clarify existing provisions. Among these is the change that would provide for the designation of an alternate for a director who might be unable to attend the meeting of the board. It is also felt that the

provisions of the act regarding subrogation of the CDIC to the rights of a depositor who has been paid off by CDIC should be clarified.

Honourable senators, that is an attempt to give a short résumé of the bill. Other things being equal, after the debate has ended I would hope that honourable senators would agree to refer this bill to the Standing Senate Committee on Banking, Trade and Commerce.

Senator Smith (Colchester): I wonder if I might ask Senator Macnaughton a question. Has CDIC paid out any sums during its life, and if so how much?

• (2210)

Senator Macnaughton: Yes, I was hoping that perhaps my honourable friend, who may be speaking next, will give some of these figures, but so long as I do not trespass on his territory, I have an answer to that question. In nine years, the loss to the corporation has been $600,000. One claim during this time was for $25 million. By a process of not winding it up and not selling the assets quickly, but sort of dragging it out over the years, they were able to re-collect all but $600,000. This is quite a record.

Hon. David J. Walker: Honourable senators, when I hear my friend, I look back to 20 years ago when he was the chairman of that tough Public Accounts Committee, and I was his counsel. I watched his career as the Speaker of the House of Commons, and his leaving the House of Commons to give up his seat in Mount Royal to the present Prime Minister. It is good to see him in this house, and I am always glad to listen to him. Tonight I will have very little to say because he has covered the waterfront.

The Canada Deposit Insurance Corporation is a success story among crown corporations in Canada. I do not know of any other company that has been more successful. I think that is largely because politics have kept out of it, and the members of the board of directors include deputy ministers, the Governor of the Bank of Canada, and other people of equal prominence.

The main purpose of the act is one that is very necessary, to provide deposit insurance for the protection of you, me and all the other citizens who make deposits in banks and trust companies against the loss of their deposits. This is something that has tormented people for generations, and now we know that it cannot happen. As my friend has said, the insurance covers a deposit up to $20,000. If you have $100,000 extra, Senator Molson, just spread it among five banks so that you are fully protected. Under this insurance, all federally-incorporated companies are compelled to subscribe to the Canada Deposit Insurance Corporation. Provincial corporations are not so compelled, but there are at least 40 provincial loan companies and trust companies that have joined this corporation.

The results of the success of the Canada Deposit Insurance Corporation have brought the directors to the question of what will they do? Its growth has been so rapid and successful, and it has made so much money, that they are saying, "What are we going to do with it?" It is a nice change to note that they are discussing the idea of giving a rebate, so that at the end of any year they can consider how well they have done, and rebate the whole of the premium to all of the subscribers during that year. It is an excellent idea. I make this suggestion—and I have not heard it made before—that they might even go further and raise the amount of coverage from $20,000 to $25,000. Now that we have inflation, a $25,000 bank account does not compare with a $20,000 bank account of just a few years ago.

It is an excellent idea to get rid of the share capital structure of the company, which this bill proposes doing under clause 3, and return the $10 million the Treasury put up originally. It does not seem very much now, in view of the tremendous amount of money that has been accumulated. Clause 1 defines the meaning of "deposit". Clause 5 guarantees the fees of a liquidator of a member institution. A bankruptcy can happen at any time. It usually happens at the time when it is least expected. When it does happen, it is very important that this crown agency can step in, appoint a liquidator, and get the defunct company back on its feet as quickly as possible.

I could go on and on, but the honourable sponsor has covered the whole problem very well. All I can say is that the bill is an excellent one. It covers many facets which require covering.

I, as do all honourable senators, wish this corporation success in the future. I hope that the directors will learn to dispose of all the extra money they are accumulating—not all of it, but a certain amount of it—by either lessening the amount of the premium necessary, or giving a return on those premiums to the subscribers.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Macnaughton moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES BILL

SECOND READING

Hon. Andrew Thompson moved the second reading of Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada.

He said: Honourable senators, appreciating the lateness of the hour, I will try to be as brief as I can in my statement concerning this bill.

The purpose of Bill C-6 is to give greater certainty to the law governing the status of foreign diplomatic and consular personnel who are accredited to Canada. It is not intended to change the treatment now being accorded to such personnel in

Canada, but, rather, to place Canadian law on a statutory basis that reflects the most recent developments in international law. By legislating in this area, Parliament will also insure that the status of diplomatic and consular personnel will be the same wherever they may be in Canada.

By way of a brief background, during the hundreds of years in which states have exchanged diplomatic and consular representatives, a body of practice has developed concerning the manner in which these representatives were to be treated in the states to which they had been assigned and in which they carried out their duties. From this practice there emerged a body of international law based upon custom. This law applies to all states which are members of the international community of nations, independent of any treaty or convention. When two states agree to exchange diplomatic or consular representatives, they automatically become bound to accord a certain level of treatment to each other's representatives, unless, of course, through bilateral agreement, they agree between themselves upon a different level of treatment.

● (2220)

This body of international law based upon custom has, by the operation of rules of common law, been incorporated into the common law of Canada, and has been applied by Canadian courts on that basis for many years.

The Charter of the United Nations assigns to the General Assembly the task "of encouraging the progressive development of international law and its codification." In accordance with that mandate, the General Assembly convened in 1961 a major international conference to set down in a convention the law relating to diplomatic relations. The result was the 1961 Vienna Convention on Diplomatic Relations. In 1963 a similar conference adopted the Vienna Convention on Consular Relations. Those two conventions are annexed to this bill, giving force of law in Canada to certain of their provisions.

There are 117 states which are now party to the Diplomatic Convention, and 79 to the Consular Convention. Canada became a party to the Diplomatic Convention in June 1966, and to the Consular Convention in August 1974. Canada was able to accept the obligations of those conventions at that time without first seeking legislation of the kind proposed in this bill because the obligations placed upon Canada by those conventions reflected almost entirely the pre-existing principles of customary international law, to which I referred earlier, which formed part of the Canadian common law. Nevertheless, in any major law codification process, such as is represented by the 1961 and 1963 conventions, there is, inevitably, a clarification of uncertain points and a greater degree of precision than is contained in a body of law founded entirely upon custom and practices. It is desirable that this process of clarification and precision which has taken place on the international level be reflected in our internal laws, and that is the purpose of this bill.

I might say in this connection that similar legislation already exists in other major common law jurisdictions, notably Great Britain, Australia and New Zealand. In the United States, of course, any treaty ratified by the Senate automatically has force of law.

It is important to note that the persons to whom these immunities are accorded are not above the law. International law places a formal obligation upon them to respect the laws and regulations of the receiving state. That obligation is formally stated in article 41 of the Diplomatic Convention and article 55 of the Consular Convention. Failure to observe Canadian laws and regulations may lead to formal representation to the government of the sending state and, ultimately, in serious cases, to the expulsion from Canada of the person or persons concerned.

The immunity of diplomatic and consular personnel from the administrative and personnel judicial systems of the receiving state reflects the fact that these people are sent and received as representatives of their governments. One state does not normally seek to subject to its own judicial processes the government of another state. Similarly, the so-called privileges, which amount, in effect, to exemption from certain forms of taxation, reflect the fact that one state does not normally tax another, at least in relation to its governmental as distinct from commercial activities.

The objective which the establishment of a system of privileges and immunities seeks to accomplish is to ensure that the members of the diplomatic or consular posts are able to perform their legitimate duties without interference by the receiving state. Honourable senators will realize that the conventions established systems for the protection of diplomatic and consular missions and their personnel in all parts of the world, including many countries where the rule of law and the freedom of the individual are not regarded as they are in Canada. This is a factor of particular importance to Canada, whose foreign political, economic and commercial relations are essential to the security and economic well-being of our country. We have a large number of diplomatic and consular personnel abroad in more than 100 posts working to advance the interests of all Canadians. Their ability to function effectively—indeed, in some cases, their personal safety and that of their families—depends largely upon a well-established international system governing their status in countries where they are serving Canada. And, of course, what one state asks for its representatives it must be prepared to accord to the representatives of other states.

I should like to refer briefly to the contents of the bill itself. The substance of the bill can be found in clause 2. I should explain why that clause enumerates only certain articles of the two conventions. As their titles indicate, the conventions are not concerned only with privileges and immunities, but with diplomatic and consular relations generally. Honourable senators will have noted in the conventions annexed to the bill many provisions which do not require force of law in Canada for their implementation. The articles which are enumerated in clause 2 are those which establish, or are related to, specific privileges and immunities, including those which may affect the rights of private persons as distinct from those articles

which are purely formal and which create only obligations between governments.

Clause 2(4) is intended to enable the Canadian government, when any of the provisions of the conventions are not being fully applied to Canadian representatives abroad, to apply similar restrictions to the representatives in Canada of the foreign governments concerned. A provision of this kind is necessary to give to the Canadian government the leverage it would need to negotiate a settlement to any dispute which might arise over the application of the conventions.

With respect to clause 6, because the provisions of the two conventions referred to in clause 2(1) will apply to representatives of all countries, including Commonwealth countries, there will no longer be a need for special legislation concerning representatives from Commonwealth countries. For this reason, it is appropriate to repeal the Diplomatic Immunities (Commonwealth Countries) Act.

Finally, the bill relates only to the diplomatic and consular missions of other countries in Canada and to members of the staffs of such missions. It does not relate to the treatment that Canada may accord to international organizations, including representatives of member states, or others, who may enter Canada to attend international conferences.

Hon. George I. Smith: Honourable senators, I do not rise specifically to oppose this bill, nor do I propose to take very long. However, some of the explanations, I feel, given in good faith by the sponsor of the bill, ought to have some examination. They do not appeal to me as being very convincing reasons.

● (2230)

For instance, he told us that Canada signed—I have forgotten the phrase he used—or acceded to the convention with reference to diplomatic privileges in 1966, which is now 11 years ago, give or take a few months. So, why it has suddenly become essential, in order to protect the activities of Canadians abroad, or of other people in this country, to produce this law and pass it is a little beyond comprehension. If we were able to get along for 11 years without crisis, at a time when most of the world has been in a state of crisis—going from one crisis to another, I think would be a good way of describing our experience of the last few years—why is it now considered necessary to take up the time of Parliament to put in a statute something which the sponsor of the bill says is already in the common law.

Indeed, I am not sure that he should have used the phrase "common law." He will forgive me if I mention this, but I do not suppose the phrase "common law" extends beyond those provinces which accepted the common law of England as the basis for their non-statutory laws. However, I believe he would have been correct if he had said that international conventions of this kind have reached such a stage of understanding that they would be acceptable, if not with the force of law, as something which the courts would readily enforce if it ever came to a matter of litigation. Therefore, I believe there must be some other reason for asking Parliament at this time to give its sanction to only parts of these conventions.

I do not assert, but I cannot help but wonder whether the timing is related to the fact that one of the provinces of Canada a year or so ago introduced legislation regarding this sort of thing which was substantially at variance with the provisions of these conventions or, at least, one of them. If that be so, I do not know why the government does not frankly admit that this is the reason.

The second convention, the consular convention, was acceded to in 1974, which is three years ago, and Parliament has not been any busier in the past than it has been in this particular session. Therefore, again it seems a little difficult to understand why this sudden need has been perceived now. Of course, the credibility of the allegation of the sudden need is not increased by the fact that this bill received its first reading in the other place on October 21, 1976 and only made its way here the other day, which is not a very convincing exhibition of the urgency with which the government regarded its passage. Indeed, one might very well wonder about the skillfulness of the management of the business of the other place on the part of the government when this bill suddenly comes to us in what is alleged to be the dying portion of this session, rather than being speedily dealt with and passed along to us through the processes of the other house long since. Indeed, I believe it only came up for second reading in the other house early this month.

It is correct, I believe, to agree with the honourable senator that these functions merely express the methods of procedure and privileges and immunities of diplomatic and consular persons, personages and property which have been recognized by international law and custom over a very long period of time. I agree with him that these are useful and necessary customs and conventions, and that we should be alert not only to practice them ourselves, but to do what we can to see that other countries which are signatories, and even those which are not, follow them. The honourable senator said that this statute will ensure—I could be paraphrasing him a little; I cannot write as fast as he speaks, but I think I am able to paraphrase him with reasonable accuracy—the same treatment for diplomatic people in all other countries as is accorded them in Canada. With all respect to him, I think it does nothing of the kind. Whatever action of ours was needed to be directed toward this point was taken when we acceded to these conventions, and nothing we can do by way of enacting them into law will have the slightest effect upon other countries.

The honourable sponsor said that 117 countries, or something like that, adhere to these conventions, but I noticed that when he was telling us how many countries had actually done something about it legislatively he was pretty well confined to a few Commonwealth countries, and then thought it necessary to explain that the United States had not done this because what the U.S. Senate did in relation to foreign treaties was considered to be law there.

He also indicated that this bill would provide greater clarification and certainty of interpretation to the situation as it now

exists. I certainly would not contradict him, but I will have to say that nothing he said and nothing I see in this bill would support such an allegation. In my opinion, the situation as far as certainty and clarification goes is precisely as it was before.

Senator Thompson referred—and quite correctly, if he will permit me to say so—to the fact that this bill provides that all signatories shall respect the laws of the receiving state. That is very important indeed, especially having regard to the immunity from a great many processes of law, including the criminal law, which is afforded to those representing the sending state. However, I do have to draw attention to the fact that this provision, in some respect at least, seems to have not been very carefully observed by some of the people we have received in Canada. I understand, for instance, that during 1975 some 5,516 foreign diplomats were accused of breaking Canadian laws, but were not charged because they invoked diplomatic immunity. It seems to me that this is a situation which merits some attention.

The honourable senator said that if this provision of the convention was not properly respected the receiving state could invoke its right to take disciplinary action in the sense of indicating to the sending state that those concerned were *persona non grata*, which I understand in international convention means that in due course they would be withdrawn. It seems to me that if we are, indeed, in a situation in which some 5,500 offences are alleged to have been committed by foreign diplomats in one year in our country, and none of these offenders were charged because they invoked diplomatic immunity, it is time to take a very hard look at this situation. I suspect, without knowing it to be the case but hoping it is, that Canadian representatives in other lands are clearly told by their superiors in the Department of External Affairs that if they break the laws consistently, or even occasionally, of the state in which they have been extended hospitality, they will be disciplined by Canada. It seems to me just a little less than satisfactory when this sort of situation exists.

• (2240)

Having said that, I return again to what I said at first, that I do not oppose this bill. I see no particular good to be accomplished by its passage, but I see no particular harm either. Therefore, I do not suggest that there should be any opposition to it.

Hon. Andrew Thompson: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Thompson speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Thompson: Honourable senators, I appreciate very much the questions which Senator Smith has raised. I do not think I can adequately answer all of them—certainly not in detail. I would say, however, in connection with his reference to the fact that in Quebec there was discussion with the National Assembly a few years ago with respect to a bill—which was quite different from this bill—concerning diplomatic and consular privileges and immunities in that province, doubts were expressed at that time concerning the constitutional validity of certain of the provisions of the Quebec bill, and those doubts were communicated to the Quebec government. The Minister of External Affairs at that time, the Honourable A. J. MacEachen, discussed the matter with the then Quebec Minister for Intergovernmental Affairs, and a series of discussions took place between federal and Quebec authorities. During this period the bill was not advanced in the National Assembly. I would also point out, by the way, that the first reading of this bill in the House of Commons came before the election of the new government in Quebec.

The extensive discussions with Quebec certainly led to a more general review within the federal government of the legal situation in Canada regarding diplomatic and consular privileges and immunities. This review in turn led to the submission of Bill C-6 to Parliament. But, if this bill had not been introduced now, it would have had to be introduced eventually for the reasons I stated previously. It is a perfectly normal piece of national legislation in a common law country. Not being a lawyer, I still use the term "common law" without perhaps understanding the implications of the reservations Senator Smith cited in disputing it. Again, I come to the point that I am aware that the common law countries of Britain, Australia and New Zealand have passed this national legislation. To suggest that the bill is somehow directed at, or motivated solely by, one Canadian province is to ignore its obvious purposes which, as I have said, are to bring greater certainty and precision to a body of law which already exists and is being applied throughout Canada—and I suspect my friend disagrees with this—and to ensure uniformity in the status and legal regime governing diplomatic and consular personnel, wherever they may be in Canada.

I could go on to deal with the 5,000 abuses which have been mentioned, for example, but I would suggest that a great many of those, while they are nevertheless irritating, are actually parking violations. There is a procedure in connection with this type of offence which the Canadian government tries to practise, and which it applies to Canadian representatives in other countries. It is clearly stated in the Vienna Conference Convention that there is a clear obligation on foreign diplomats in Canada to observe Canadian laws and regulations. The government regards it as important that all foreign diplomats respect all Canadian laws and regulations, including those concerned with parking. As I have said, parking violations accounted for most of this high number of abuses.

It should be recalled that while diplomatic officers enjoy immunity, all other members of a diplomatic mission and all members of a consular mission enjoy immunity only in respect of acts performed in the exercise of their official functions.

The minister, through his department, keeps a close check on all offences, and his department emphasizes to each of the 130 diplomatic missions accredited to Ottawa the seriousness with which the government regards the obligation under the conventions that diplomats should respect Canadian laws and regulations.

I believe there was one particular country which Senator Smith tactfully and diplomatically declined to name, one particular country which had a rather outstanding number of traffic offences at one point. In this particular case the protocol office informed the head of that particular mission that this was really an excessive number of traffic violations; consequently, the following year there was a considerable reduction, by four-fifths, in the traffic violations taking place as compared to the year before.

Obviously, if it comes to a real issue with a country, then the head of the mission is informed, and a particular offender can be declared *persona non grata* and can be required to depart.

Honourable senators, I think any further questions would be more adequately answered in committee by the officials of the department and I would therefore suggest that the bill be referred to the Standing Senate Committee on Foreign Affairs, assuming it receives second reading.

Senator Grosart: Would the honourable senator permit a question? I understood him to say that this bill, if it becomes enacted, will apply throughout Canada. Can he explain to me how it can apply throughout Canada in respect of laws passed within the exclusive jurisdiction of a provincial legislature?

Senator Thompson: I understand—and Senator Smith raised this point about delay—that one of the reasons for delaying the bill was that there had to be concurrence on the part of the various provinces with respect to some parts of it. Consultation took place with all of the provinces, and they are in agreement with the two Conventions as approved by Canada. Therefore, the bill should be passed.

Senator Grosart: Can the honourable senator inform the Senate as to the basis of this so-called agreement, concurrence or consultation? We are dealing with something which has been in the exclusive jurisdiction of the legislatures. Will the legislatures pass similar acts?

Senator Thompson: No. I think there are two areas which could be said to be affected by provincial jurisdiction. I am sure you have studied the bill, and will recognize that with respect to exemptions from taxes there are two areas of diplomatic exemption—one for direct tax and one for income tax. Certain provinces have had the responsibility in some of these areas and, therefore, there has been consultation with the provinces concerning them. I suggest to Senator Grosart that a fuller and more adequate explanation will probably be forthcoming in the committee, but that is my understanding at the moment.

Senator Perrault: Co-operative federalism.

Senator Grosart: Perhaps.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Thompson moved that the bill be referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

• (2250)

MOTOR VEHICLE SAFETY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel Riley moved the second reading of Bill C-36, to amend the Motor Vehicle Safety Act.

He said: Honourable senators, I thank you for according me the privilege of commencing the debate on second reading of this bill, and I give you my word that I shall limit my explanatory remarks to less than 60 minutes.

Responsibility for the federal government's role and leadership in the field of road and motor vehicle traffic safety was assigned to Transport Canada in 1967. Subsequent consultation and co-operation between the federal and provincial governments developed the Motor Vehicle Safety Act which was passed by Parliament and proclaimed effective January 1, 1971. Continued co-operation between the federal and provincial governments, and with the motor vehicle industry and consumer associations, has assisted in the development of improved safety performance, the enforcement of safety standards, and progress in the reduction of road fatalities and serious injuries.

The federal Department of Transport has concentrated its road safety programs in the areas of traffic safety research, international co-operation in road safety and the development of effective safety standards for the safe design, construction and functioning of new motor vehicles at the point of manufacture and importation.

The two main features of the act provide authority for the federal government to implement and enforce safety standards for vehicles manufactured after January 1, 1971, and to require manufacturers to issue notices to owners of any safety defects in vehicles, in a prescribed manner. Under the original act, "Safety Standards" means standards regulating the design, construction or functioning of motor vehicles and their components for the purpose of protecting persons against personal injury, impairment of health or death. The act defines a "motor vehicle" as any vehicle designed to be driven or drawn on roads. Thus the regulations are being applied to automobiles, trucks, buses, trailers, motorcycles and snowmobiles. The safety standards include specifications for crash avoidance characteristics, crashworthiness performance and environmental protection. Examples of crash avoidance standards are those related to steering, braking and vision. Examples of crashworthiness standards are those related to interior padding, bumpers, sidedoor strength, roof crush resistance, seat belts and flammability of materials. Environmental protection standards include limits on exhaust emissions, evaporative emissions and noise emissions.

The Canadian Motor Vehicle Safety Act places the responsibility for compliance with standards upon the manufacturers and importers of motor vehicles through self-certification.

Transport Canada audits the technical records of manufacturers and importers to ensure that they are acting responsibly in certifying vehicles to be in compliance with regulations. To further ensure compliance with the act and regulations, Transport Canada tests vehicles and components acquired on the open market, analyzes accident causes and injuries, reviews provincial motor vehicle inspection reports and evaluates information received from the general public.

Since the act was made effective in 1971, a large number of new safety standards have been introduced and an even greater number of amendments to these safety standards have been made. This reflects the rapid pace of change in automotive safety technology and the consequent need for the flexibility that regulations provide.

Since proclamation of the act on January 1, 1971, the number of motor vehicles registered in Canada has increased from 8.5 to 12.5 million, an increase of 50 per cent. Despite the increase in traffic density, over the same period of time the number of deaths per 100 million vehicle miles has fallen from 6.7 to an estimated 4.7, a decrease of 30 per cent. Activity under the act must account for a significant portion of this improvement in road safety. Clear indications of this activity are as follows:

—76 new safety regulations and amendments developed, issued and implemented;

—3.7 million vehicles recalled to correct safety-related deficiencies in them;

—4,545 public complaints on possible safety-related defects investigated and resolved;

—3,500 audit inspections of manufacturers and importers have been performed;

—9,800 tests of vehicles and their components carried out to determine whether or not the federal safety standards are being complied with.

Furthermore, there is confirmed medical evidence of reductions in the severity of injuries incurred in motor vehicle accidents, and of a continuous reduction in the number of fatal and injury-producing accidents.

One of the most significant achievements has been the almost universal installation of seat belts in road-going vehicles. This achievement has made it realistic for provincial governments to make the wearing of seat belts mandatory. As you are aware, two provinces have already made the wearing of seat belts mandatory. When sufficient information on the effects of such provincial legislation is gathered, it is fully expected that dramatic savings of life and limb will have been accomplished.

Thus the Motor Vehicle Safety Act has been directly effective in producing safer motor vehicles of all types.

In the amending bill, Transport Canada is proposing improvements and clarification to make the legislation more effective. These proposed improvements reflect six years of experience in administering the Motor Vehicle Safety Act and regulations, and the complexities of the rapidly advancing technology in the industry.

The specific objectives of the bill are to remove doubts as to whom the act addresses, to require the retention of essential records, to make the notice of defect requirements more effective, to provide exemptions from some requirements in order to prevent technological development being inhibited, and to make the penalty for violation of the notice of defect requirements consistent with other penalties under the act and in other similar federal statutes.

These proposed changes will assist both the federal and provincial governments in achieving further improvements in the safety performance of motor vehicles and in fairly enforcing safety standards and safety regulations.

The new definition "manufacture" would be introduced to clarify the fact that the act addresses manufacturers who are in the business of completing vehicles built in two or more stages. It is quite common for trucks, vans and buses to be built in several stages, each manufacturer progressively adding to the vehicle until it is completed. Under the act in its present form there are some doubts among manufacturers and Transport Canada inspectors as to its application to second and later stage manufacturers.

• (2300)

The definition of "manufacture" makes it clear that anyone assembling or altering a vehicle for the purpose of sale of that vehicle at the retail level is considered to be a manufacturer, and therefore is subject to the requirements of the act.

The definition "motor vehicle" would be altered to make it clear that mopeds, mini-bikes and motorized snow vehicles are included, and are therefore subject to whatever regulations are applicable.

The definition "safety standards" would be altered by the addition of the word "identification" to confirm the authority to include in safety standards requirements for the proper identification and labelling of vehicles.

An amendment to require users of the national safety mark to retain records demonstrating that their vehicles comply with the applicable safety standards is recommended. This amendment would help in the work of the Transport Canada inspectors.

Presently, notices of defect, which are made visible through often-publicized manufacturers' recall campaigns, sometimes meet with limited success. This limited success is due to difficulties in obtaining current names and addresses of owners of the potentially faulty vehicles. What this amendment would do is to require manufacturers and importers to use provincial motor vehicle registration records, if available to them in suitable form, in addition to their own warranty records to determine current ownership of vehicles. If the names of owners cannot reasonably be determined by these means, the manufacturer or importer could be permitted to advise the public of the defect in vehicles for which it is responsible by the publication of notices in major newspapers.

Senator Asselin: Why don't you give your own résumé and disregard the speech written by the Ministry of Transport officer?

Senator Riley: I was going to go to Senator Asselin to have him help me, but I could not make an appointment. In the meantime, if I could counsel the honourable senator, he is not yet Speaker of this house and I will abide by the Speaker's ruling in such matters as this. Perhaps some day he may have the opportunity to become Speaker. Meanwhile, I suggest that he not interrupt, and by not interrupting he will not prolong my remarks. Has he anything to add?

Senator Asselin: I will wait until you have finished.

Senator Riley: Well, that is fine. I look forward to that.

Also included in this amendment is a requirement that a manufacturer or importer report the progress of a notice of defect campaign on a quarterly basis for a period of two years.

Currently no provisions exist for permitting manufacturers and importers to build or import vehicles which do not comply with all of the safety standards. This rigid state of affairs could inhibit technological development because, while introducing novel engine and vehicle designs in attempts to obtain greater fuel economies or overall vehicle safety, designers may find it initially impossible to meet certain safety standards as established.

Small manufacturers with limited resources can be prevented from marketing vehicles because of the high cost of quickly redesigning or retooling to comply with new safety standards. Thus, it is proposed in this amendment that provisions for granting limited and carefully controlled exemptions from specific requirements be provided for manufacturers and commercial importers, while not permitting degradation of the overall safety performance of the vehicles in question.

Currently the maximum penalty for violation of the notice of defect requirements of the act by a corporation is $10,000. In contrast to this, a manufacturer or importer who fails to comply with the safety standards is liable to a fine not exceeding $200,000 upon conviction on indictment. Thus, to be more consistent with other penalties under the act, and in similar federal statutes, it is proposed that a maximum fine of $100,000 be established for failure to comply with the notice of defect requirements.

It should be restated that the Motor Vehicle Safety Act has been effective in its current form in significantly improving motor vehicle safety at a reasonable cost. These improvements in safety have been and will continue to be in accordance with the wishes and active co-operation of the public and the provincial governments. Further improvements in safety will require continued and frequent refinements of the regulations and safety standards in order to take advantage of advances in automotive safety engineering.

In the interests of public safety, continued vigilance will be necessary to ensure that industry complies with federal motor vehicle safety requirements, both according to the letter and the spirit of the law. Through Transport Canada's investigation of public complaints, accident investigations and compliance inspecting and testing of vehicles, manufacturers and importers and their vehicles will continue to be monitored to ensure their adequate response to questions of vehicle safety performance.

The proposed amendments will assist in the more effective administration of the act and the safety regulations with subsequent further improvements in road safety in Canada.

I could go on, if the Honourable Senator Asselin wants me to, and if he enjoys hearing my voice; otherwise I will thank you all very much for your kind attention.

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

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1977

SECOND READING

The Senate resumed from Thursday, June 9, the debate on the motion of Senator Langlois for the second reading of Bill C-53, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other acts subsequent to 1970.

Hon. David Walker: Honourable senators, we are having a marathon sitting tonight, but I will not add much to its length.

This bill represents a triumph in legislative co-operation. The members of Parliament of all parties join in supporting it. I think Senator Bourget will agree that they could not have done it in our day in the House of Commons. It is very agreeable to think of every party co-operating in putting through this legislation, which is a gathering up of all the anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial nature that could be found in the Revised Statutes of Canada, 1970, and other acts subsequent to 1970. And it does a tremendous amount of good because it corrects these statutes now, in 1977, instead of waiting for the ten-year revision.

This is a unique vehicle of law reform because it considers a problem common to all systems of legislation, namely, minor inconsistencies and errors that crop up in the enactment of statutes, of which there are 400 to 500 currently in force at the federal level.

Assistance was sought from everyone: the judges of the Supreme Court of Canada, the judges of the Federal Court of Canada, the judges of the provincial courts, all law societies, the Law Reform Commission, all members of the House of Commons and all senators. Every one of us was circularized, and this bill is the result. It is a marvellous exhibition, and one of which the House of Commons in particular can be proud, since it shows what a co-operative spirit can do in such important matters as the correction of statutes.

● (2310)

Senator Langlois very ably introduced the legislation here, and it does not require any further comment from me. I cannot see how there can be any opposition to it, because each one of

these errors which has been corrected has had the unanimous support of everyone who took part in the deliberations of the standing committee, and of all members of the other house. Therefore, it is my respectful submission that on the return of Senator Langlois tomorrow, the bill should be given second reading without delay.

Senator Perrault: May I say, in the absence of Senator Langlois, the sponsor of the bill, that if honourable senators are inclined to give the bill second reading this evening, it will be my intention to move on his behalf that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

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

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Perrault moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

RULES OF THE SENATE

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Committee on Standing Rules and Orders, dated Thursday, June 9, 1977, recommending certain amendments to certain Rules of the Senate.

Hon. Hartland de M. Molson: Honourable senators, I move that the report be now adopted. We have had a lengthy sitting this evening, and therefore I shall not be long. I will not be so brash as to say that the proposed changes to our rules are simple, but I will say that they are uncomplicated. I should like to explain briefly why these changes are being recommended.

First, the Leader of the Government and his deputy, as well as the Leader of the Opposition and his deputy, have sometimes been frustrated in dealing with questions during the Question Period because we have had no system in the Senate similar to that of the House of Commons concerning written questions. Therefore, this matter was brought to the attention of the committee.

The committee discussed fully the meaning of the word "question". This led to certain other changes. For example, the definition of "inquiry" in rule 5(*e*) is reworded because there was confusion as to the meaning of "inquiry" as it related to "question". Secondly, the definition of "question" in rule 5(*n*) is amended as follows:

> "(*n*) "question", except in respect of the question period and a question of privilege, means a proposal presented to the Senate or a committee thereof by the Speaker or chairman for consideration and disposal in some manner.

That removes a great deal of the uncertainty concerning the use of the word "question".

Following on that, we completely revised rule 20, which sets out the method of handling the Question Period, which separates oral questions from written questions.

That, following through on the definition of the word "question", led to rule 28, where the words "or other matter" were added to the word "question".

While discussing the question of privilege, the participation of the Speaker in debate was raised, and rule 42 was slightly amended to make quite clear what the Speaker should do in the event that he or she wished to participate in a debate. It separates the obvious right of the Speaker to speak in a debate from his or her inability to speak in a debate on a point of order or question of privilege on which he or she later has to rule.

The last proposed amendment is to rule 75, which deals with a senator having a pecuniary interest in any matter referred to committee. This is slightly reworded to make it clear that a senator who has a pecuniary interest, not held in common with the rest of the Canadian subjects of the Crown, shall not sit on such committee. It goes on to say that any question arising in the committee relating to that pecuniary interest may be determined by the committee, subject to an appeal to the Senate.

Those are the matters contained in the report presented last Thursday, which I hope honourable senators will adopt.

Senator Smith (Colchester): Honourable senators, I do not wish in any way to delay matters, but I wonder if, in relation to the changes to rule 20, Senator Molson would take a moment to indicate whether they restrict or enlarge the present rule with regard to asking questions of the Leader of the Government in the Senate?

Senator Molson: As amended, rule 20 would clarify the ability of honourable senators to ask questions. I do not think it limits this right in any sense. A question may be addressed to the Government Leader in the Senate if it is a question relating to public affairs; to a senator who is a minister of the Crown, if it is a question relating to his ministerial responsibility; or to the chairman of a committee, if it is a question relating to the activities of that committee. Those are the rights that we have, but they are now spelled out a little more clearly.

I do not think there is any other form of question that we should be allowed to ask. The rule does not, in any sense, preclude a senator, during the course of a debate, from asking a question for clarification. It has no bearing on that. This rule applies to the Question Period only.

Again, supplementary questions may be asked. That right exists now. It is made clear that if an oral question cannot be answered because details not immediately available are required, it may be taken as notice. That is spelled out. The rule goes on to say that debate is out of order on an oral

question, but a brief explanation may be made by the senator who asks the question and by the senator who answers it.

The proposed rule 20B is:

> A preamble to a question, whether it is asked orally or in writing, is out of order.

● (2320)

If it is desired to put a question, as described in the previous paragraph which I have just read, that is seeking statistical information or information that is not readily available, or if an answer in writing is required, then the question shall be sent to the Clerk of the Senate to be placed on the Order Paper until answered, and the reply to that question will be printed in the *Debates of the Senate*.

I think it really is a great advance in the matter of questions. The procedure is spelled out in detail. There is no limitation on what is presently in force, but I think this makes it much clearer.

As honourable senators will remember, the matter of whether a question can be answered immediately or whether it should be taken as notice, and what form it should be received in, has caused us some considerable debate and loss of time in the past, and I hope that this amendment will make it clear.

Senator Smith (Colchester): I thank the honourable senator for his very clear and full explanation.

Senator Austin: I should like to ask Senator Molson a question with respect to the proposed amendment to rule 75, particularly subsection (1). If an honourable senator whose subject of inquiry is referred to a special committee becomes a member of the committee, is it implied in the rule that he is a member of the committee only for so long as that matter is before the committee, or does he remain a member of the committee until he resigns from it or is transferred from it?

Senator Molson: The answer is that this deals only with special committees. Usually a matter referred to a special committee would be of peculiar interest, or perhaps the senator referring it would have a peculiar knowledge of the subject. For this reason it is proposed to do what could have been done, for example, when Senator Desruisseaux introduced the matter of the textile industry and moved that it be referred to a committee. It is suggested that such a senator should be invited to become a member of the committee if he so desires. I think it is a reasonable provision. In the case of Senator Desruisseaux, who introduced the very useful debate we had on the textile industry, it would have been completely suitable that he be put on the committee because he is extremely knowledgeable on the subject.

Senator Perrault: Honourable senators, I know I reflect the views of all members in this chamber when I extend thanks for the work done by Senator Molson and the members of his committee.

Hon. Senators: Hear, hear.

Senator Perrault: The procedures and rules of this house are important to all of us. In my view, this is a good report, and certainly worthy of support and adoption.

Motion agreed to, and report adopted.

DATE OF COMING INTO FORCE OF RULES

Senator Molson: Honourable senators, perhaps I might be permitted to make a supplementary motion. I move:

> That the amendments to the Rules of the Senate contained in the report of the Standing Committee on Standing Rules and Orders dated Thursday, 9th June, 1977, and adopted by the Senate this day, shall come into force on the first day of the next session of Parliament.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF SECOND REPORT OF STANDING JOINT COMMITTEE—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the consideration of the Second Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, when I adjourned this debate it was to give honourable senators an opportunity to participate further in the debate. However, as no honourable senator has indicated that he wishes to do so, I suggest that this report be considered debated.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 15, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Capital Budget of Air Canada for the year ending December 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-893, dated March 30, 1977, approving same.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Senator Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on the estimates for the fiscal year ending March 31, 1978. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 923.*)

The Clerk Assistant (*Reading*): The Standing Senate Committee on National Finance to which the estimates—

Some Hon. Senators: Dispense.

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

Senator Everett moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

THE SENATE CHAMBER

TAKING OF PHOTOGRAPHS BY THE PUBLIC—NOTICE OF MOTION

Senator Riley: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

That visitors to Parliament be permitted to take photographs of the interior of the Senate chamber, the Senate antechamber and the foyer of the Senate at all times during visiting hours, except during:

(a) a sitting of the Senate,

(b) the period of one hour immediately prior to a sitting of the Senate,

(c) the period of 15 minutes immediately following a sitting of the Senate, or

(d) any period when the Senate chamber is closed for maintenance purposes or is being used for such special meetings as may be authorized by the Senate.

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

Senator Flynn: Leave for what? To discuss the matter today? You do not need leave for a notice of motion.

Senator Ewasew: Honourable senators, I should like to put a question to Senator Riley. Where would these photographs be taken from? Does he suggest that tourists could walk right into the centre of the Senate chamber and take photographs?

Senator Flynn: Order!

Senator Riley: No, they could not go beyond the bar.

Senator Ewasew: I want to know the answer to that before the motion proceeds.

Senator Grosart: It is not a motion. It is a notice of motion.

Senator Flynn: In any event, a notice of motion does not require leave.

The Hon. the Speaker: Is it a notice of motion, senator?

Senator Riley: I was asking for leave to put the motion without giving notice of motion under that rule.

Senator Flynn: No.

Senator Grosart: No, no.

Senator Riley: Well, there is provision for it. In any event, I will present it as notice of motion then.

Senator Flynn: You can move your motion at the next sitting.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF STANDING JOINT COMMITTEE—QUESTION

Senator Flynn: Honourable senators, I have a question for Senator Forsey in his capacity as joint chairman of the Joint Committee on Regulations and other Statutory Instruments. Since the debate on consideration of the second report of that committee ended last night, I was wondering whether it was the intention of the joint chairman to move the adoption of this report.

Senator Forsey: Honourable senators, I think I shall have to take that question as notice.

ORGANIZED CRIME

PROPOSED JOINT COMMITTEE OF THE SENATE AND HOUSE OF COMMONS—QUESTION

Senator Olson: Honourable senators, I should like to ask the Leader of the Government whether or not the government is considering asking for a joint committee of the House of Commons and the Senate to inquire into the activities of organized crime in Canada?

Senator Perrault: To my knowledge no such proposal is in the planning stage at the present time. However, I understand that the Minister of Justice is in active and continuing contact with the Attorneys General of a number of Canadian provinces to determine the most effective way of meeting the problem of organized crime in Canada.

I hope to present a fuller report to the chamber next week after receiving a report concerning certain contacts which have been made.

Senator Flynn: I have a supplementary question for the Leader of the Government. Since I understand that I appeared at one point in last Monday night's CBC program on organized crime, does the leader not think that it is very urgent to make a decision in this regard?

Senator Perrault: Honourable senators, I must admit that I did not see all the programs in their entirety. I do recall catching a fleeting glimpse of the distinguished Leader of the Opposition in the second program, and in no way did he appear to be implicated with any crime or with any other malfeasance in society.

Senator Flynn: I am glad of your appreciation of the situation, but I have heard of other reactions.

Senator Olson: I have a supplementary question for the Leader of the Government. I am wondering if he will offer the services of the Senate to join with the House of Commons, which seems to me might perform a more useful inquiry than a royal commission.

Senator Perrault: Honourable senators, I can inform members of this chamber that some months ago I raised with the Honourable the Minister of Justice and others the possibility of a parliamentary inquiry—possibly a Senate inquiry—into organized crime. I questioned the Minister of Justice about the possibility of having a joint committee. As a result of these representations to the Minister of Justice, various opinions were obtained and it was felt at that time that it would be more appropriate and effective to have inquiries into organized crime initiated at the provincial level, because of jurisdictional considerations and the inter-relationships between law enforcement forces in this country. It was felt that because our federal system is somewhat different from that of the United States, where federal investigations have gone forward, a national investigation of organized crime in this country could not be initiated as easily or productively.

The opinion given by the Department of Justice a few months ago, when this matter was raised with the Honourable the Minister, was that inquiries of this kind could be conducted more effectively at the provincial level. Having said that, perhaps the information which has been made public in recent days may well lead to a reconsideration; but I cannot report further at this time.

Senator Thompson: Honourable senators, I am of the opinion that in some cases these CBC broadcasts suggest guilt by association. My concern, principally, is for a large, law-abiding community of over one million people of Italian background, which, because of 12 bad eggs, is made sensitive. I ask the leader if he also feels similar concern with regard to this smearing by association of these law-abiding citizens of Canada.

• (1410)

Senator Perrault: I agree with those honourable senators and others who have been concerned about the possibility of guilt by association, the possibility of smearing one ethnic community in our country, and the really unfair situation which on occasion can arise from the selective editing of certain films and tape recordings. There is a very real danger that such a process could do an injustice to innocent, law-abiding people, especially when the serious problem of organized crime is condensed into a three-hour program. I understand that protestations of innocence have been uttered by some of those who were mentioned or who appeared in the programs. Knowing the nature of political conventions, for example, when I saw the Leader of the Opposition appear in one film clip, together with two other members of the Conservative Party, I could readily understand such an event occurring at any party convention in this country, and those viewers who might assume from such a film excerpt that the Leader of the Opposition was involved thereby in any kind of way with any sort of wrongdoing could have drawn a very wrong conclusion. All of us who have been involved in the political process are familiar with the misunderstandings and problems which can arise as a result of being present on public occasions at which we may be photographed with people, some of whom we have never met or about whom we know nothing. I do not want to comment any further.

Senator Olson: May I ask the Leader of the Government if he can provide this chamber with a somewhat more detailed report of the extensive activities that the police are now undertaking to deal with this problem of organized crime? I understand that it would have to be done in such a way that it would not jeopardize any of the police investigations that are going on now.

Senator Perrault: Honourable senators, I will most certainly undertake to provide a detailed report of the kind suggested by the honourable senator. I think it would be in the interests of the country that further information of this kind should be given to the people by Parliament.

Senator Ewasew: Honourable senators, since you are talking about the various aspects of this film in which it was suggested by implication that there was an Irish mafia, a Jewish mafia, and then an indication that there was a French Canadian mafia, and obviously there is an Italian mafia, with every

respect to my confrere Senator Rizzuto, who we know is not involved, may I draw the attention of honourable senators to the—

Hon. Senators: Order! Order!

Senator Ewasew: —fact that there is not one degree of evidence or any indication whatever about a Canadian Ukrainian mafia. It follows, then, that the Ukrainians are well respected citizens.

Senator Riley: You are doing your best to organize one.

MOTOR VEHICLE SAFETY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Riley for the second reading of Bill C-36, to amend the Motor Vehicle Safety Act.

Hon. J. Campbell Haig: Honourable senators, in order to follow the admonition of the Leader of the Government I will not detain this house for long. I do not want to inspire the suggestion that we sit tonight. I also want to indicate that this is a very important day for me. It happens to be the fifteenth anniversary of my being called to this place.

I regret exceedingly that I did not hear the Honourable Dan Riley explain the purposes of this bill, and I regret, too, that I did not have the same good fortune of having the Department of Transport prepare my speech. In any event, Senator Riley's explanation was ample in view of the fact that within one hour in the House of Commons this bill was given second reading, dealt with in Committee of the Whole, given third reading and was passed.

There was only one amendment made in the Commons. The definition of "motor vehicle" in the original bill included farm tractors, but in the amended bill which is before us the reference to farm tractors has been deleted. During discussion of the bill it was suggested that in the future manufacturers of farm vehicles install roll bars as standard equipment on tractors to help prevent fatal accidents which result when tractors roll over.

In moving second reading of the bill, the Minister of Transport pointed out that the motor vehicle safety law had emerged as the result of co-operative action on the part of the provincial governments and the federal government.

This bill comes to grips with only one part of motor vehicle safety, by seeking to impose a variety of requirements on manufacturers and others. The manufacturers have agreed to maintain these standards.

Honourable senators may have noticed in the press in the last six months that a number of automobiles of different manufacture, each of a certain year, have been recalled because of defects in brake-linings, carburetors, and steering mechanisms. All these cars have been recalled by the manufacturer at no charge to the owner.

I would point out that since the introduction of the Motor Vehicle Safety Act in 1971, the number of highway traffic deaths per 100 million vehicle miles has fallen from 6.7 to an estimated 4.7, a decrease of 30 per cent. It is to be hoped, of course, that the rate will continue to decrease.

There are three contributing factors to highway traffic accidents: the vehicle, the highway, and the driver. The bill sets forth certain standards that the vehicle manufacturers and the government have agreed to, but which may take a few years to implement.

Since the building of the trans-Canada highway a few years ago, certain standards of construction have been in effect in all sections of it. The provinces, too, have been following these standards in building their own roads—standards as to the number of lanes, the building of underpasses, overpasses, cloverleafs, and so on. In my province the highway is built above the level of the surrounding land, and as a result wind-blown snow just sweeps across it, except in places like Colfax where fences and trees prevent this from happening.

In my opinion the driver is the most common cause of vehicle accidents, whether it is because of lack of driving ability—which is a provincial responsibility—or whether he is mentally or physically incapable at the time of the accident. All provinces have greatly stiffened the penalty for offensive driving, especially in the case of a fatal accident. Just last weekend in Manitoba there was a head-on collision which caused four deaths. The highway was straight and there were no obstructions or anything like that alongside the road. We do not know the cause of that accident, but certainly in cases where drivers are impaired something drastic needs to be done. Admittedly, the courts have increased the penalties in such cases but, in my opinion, they need to be increased even more when a driver is impaired, and especially when death occurs in highway motor vehicle accidents resulting from the incapacity of a driver to handle his vehicle.

● (1420)

Following the government leader's suggestion to effect a speed-up of the activities of this house, I would recommend that we not refer this bill to committee. A good reason for not doing so is that it was thoroughly discussed in the other place last November as a private member's bill. In Committee of the Whole it was amended by removing farm tractors from the definition of "vehicle." I suggest it be read the second time today, and the third time at the next sitting.

Incidentally, another reason for not referring this bill to the Transport and Communications Committee is that that committee is rather busy at the moment and will be even busier later on. As a matter of interest, if I might digress for a moment, there is so much work in committee that I was asked if I would be willing to give up the committee room I had reserved for the meeting of the Transport and Communications Committee tomorrow. I was pressed into that by several

senators on the government side, but I acceded quickly enough because I knew about two hours before that we were not having a meeting anyway. I say I acceded quickly enough but, on the other hand, I held back and made them come to me. In any event, I agreed to give up the room tomorrow because we will not be discussing the Maritime Code this week.

Finally, honourable senators, I would suggest, after the brilliant and exhaustive explanation of this bill by Senator Riley, and my small contribution, that the motion for second reading be adopted today, and that the bill be given third reading tomorrow.

Motion agreed to and bill read second time.

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

Senator Riley moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada. (*Honourable Senator McDonald*).

Senator Petten: Stand.

Hon. Paul Desruisseaux: Honourable senators, if I may speak instead of Senator McDonald, who is not here, I think I could complete what I want to say in about 15 minutes.

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

Hon. Senators: Agreed.

[*Translation*]

Senator Desruisseaux: Honourable senators, I was very interested to hear what has been said on the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Before expresssing my views on the subject, I would first commend the honourable senators who joined us recently. What we have been getting from them augurs very well indeed for their future contributions. I would like to join every other senator in extending to them my best wishes for a long and fruitful career with us.

I congratulate first Senator Perrault, our government leader, for giving us the opportunity to discuss this matter here, and also the honourable senators who suggested ways of meeting more effectively the economic and cultural aspirations of the various regions of Canada. I am in total agreement with Senator Carter's remarks on education, feeling as I do that I could restate them and perhaps amplify them in the context of the province of Quebec.

Once we are called to the Senate, whatever our avocation and qualifications, we must consider in a non-partisan way whatever is good for Canadian unity and Senate impartiality.

As members of the Senate, we are in some way the conscience of the Canadian nation in stressing regional aspirations it feels are justified in ensuring fair scrutiny of our Canadian legislation to make it more acceptable. This in my view is a major part of our role here. Of course we must examine in a non-partisan, objective way the diverse and often opposite social and economic aspirations of the various regions of Canada.

In my view, the Senate owes it to itself to entertain but transcendent considerations. In that process, it must adhere to and promote the Constitution, opposing any unconstitutional feature in the legislation before us. It must protect and, if needed, fight for each one of our Canadian minorities, because Canada in effect is a group of minorities rather than a majority with minorities. It must foster Canadian unity in each and every case for greater social and economic progress, both as a nation and as aspiring regions of Canada.

We are very much aware that the Senate can and must defend and uphold the individual or collective rights enjoyed by Canadians in each and every region of Canada. Since Confederation, the Senate has been doing a good job of discharging that mandate.

● (1430)

How then can we make our contribution more capable of effectively meeting the regional aspirations of Canada?

I would first stress that during the last 111 years we already have made a significant contribution to Canada's progress and the fulfillment of a number of regional aspirations of Canada which we felt were healthy and positive, while our small nation developed and reached the very first echelon of industrialized nations of the world, acquiring in a multiplicity of areas of status of world leadership well beyond our numerical or economic size.

Among all the nations of the world, we now rank sixth so far as gross national product is concerned. We have reached this position through a remarkable increase in our Canadian standard of living and by keeping our cost of living in check so that till recently, among industrialized countries, only Australia, Turkey, Ireland and England still had a cost of living lower than ours.

[*English*]

The aspirations of my province, Quebec, justified or not in the eyes of some, have been made well known to all quite constantly since Confederation, and increasingly more so in the last 50 years. I have noted in the last three decades more than 40 well known and well circulated books in French and English by serious authors, discussing and pleading for the consideration and realization of the special aspirations of Quebec.

We have had innumerable featured articles and an abundance of serious editorials by the thinkers of Quebec on their regional aspirations, and increasingly so over these last few

years. We have heard repeated warnings from some of our men of state. We have had the strong political warnings of Jean Lesage, Daniel Johnson and others. We have even heard songs and serenades of these pleas. We have heard representations of these aspirations and listened to submissions of briefs without, in too many cases, really obtaining favourable answers to the problems.

I am not saying here that Quebec's aspirations were all justified and warranted, but many were, and all should have received more consideration before now. There was and is general common knowledge as to what was wanted and aspired to by Quebec.

I recited, in my speech of some months ago, what was wanted for Quebec by quoting from the books written by Daniel Johnson and the present Prime Minister of Quebec, René Lévesque. I need not repeat them today, and I need not appraise any of the points mentioned.

We knew about the plans to eliminate the teaching of Canadian history from educational programming, and of the banishment of the Canadian flag and the national anthem from every public school room of Quebec. We reacted too little to these, although I believe it was important that we did something about them. We permitted our Canadian patriotism to disintegrate and to become unimportant in our lives.

We are now witnessing an intensive subversive brain-washing in most Quebec public schools, colleges and universities. We have been made aware of a plan to lower the voting age for the coming referendum on the independence of Quebec to 16 years, and there has been no protest or discussion even though we know they are counting on intense brain-washing to increase the number of "yes" votes.

We know, but we speak softly, of the intense teaching of Marxism in the schools of my province. We are presently paying too little attention to the Quebec militants who are openly planning the mobilization and nationalization of the savings of every individual Quebecer against his or her will and in spite of the economic consequences. The choice of silence, the show of indifference, and the attitude of not wanting to be our brother's keeper, in dealing with these problems and certain of the aspirations of militant Quebecers, are wrong and harmful to both Quebec and Canada.

The initiative taken to consider here in the Senate what can now be done to serve more efficiently the regional aspirations of the members of Confederation is to be highly commended. It will be a great and most useful task to perform. I only hope it is not too late for Quebec. I believe this chamber can do much more by initiating discussions with regional aspirants from all parts of Canada, by making analyses of and inquiries about basic issues that have become of national importance and national consequence, and by preaching mutual acceptance, tolerance, and understanding, and national patriotism and pride, to Canadians who originate from so many parts of the world.

We can be a vehicle for vulcanizing important national issues and some of the constructive aspirations that are made known to us, by searching for truth, for avenues of understanding, and for common action in our Canadian undertakings and their consequences for the regions of Canada.

[*Translation*]

I believe as well that we should, as the Senate considers all regional aspirations, ensure that Canadian social and economic facts which we have initiated and developed directly or indirectly are clearly and universally understood. We should not let distorted concepts develop, since they cause distortions among our regional members or contribute to open areas of disagreement and division between our regions.

In addition to its proven outstanding experience in so many areas, the traditional wisdom and cautiousness of this chamber can enable the Senate to render now the most valuable services in the consideration of tomorrow's regional aspirations, in terms of strongly defending, I would say, the solidarity, the equality among all Canadians, working for a more productive common action of its members, and providing a renewed, warm and efficient patriotism everywhere in this country and in particular in all educational institutions, towards the achievement of mutually profitable progress.

On motion of Senator Croll, debate adjourned.

● (1440)

MACKENZIE VALLEY PIPELINE INQUIRY

IMPLICATIONS ARISING FROM BERGER COMMISSION REPORT—DEBATE ADJOURNED

Hon. Ernest C. Manning rose pursuant to notice of June 1:

> That he will call the attention of the Senate to certain implications for Canada arising from the Berger Commission Report.

He said: Honourable senators, we are all aware that the government must shortly make an important decision regarding a natural gas pipeline from the Canadian Arctic to augment declining energy reserves and meet future national requirements, especially in the heavily populated and highly industrialized areas of central Canada. The Berger Commission report undoubtedly will figure prominently in deliberations leading to the government's decision. Since the report was released, Mr. Justice Berger's findings and recommendations have been widely publicized as infallible gospel, and the impression is being created that what he has said should be accepted as the factual data base against which all contrary evidence and conclusions regarding a northern pipeline should be assessed. I, for one, reject that proposition as unjustified and unwarranted. My purpose in bringing this matter to the attention of the Senate is to point out some very questionable conclusions in the Berger report, and particularly to emphasize the serious implications for Canada if his recommendations are made the basis for the important decision the government must make.

Let me acknowledge at the outset that the report does contain much valuable information pertaining to the social and environmental concerns of the native people living in the Yukon and northwest Arctic regions. Most certainly it will be

a very useful and valuable textbook for sociologists and environmentalists. It will also be the most costly. The commission's expenses were $3,200,000. Another $1.2 million of public funds was given to four native groups, and used to oppose the early construction of a northern pipeline. An additional $540,000 was given to environmentalists to argue and formally record their opposition to the construction of any pipeline across the Arctic tundra. Many more thousands of dollars were spent by the CBC, who had camera crews trailing the commission throughout its travels to practically every little community in the Mackenzie Valley and the western Arctic, giving national coverage and national status to the endless repetition of often illogical opposition to the pipeline by local spokesmen in each tiny community. All in all, the inquiry and the report cost the Canadian taxpayers well over $5 million.

If giving the maximum number of native people an opportunity to be heard in the production of a textbook for sociologists, environmentalists and students of northern minority interests, without regard to cost, was Mr. Justice Berger's objective, he certainly succeeded. However, if the report is assessed from the extent to which it comes to grips, in a meaningful way, with the fundamental question of Canada's national need to augment declining energy reserves with Arctic gas, its value is almost nil.

To be fair to Mr. Justice Berger, he does say that Canadians must decide if the need for Arctic gas is sufficiently important to override the adverse effects he envisaged a pipeline having on the northern communities; but his own recommendations show clearly that he has not weighed the relative importance or magnitude of the national versus the local interests, or given any serious attention to the social as well as the physical impact the developing world energy crisis will have on all industrialized nations, including Canada.

Like millions of other Canadians, including many in high places, Mr. Justice Berger obviously does not believe that any serious energy problem is developing in this country, and so he concerned himself almost exclusively with the interests and fears, both real and imaginary, of a tiny minority of local residents, and ignored the broader more vital issue that will affect the standard of living and the way of life of not a few thousand, but of many millions of Canadian citizens.

In assessing our national energy situation we should look at oil and natural gas as component parts of our major source of energy, namely, hydrocarbon fuels, which presently supply approximately 75 per cent of the energy requirements in both Canada and the United States. Exploration for oil often leads to the discovery of gas, and vice versa. One cannot be divorced from the other. While the current pipeline debate centres on transporting gas, the outlet to markets for Arctic gas most certainly will contribute significantly to the development of additional supplies of northern oil.

Let us now turn our attention to a few highlights of the developing energy crisis. The simple fact is that the industrialized nations are now using up the world's known supplies of hydrocarbon fuels faster than new sources of supply are being discovered. There is an accumulating mass of evidence that not only North America but the entire industrialized world is approaching an energy crisis. At a recent 60-nation conference on nuclear energy, Dr. Sigrard Eckland, Director of the Atomic Energy Agency, warned that the world is reaching the beginning of the end of the use of naturally occurring hydrocarbon fuels, which now account for about two-thirds of our energy consumption. "The world," he said, "is rapidly running out of traditional sources of energy."

President Carter, in presenting his energy conservation program to Congress, pointed out that if world demand for oil continued to increase during the 1980s at the present rate of 5 per cent a year, the world's present proven oil reserves would be used up by the year 2000. A United Press despatch out of Washington, dated June 1, quotes a new United States congressional staff report as saying the energy crisis is so serious that:

> —it contains the seeds of depression, revolution and war. Some energy experts, far from doubting the reality of the energy crisis, consider the situation even more serious than recent private reports have suggested. There have been several analyses recently that suggest world oil demand will outgrow supply by the early 1980s, creating international tensions but the new report said energy producers and users consulted by the Office of Technology Assessment have made the most sobering analysis yet of the gravity of the energy crisis.

Knowledgeable sources within the industry expect mid-East oil production to peak by the end of the 1980s. Because energy is the economic lifeblood of an industrialized society, all industrialized nations face a common problem, but there are at least two reasons why the developing situation is particularly serious for the United States and Canada. In the first place, we use more energy per capita than other nations. Canadians, in fact, use more energy per capita than any other nation on earth.

In the second place, the greater part of the world's present major oil reserves is controlled by the OPEC nations of the Middle East and the Soviet Union and her satellites, who have no inclination to help preserve the economic and industrial strength of the western democracies. In the past three years the OPEC bloc has exploited its monopoly to increase the cost of oil to importing nations by more than 300 per cent, from $3.50 to over $11 per barrel.

Now let us look specifically at our situation here in Canada. We are one of the more fortunate nations, because we still have significant reserves and the potential to develop more; but that does not mean that we will not face a serious energy problem in the years ahead. The year 1975 marked the end of an era in Canada's economic history in that in 1975 we lost our self-sufficiency in oil. In 1974 the value of oil exports exceeded the cost of oil imported by $761 million. In 1975 oil imported exceeded the value of oil exported by $247 million, a turn-around of $1 billion in our export-import oil trade balance in the space of one year.

• (1450)

We have thus far been spared an overall energy trade deficit by reason of our export of natural gas, but this situation will not continue indefinitely, unless our proven resources of gas can be significantly increased. No new applications to increase natural gas exports have been approved by the National Energy Board in the past four years, while from here on our imports of crude oil will continue to increase. Canada's energy minister has stated that unless we are able to change present trends, we will require net imports of oil to meet between 40 and 50 per cent of our domestic requirements by 1985. That is only eight years in the future. The National Energy Board's latest report forecasts imports of 450,000 barrels per day by 1985, increasing to 600,000 barrels or more by 1990. Based on these forecasts, and at projected world oil prices, the cost to Canada of imported oil will reach $2.8 billion by 1985, and over $3.7 billion by 1990. Government forecasts place Canada's total energy requirements by 1990 in excess of 14 quadrillion BTUs, which is two-thirds greater than our present consumption, with domestic supplies falling short of meeting that demand by 40 per cent. Ontario Hydro alone has forecast a four million kilowatt shortfall in its supply of electric energy by the 1980s.

While there may be a discrepancy of a few million barrels or billion BTUs in the various consumption forecasts, or a few years either way in the time when the real crunch will come, the evidence is overwhelming that Canada in the relatively near future will face a very real and serious energy crisis unless major steps are taken now to avert or at least minimize its impact.

It is true our natural gas reserves in western Canada are still extensive, and more are being found. In fact Alberta has a considerable shut-in supply at the present time but two things should be kept in mind: first, our gas reserves are not adequate to permit a sufficient increase in gas exports to continue to offset the steadily increasing volumes of oil we must import at world prices; and second, our gas reserves currently are located largely in one province—Alberta. As those reserves decline, Alberta naturally will protect its own consumers by reducing the volumes of gas it approves for markets outside the province. While any responsible provincial government faced with the same circumstances would do the same thing, such action would create the same resentments and tensions within this country as are already feared between nations as they each strive to protect their own interests in the face of an overall inadequate world oil supply. Such resentments have already been aroused by Alberta's insistence on a domestic price for its oil more in line with what it could obtain on the world market. Such conflict of interests between the provinces of Canada could in the future place very severe strains on the ties of Confederation which certainly are not in a condition to absorb them.

What all this adds up to is that in the national interest, Canada must, without further delay, take meaningful steps to conserve its diminishing energy supplies and do everything possible to develop new sources of supply of both oil and natural gas.

Three main possible sources of new supplies are available to us. One is offshore development. So far, offshore drilling on both the Pacific and Atlantic coasts has proven disappointing. Little oil has been found. Drilling costs are very high, and development has been hampered by environmental extremists and the fears of coastal pollution on the part of communities adjacent to the offshore drilling sites.

A second is the Athabasca tar sands. This may rightly be called Canada's energy ace in the hole. It is one of the world's largest known oil reserves, but the cost of development is very high. The present Syncrude plant will cost over $2 billion, and will produce only 125,000 barrels of crude oil per day. It would require five such plants, at a cost of $12 billion to $15 billion, to provide the 600,000 barrels of oil per day which the National Energy Board predicts Canada will have to import by 1990. The time required for the construction of even one such plant is four to seven years.

A third source of potential oil and gas supply is the Canadian Arctic—the Mackenzie Delta, the Arctic islands and the Beaufort Sea. Here again, development costs are high and conditions are difficult. Results to date have not been too encouraging, but they have been sufficient to establish that given a set of circumstances that will encourage development, the potential is high. The president of Pan Arctic Oils Limited—the joint government-private consortium—maintains that the potential gas reserves in the Arctic islands is in excess of 100 trillion cubic feet. Some forecasts indicate that on the basis of known reserves, Mackenzie Delta gas could displace $17 billion of imported oil at current prices or $25 billion at projected 1985 prices over a 20-year period.

Two things are certain: First, Canada must look to the Arctic for much of its future gas and oil requirements; second, extensive oil and gas exploration and development in the Canadian Arctic will not take place unless circumstances are conducive to development, and one of the essential requisites is a pipeline to move gas to market. No developer can long afford to go on drilling wells at $4 to $6 million per hole, only to cap them if gas or oil is discovered. At least two major companies have recently announced they are terminating their drilling operations until the government clarifies the situation regarding a pipeline and government regulations as they will apply to future northern development.

One big factor in insuring the economic viability of a gas pipeline and substantially reducing transmission costs is the opportunity Canada presently has to combine the movement of Canadian Arctic gas with United States gas from the north slope of Alaska. Maximum throughput is the key to minimum transmission cost per Mcf and it will be a colossal blunder on Canada's part if, through procrastination and indecision, or the irrational anti-American criticism of negative nationalists, we miss the opportunity to gain a significant economic advantage for Canadian consumers by pooling the transmission of Canadian and American Arctic gas. We are already precariously close to losing this opportunity.

• (1500)

In the light of these considerations and Canada's developing energy crisis, four positive steps already are overdue. First, we are already at least two years late in implementing a meaningful national energy conservation program. We are currently wasting more energy than any other nation, and yet nobody, least of all government, seems to really care or to grasp the seriousness of a national indifference to the almost criminal waste of our irreplaceable energy resources.

Second, there is urgent need for a realistic and effective program to encourage increased exploration for oil and gas and increased development of proven areas. Primarily, this means a major revision of taxation and royalty laws and regulations by both the federal and the provincial governments. The present shortsighted excessive taxation of resource industries is something this country can no longer afford, when we weigh the ultimate cost to the Canadian people against the temporary revenue gains of the present.

Third, there is urgent need for a meaningful national program to develop new sources of energy: nuclear, solar, geothermal, tidal—the whole gamut. This is a necessity if we are to protect our future as an industrial nation. Nevertheless, nothing of any real significance is being done in that regard.

Finally, we should move without further delay to tie our existing and potential sources of hydrocarbon fuels into a national delivery system. Canada's energy crunch, when it comes, will hit hardest in central Canada. The western provinces will have local sources of oil and gas long after central Canada has faced serious shortages. The maritimes can at least draw more easily and economically on offshore sources. Not only is central Canada the farthest away geographically from major sources of supply but, with her large population and highly industrialized economy, her fuel requirements are by far the largest of any region of Canada. For that reason we need to tie the vast gas potential of the Canadian Arctic into the existing national delivery system, not for Alberta's sake or for the benefit of the United States but primarily to help ensure the future energy needs of central Canada.

We have reached the point where time is of the essence. In fact, a northern pipe line should have been under construction at least two years ago when the cost would have been millions of dollars less than it is today. Each month's delay adds further millions to the ultimate cost, which in the end will be borne by the consumers. That the Berger Commission report could result in still further delay is one of its most serious implications from the standpoint of Canada's national interests.

As guardians of those national interests, who can to some extent influence the government's decision, may I direct your attention to four assumptions in the report that can and should be successfully challenged.

The first is the assumption that the proposed line cannot be built without causing serious permanent damage to the physical environment. Such an assumption ignores the expertise and capabilities of modern technology. Surely, if we can send men and equipment to the moon and back, if we can put television cameras and a miniature laboratory on Mars with the capability of scooping up and analysing soil samples and relaying the findings 230 million miles back to Earth—surely, if we can do all these things, we are capable of laying a pipeline through the Arctic wastelands without doing irreparable damage to the physical environment.

Many people forget that over 30 years ago the 600-mile Canol Oil Pipeline was built from Norman Wells to Whitehorse over some of the most difficult terrain in the Canadian north, with very little, if any, lasting damage to the environment. The whole project was undertaken and quickly completed as a war emergency measure, with none of the furore or obstruction now being encountered when a pipeline of even greater importance is proposed to meet a national peacetime need.

The second assumption is that the pipeline cannot be built without causing serious damage to native cultures and their way of life. Rejecting or deferring the pipeline will not stop the impact which a growing knowledge of the outside will increasingly have on northern lifestyles. Not many in the far north who have discovered the advantages of snowmobiles any longer prefer dog teams. The native population is by no means unanimous in rejecting the advantages of controlled development. During the construction period, the presence of outside workmen will have a disruptive effect on communities immediately adjacent to the pipeline right-of-way, but that period will be short and with proper supervision, which should be guaranteed, the disruption can be kept to a minimum. The problems created in sparsely-settled northern areas will be different, but not necessarily more disruptive than when construction is through highly-developed, heavily-populated communities. It is interesting that the state of Alaska, which has had the experience of a major oil pipeline being built under similar conditions, is vigorously pressing to have another pipeline built across Alaska to carry north slope gas to the Pacific seaboard.

The third assumption is that a ten-year delay will enable the native people to prepare for the impact which the pipeline will have on their way of life and give them time to settle land claims before the line is built. I submit that a ten-year delay will not result in any meaningful preparation. People do not adjust to new circumstances until such circumstances arise. It is actually the facing up to the new conditions which brings about that adjustment. The ten-year period would be primarily a time of consolidation of entrenched opposition to the pipeline, and would be used by self-appointed champions of native rights to exploit their fears and to encourage their resistance. This would create an atmosphere far from conducive to the voluntary settlement of land claims. For that reason it is unrealistic to suggest that a ten-year delay would lead to satisfactory settlements. At the end of the ten-year period practically all of the present problems will still exist and some new ones will have been added.

This is an area in which the Berger report is extremely unfair to the native population. It is little short of cruel to build up in their minds false hopes and unrealistic expectations

which cannot be fulfilled; and yet that is precisely what the inquiry and the report have done. The long-range consequences, when disillusionment sets in, may well be more damaging to the native peoples' relationships with the rest of Canada than the damage which Justice Berger fears from the pipeline being built. Should this prove to be the case, it would have been better had the commission never been set up.

Finally, there is the commission's acceptance of the premise that the interests and local concerns of the small body of native residents should properly take priority over the national interest and the legitimate concerns of millions of Canadians who may be far more seriously hurt by a future shortfall in Canada's energy supply. This is not to suggest that the rights and concerns of the native minority should be ignored or treated lightly. Far from it. But the majority also has rights, and minority interests cannot be permitted to negate those rights and be accepted by the government as grounds to ignore the serious consequences the majority would suffer as a result. To argue otherwise is unsound, unfair and certainly undemocratic. Many will agree that there is need to rethink this whole issue of minority versus majority rights. At the present time there is in Canada a pronounced tendency to give minority interests priority over the rights and interests of the majority. It has been well said that if you want your interests defended today, be sure to identify yourself with a minority group. What happened at the Berger inquiry gives credence to such cynicism.

● (1510)

The population of the Yukon and Northwest Territories is approximately 60,000. Assuming one half of them could possibly be affected by the pipeline, we are talking about 30,000 people. In central Canada there are over 14.5 million. Assuming that the livelihood and way of life of only half of them would be seriously affected by a gas shortage, we are talking about over 7 million people. The 30,000 in the north were given $40 per capita to present their concerns to the commission. Comparable treatment for the over 7 million in central Canada would have meant a grant of over $280,000,000 which, of course, is ridiculous.

The fact remains that very little attention was given by the commission to making certain that it gained a full knowledge of the legitimate concerns of the majority of Canadians whose interests would be materially affected by its recommendations.

The presentation of their case was left primarily to the applicants who want to build the pipeline, and they were treated as self-interest groups and profit seekers by the media and those opposing the project, and, at times, even the commission itself. So much so, that the president of Canadian Arctic Gas Pipelilnes on one occasion was moved to say to the commissioner, "I must say that there are times when it hurts, frankly, to be branded as profiteers with no conscience."

There remains one other matter of increasing importance that was underscored by the Berger Commission hearings. That is the need to develop a better method of determining legitimate environmental concerns. It is imperative that such concerns be taken fully into account, but the present procedures are obviously unsatisfactory and are becoming more and more unworkable.

The practice of an open-door policy at public inquiries, that permits every qualified and unqualified guardian of the environment to present his opinion, leads to endless repetition with no means of screening pertinent from inaccurate and valueless material. Almost every public inquiry and regulatory tribunal today faces prolonged delays in completing its assignments because of such endless and often meaningless repetition. The cost of such delay is very high and, as always, the consumer pays the bill.

I do not know what the answer is, but certainly it is important that one be found. It may be that consideration should be given to regional government environmental centres to which all environmental concerns could be expressed by all interested parties. Perhaps the centres could then be responsible for analyzing and co-ordinating the material provided, and separating the wheat from the chaff. One or more qualified environmentalists from the centres could then be a single authority to present environmental information before any commission or regulatory body dealing with a matter to which such information was pertinent. Perhaps others can produce a better suggestion, and, if so, I hope they will.

Honourable senators, I have tried to outline what I believe are the major public concerns related to and arising out of the subject matter of the Berger Report. I have tried, I hope fairly, to point out the basic deficiencies in the report and the reasons why I hope the government will not be unduly influenced by Mr. Justice Berger's conclusions in making its important and long overdue decision regarding a northern gas pipeline.

Senator van Roggen: Honourable senators, I had thought that I might clarify one or two points in Senator Manning's remarks by asking questions. However, on reflection, I would like to reply to Senator Manning at somewhat greater length than I am prepared for this afternoon.

Although I shall be in Toronto next week with the European parliamentary group and shall not be able to participate in the debate until the following week, I would ask the indulgence of honourable senators to permit me to adjourn the debate.

Senator Rowe: May I ask the honourable senator a question? Does that mean there will be no opportunity in the interim for any other honourable senator to participate in the debate?

Senator van Roggen: I would suggest honourable senators might speak on this subject matter during my absence if, at an appropriate time, one would be kind enough to adjourn the debate in my name.

On motion of Senator van Roggen, debate adjourned.

THE ECONOMY

UNEMPLOYMENT—DEBATE ADJOURNED

Hon. Orville H. Phillips rose pursuant to notice:

That he will call the attention of the Senate to the record levels of unemployment in Canada and the failure of the government to adequately deal with the problem.

He said: Honourable senators, during the first few months of this year we have been experiencing our highest level of unemployment since we began keeping records on unemployment. Over one million Canadians are looking for work, with very little prospect of obtaining employment.

This is a grim situation, by any standard the government chooses to use, yet we hear very little about the subject of unemployment in this chamber or in the media, and, in fact, at times I almost think there is a conspiracy of silence with respect to it. The government and the media are silent, diverting attention to the subject of national unity. The unemployed are cast aside, banished, forgotten, for the discussion on national unity and the problems of the division of language.

The Prime Minister is the chief of those who advocate the diversion of attention from the unemployed to more mystical subjects such as national unity. It is far easier, honourable senators, and more popular, to be a champion of national unity than a champion of the unemployed.

The Prime Minister found it easy to talk of unity in Washington and of unemployment in London, but for some strange reason he has neglected to make a major effort to deal with either subject in this Parliament. The Prime Minister discusses the sensitive subject of unemployment at the Downing Street conference, but he avoids discussion of the subject with Parliament or, indeed, with the more than one million unemployed Canadians. This is a subject that cannot be cast aside by creating the idea that unemployment is the fault of those that are unemployed, or that it is the fault of the provinces, or that it is the fault of private industry.

● (1520)

Honourable senators, we must remember that the unemployed were not the ones who were living beyond their means. It is time this government forgot the performances of past governments, regardless of their political allegiance, and began to deal with the present problem—the problem of this government, the problem of over one million unemployed.

Recently the Leader of the Government was kind enough to answer an inquiry standing in my name. The information received is most interesting. It tells us that 1,377,000 Canadians were registered for employment at a time when the government gave the seasonally adjusted unemployment figure as 870,000 Canadians. This leaves a slight difference of 570,000 Canadians unaccounted for. I presume that this generation of Liberals is saying, "What's a half-million unemployed? Quit counting at less than a million."

The method of calculating the number of unemployed has often been criticized. Presently, the rate of unemployment is measured as the number of persons in the labour force who do not have jobs. However, the criteria used by Statistics Canada eliminates thousands from the survey. To be included in the survey as unemployed an individual must present proof of an active search for work during the survey period. This is often an exercise in futility. In a small town, dependent on one industry, the unemployed know whether or not a job is available. Is it worthwhile getting up at 7 o'clock in the morning and peering in at the gates looking for employment? After a while they get discouraged. If an unemployed person works at any part-time employment such as shovelling snow or mowing a lawn during the survey period, he on she is classified as being employed. Even one hour of gainful employment in that survey period removes the individual from the unemployment classification. We in this chamber are often criticized for not being too productive, but I think that even we would admit that at a rate of one hour's work in two weeks, we would be unemployed.

Senator Perrault was unduly sensitive when I mentioned the difference between the number of persons registered for work at Manpower and those drawing unemployment insurance, and he pointed out that there are various methods of calculating the number of unemployed, but, honourable senators, surely the unemployed do not have to have an invitation to be considered in the statistics on unemployment. In Nova Scotia this winter there were more persons drawing unemployment insurance benefits than the government listed as unemployed. As a matter of fact, it was a great joke in Nova Scotia to meet your friend or neighbour and say, "It's a nice day if you don't seasonally adjust it." I do not think the unemployed should have to go through this type of statistical analysis to have the government recognize their serious situation.

Recently the Cape Breton *Post* printed an article criticizing the method used by Statistics Canada to determine the unemployment rate. It pointed out that 14,476 persons were drawing unemployment insurance benefits in Cape Breton. This number did not include those who were ill, those who had part-time employment or, as I say, those who did not receive an invitation. Statistics Canada reported the unemployment rate in Cape Breton as 16.2 per cent and, honourable senators, they reported this despite the fact that the 14,476 persons drawing benefits represent 25.6 per cent of the work force in Cape Breton. If those who were not invited to participate in the unemployment statistics were included, the actual unemployment rate would be approximately 30 per cent. The very least this government can do is to extend an invitation to the unemployed to be included in their statistics. They seem to be doing very little else. Surely they can send them such an invitation.

Honourable senators, I am aware that different methods can be used in calculating the number of unemployed. However, I believe it is time that we began to have an accurate system. Surely, with the present computer science technology we can develop a more accurate and more consistent figure than we presently have. I may say here that I do not accept the recent figures released by Statistics Canada on unemployment. I am not convinced, with the university students coming into the work force at the end of the academic year, that the number of unemployed has declined. The university students were probably excluded for the simple reason that most of them finished their university exams around the end of the month, and

therefore, being unable to present proof of having searched for employment each day, they were not included. I am sure no one in this chamber—indeed, no one in either chamber of Parliament—expects a university student to go to employers at examination time, seek interviews for employment, and then persuade an individual employer to sign a statement that he or she has been seeking employment. That is not a natural way to proceed.

● (1530)

When we consider unemployment, we must also consider various regions of Canada. This is an unfortunate fact, but one we must bear in mind. I would now like to state a few basic figures and I hope that honourable senators opposite will relay them to the cabinet and, indeed, to their caucus. First of all, there are approximately 150,000 more Canadians unemployed now than there were at this time last year, and this despite the fact that the number of Canadians entering the work force has declined. We have had a decrease in the number entering the work force and an increase in unemployment. Put those two statistics on a graph, honourable senators, and they will cause you some concern.

Unemployment statistics are divided into age groups. Forty-eight per cent of those in the age group from 15 to 25 years of age are unemployed. That number does not include the university graduates and high school students who will now be looking for summer employment.

Naturally, I am concerned about unemployment in the Atlantic region. In 1970, the unemployment rate in the Atlantic provinces was at the same level as the rest of Canada. Today, in 1977, the unemployment rate in the four Atlantic provinces is 50 per cent higher than it was in 1970. I ask those honourable senators who support this government if they can honestly consider that they have made progress?

Let us now consider the effect and cost of unemployment. It has been stated that this record unemployment costs $2 billion annually in welfare and unemployment insurance benefits, $6 billion in loss of production, and $1 billion in loss of tax revenues. In more personal terms, this means a loss of $2,000 yearly to every Canadian taxpayer. Aside from the personal aspect, Canada cannot afford to have this staggering number of Canadians looking for work; neither can we afford the social and mental attitudes that develop from unemployment. We must consider the adverse effects upon our youths. Forty-eight per cent of our unemployment embraces those who are under 25 years of age. It is in this age group that attitudes towards life are developed. The attitude and opinions developed at that age remain with us throughout our lives. In this chamber I have often heard honourable senators refer to the "old-fashioned work ethic". It is difficult for a half million unemployed young people to develop an attitude towards work when they cannot obtain employment. You cannot develop a taste for caviar by reading about it; you have to eat caviar several times to develop a taste. Yet, today's youth are spending time in high school, community colleges and universities to prepare themselves for what they hope will be an opportunity to work. We must ensure that they have an opportunity to obtain employment.

On November 15 last, I watched the Quebec provincial election returns on television, and was impressed by the number of young people at the Paul Sauvé Arena. My first reaction was that the PQ had indoctrinated the young people of Quebec. Then I realized that half of those young people there—probably more than half—were unemployed. I thought, "Small wonder René Levesque is reaping such a harvest." It is unnecessary for me to point out to you that the PQ have now indoctrinated these young people with their ideas on separatism, and it takes a long time to de-program a young person. It takes a lot of effort. I wonder if we have the time.

In addition to that, honourable senators, I point out that the unemployed youth of other provinces are very susceptible to radical ideas. The prospects for university graduates this year are even worse than those of last year. About half of last year's university graduates obtained employment. Apparently the Prime Minister does not consider that a problem, because he says to the unemployed university graduates, "If you can't get employment in Canada, go to the Third World." It must be extremely frustrating for a recent university graduate, after spending a number of years preparing himself in a speciality, to find he is unable to obtain employment. But it is even more frustrating for a university graduate to apply for a job, whether it be in the public service or private industry, and be told that he is over-qualified for that job. I find it strange, honourable senators, that a university graduate should be over-qualified for employment in a technical nation such as Canada, but not over-qualified in the Third World.

● (1540)

One factor which must be considered is the discouragement and despair of those who have been unemployed for some time. Fifty per cent of those unemployed today have been unemployed for four months or longer. It is difficult to place ourselves in the situation of these persons and understand their feelings.

I know honourable senators are prepared at this stage to ask, "Well, what would you do about it?" I recall, when I was a member of the other house, that the then prime minister, Mr. Diefenbaker, announced that Mr. McCutcheon—the late Senator McCutcheon—was being given the task of implementing the recommendations of the Glassco Commission. While Mr. Pearson, the Leader of the Opposition, was replying and emphasizing the qualifications and experience of Mr. McCutcheon, an unidentified Grit spoke up and said, "Yes, but he always begins by changing the board of directors." Honourable senators, that is my first recommendation. We should begin by changing the board of directors.

Our economic situation must be considered if we are to understand our unemployment picture. Our balance of payments problem is as serious as that of any of the western nations. Our competitive position in the export markets continues to decline, even though our dollar has been freed and devalued. Our exports continue to consist mainly of raw material and unprocessed goods. Canada has 32,000 manufac-

turing firms, but only 1,000 of them are actively engaged in exporting their products. That fact alone suggests that we need another drive to increase our exports. Our manufacturing firms can only export when they have an opportunity to be competitive with foreign firms.

Forty-three per cent of the GNP of Canada is consumed by various levels of government. We now spend a higher proportion of our taxation revenues on government services than any other government of the western world. We have so conditioned Canadians to believe that only big government can spend their money wisely that it will take time to demonstrate to them that reasonable financial control can be exercised by a government and still result in an expanding economy.

Sixty per cent of our employment is provided by small firms. We must make tax concessions, provide research and development assistance and management courses to assist our small business firms. We must also make an effort to control the adverse effect on employment of high interest rates and increasing prices of oil and electricity.

As a result of the high cost of living there has been an increase in the number of women entering the work force. Many of these people do not wish to have full-time employment; rather, they wish to have an income to assist in the expenses at home. They would be quite content with part-time work. Canada, however, does not provide an opportunity for such people to work part time. The government, one of our largest sources of employment, makes no provision for part-time employment.

Honourable senators, I could go on and mention that many of our unionized workers are forced to work overtime, despite their protests, and I could ask: Why not use the unemployed for over-time work?

My remarks would not be complete if I did not make some reference to the lack of government action to deal with the present drastic unemployment situation. My remarks in this regard will be brief. They have to be brief, because the government has not done much to deal with the problem.

Last fall the government re-initiated two programs which it had eliminated as an economy measure. Today, several months later, the government has been unable to allocate or spend the money provided for the Canada Works and the Young Canada Works programs.

It was expected that the last budget would introduce measures to deal with unemployment. Hundreds of thousands of unemployed looked forward to that budget—an unusual event in Canada, but they did look forward to the budget in the hope that it would contain some relief for them. Out of the total budget, only $100 million was set aside for the unemployed. Honourable senators, that comes to approximately $1.50 per week for each unemployed person, which is not enough to provide bus fare to enable him to seek work.

Honourable senators, if we are to be fair to all Canadians we must provide better opportunities for those who are unemployed, and we must recognize that unemployment is not the fault of the unemployed. I know many unemployed persons who would be willing to work if they were given the opportunity. Let us attempt to give them that opportunity.

On motion of Senator Croll, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 911*)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON THE ESTIMATES LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1978

WEDNESDAY, June 15, 1977

The Standing Senate Committee on National Finance to which the Estimates laid before Parliament for the fiscal year ending March 31, 1978, were referred, has in obedience to the order of reference of Thursday, February 17, 1977, examined the said Estimates and reports as follows:

1. The Committee was authorized by the Senate, as recorded in the Minutes of Proceedings of the Senate of February 17, 1977, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1978, in advance of bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, the Committee made a general examination of the Estimates and heard evidence from the Honourable Robert Andras, President of Treasury Board, Mr. R. L. Richardson, Assistant Secretary, Program Branch, Treasury Board, and Mr. E. A. Radburn, Director, Estimates Division, Program Branch, Treasury Board.

   The Committee is continuing its detailed examination of the Department of Public Works and expects to conclude its extensive hearings on this department with the appearance of the Minister of Public Works on June 28 after which the Committee will commence the preparation of its report.

3. The Main Estimates for 1977-78 in total amount to $44,582 million. Budgetary Estimates account for $41,145 million and non-budgetary estimates (loans investments and advances) account for $3,437 million. These categories may be further subdivided into statutory and non statutory. Statutory non-budgetary requirements in the amount of $2,434 million are included in these 1977-78 estimates for the first time. Other statutory payments make up 55.7% of the total budgetary payments, in dollars $22,934 million. The remainder of the budgetary estimates, $18,211 million, represents funds for which Parliament is asked to provide new authority. The following table summarizes this breakdown of the Main Estimates.

Budgetary and Non-Budgetary Main Estimates By Type of Authority 1977-78 ($ millions)

Expenditure Authority	Budgetary	Non-Budgetary	Total
Statutory	22,934 55.7%	2,434 70.8%	25,368 56.9%
Non-Statutory	18,211 44.3%	1,003 29.2%	19,214 43.1%
Total	41,145 100%	3,437 100%	44,582 100%

4. The Committee noted that over the last seven years the budgetary estimates for statutory payments have been consistently over 50% as shown in the following table:

Percentage of Statutory Payments in Main Budgetary Estimates

Fiscal Year	Total Main Budgetary Estimates	Voted	Statutory	Percentage of Statutory
1970-1971	14,817.0	6,587.3	8,229.7	55.5
1971-1972	16,557.5	7,261.0	9,296.5	55.2
1972-1973	18,273.6	8,108.9	10,164.7	55.6
1973-1974	21,427.6	9,213.0	12,214.6	57.0
1974-1975	25,467.4	10,478.4	14,989.0	58.9
1975-1976	32,210.6	14,335.3	17,875.3	55.5
1976-1977	38,417.1	16,570.5	21,846.6	59.5
1977-1978	41,144.9	18,211.1	22,933.8	55.7

5. The President of the Treasury Board told the Committee that it is the Government's intention to hold the percentage growth in expenditures to the general trend of the increase in the Gross National Product. This objective has been repeatedly stressed by the Committee which is pleased to note that if the expenditures for 1976-77 are held to the current forecast the percentage increase will be less than the Gross National Product change for the calendar year 1976.

   The President of the Treasury Board provided the Committee with a chart showing the growth in public expenditures in relation to the Gross National Product over the last fifteen years. He drew attention to the marked growth in provincial and municipal expenditures as compared to federal expenditures. This chart has been attached as an Appendix to this Report.

In March 1976, the Committee was told of negotiations with departments which resulted in the total expenditures for 1975-76 over 1974-75 being held to no more than 16%. Further reductions in the percentage level increases were forecast for future years. This has been achieved. The increase of 1976-77 over 1975-76 would appear to be less than the 14% limit set by Treasury Board. Further, the President of Treasury Board stated that while the target increase for 1977-78 over 1976-77 had originally been set at 11%, it has now been revised downward to 7%. *Without the reduction in expenditure resulting from the tax point transfer to the provinces, this planned increase would be 9.4%.*

There is only one new initiative of any size in this year's Main Estimates. The Employment Strategy under the Department of Manpower and Immigration will require an increase of $286.5 million over the funds provided in last year's Main Estimates.

The Committee was shown the following chart illustrating major changes in expenditures over a ten year period. Based on 100% growth, 26.2% of that growth occurred in programs of the Department of Health and Welfare for transfers to individuals and 22% in programs of the Department of Finance for transfers to other governments. In other words, 48.2% of the growth during that period was for programs of these two departments.

GROWTH—MAIN ESTIMATES
1967-1968—1977-1978

	$ MILLIONS			
DEPARTMENT	1967-68	1977-1978	INCREASE	%
Health and Welfare Canada	2,781.0	10,708.2	7,927.2	26.2
Finance	2,068.3	8,729.4	6,661.1	22.0
National Defence	1,698.7	3,794.8	2,096.1	6.9
Unemployment Insurance Commission	116.5	1,376.5	1,260.0	4.2
Supply and Services	135.9	1,340.5	1,204.6	4.0
Post Office	293.7	1,236.8	943.1	3.1
Indian Affairs and Northern Development	228.6	1,120.4	891.8	3.0
Manpower and Immigration	312.6	1,174.8	862.2	2.9
Energy, Mines and Resources	141.1	964.2	823.1	2.7
Transport Canada	360.4	1,044.7	684.3	2.3
Others	2,786.4	9,654.7	6,868.3	22.7
TOTAL	10,923.2	41,145.0	30,221.8	100.0

6. The Committee was informed that the increase in the Public Service in man-years for 1977-78 over 1976-77 will be held to about .6%. This compares favourably with a long term average increase of 3.5% and is much below the rate of increase of the total labour force for this year.

Another chart was presented to show the total growth of the Public Service. Over a period of 10 years the Post Office has accounted for 30% followed by the RCMP which has accounted for 9.6%. The large growth in the Post Office arises from the need for more manpower for the delivery of more mail to a larger and increasingly urbanized population. The increase in Environment Canada is slightly misleading in terms of growth over the period because it was reorganized in the 1970's and incorporated man-years from other departments. The increase of 7.2% for Revenue Canada (Taxation), is attributed to the need for more income tax assessors to deal with population increases and business increases.

MAN-YEARS GROWTH
1967-1968—1977-1978

DEPARTMENT	1967-1968	1977-1978	INCREASE	%
Post Office	36,161	61,491	25,330	30.3
Royal Canadian Mounted Police	11,002	19,013	8,011	9.6
Environment Canada	5,453	12,226	6,773	8.1
Revenue Canada (Taxation)	9,841	15,912	6,071	7.2
Prisons	5,199	9,971	4,772	5.7
Indian Affairs and Northern Development (Parks*)	8,128	12,794	4,666	5.6
Unemployment Insurance Commission	6,964	11,426	4,462	5.3
Manpower and Immigration	9,455	13,286	3,831	4.5
Public Serivce Commission (Language Training*)	1,271	3,847	2,576	3.1
Supply and Services (Translation*)	879	3,286	2,407	2.9
Others	145,231	160,020	14,789	17.7
TOTAL	239,584	323,272	83,688	100.0

* Main cause

7. Incorporated in the 1977-78 Main Estimates are the following changes, some of which have been recommended by the Committee over the years.

(a) Non-budgetary statutory items are being included for the first time with the major additions being in the Farm Credit Corporation, Petro Canada, Export Development Corporation, Federal Business Development Bank and Central Mortgage and Housing Corporation. The witnesses explained that this was in keeping with a policy of displaying in the Blue Book of Estimates the full spending plans of the federal government.

(b) The authority to spend revenues received from the private sector has been discontinued in programs within seven different departments such as Insurance in Customs and Excise and Land Management and Development in Public Works, etc. The Committee was told

that these revenues will now be placed in the Consolidated Revenue Fund. As a result, the Estimates will reflect total expenditures only in these areas, rather than the net amount.

(c) The statutory payments for the government's contribution as employer to the Unemployment Insurance account previously included in the Estimates of Treasury Board have been added to the programs of each department.

(d) The Energy Supplies Allocation Board has been combined with the Mineral and Energy Resources Program and a new activity has been established to provide for the "Payment of Oil Import Compensation." This move, it is understood, means a reduction of man-years as a result of the absorption of this board into the department.

(e) The International Development Research Centre (IDRC) is shown for the first time as a separate program in recognition of the fact that the federal government has become its main source of funds. Originally the IDRC was intended to be supported by several countries including Canada. Until this year therefore, the federal government's portion has been provided by a grant item under CIDA.

(f) The Publishing Revolving Fund in the Department of Supply and Services which used to be part of Information Canada, has been combined with and included in the Supply Revolving Fund.

(g) Budgetary payments to the Central Mortgage and Housing Corporation have been changed to apply to the fiscal year rather than the calendar year.

(h) A statutory (provisional) contribution has been included in anticipation of the proposed new legislation to cover hospital insurance and medical care under the proposed *Federal Provincial Fiscal Arrangements and Established Programs Financing Act 1977* which received Royal Assent on March 31, 1977. It was explained that while it is irregular to anticipate the passage of legislation in the Estimates it was done in this case to make the Estimates more informative.

8. Some time was spent by the Committee examining the explanations and tables in the front of the Blue Book of Estimates. On page **1**-10 of the Blue Book (Objects of Expenditure) paragraph 19 explains the difference between grants and contributions. The Committee finds that the criteria which determines whether financial assistance to a department will be a grant or contribution is unclear. The witnesses stated that a "contribution" is meant to augment or support an activity of an outside agency or organization whose objectives are directly related to program of the Federal Government. A "grant" is provided to assist a worthy cause not related to any specific program in the government. It is the Committee's view that the basis on which it is decided that a payment should be a grant or contribution is too undefined for effective control. The Committee recommends that the basis for deciding whether a payment is to be a grant or contribution should be more closely defined and should be publicized.

On page **1**-12, (vote Structure), paragraph 25, refers to Crown Corporation Deficits and Separate Legal Entities. The Committee questions the practice of making loans to some corporations which are subsequently changed to equity particularly when a loan is made knowing it cannot be repaid in the foreseeable future. The witnesses assured the Committee that initiatives are being taken to convert loans to contributions or transfer payments when the possibility of repayment seems unlikely. In the case of certain Crown corporations a direct payment will be made and in the case of territorial governments, a transfer payment. The Committee recommends that this practice be examined carefully and these ambiguities resolved in any future amendment to the *Financial Administration Act*.

The Committee discussed the explanation given on page **1**-8, paragraph 12, (The Program by Activities Table). The services mentioned include those provided by the Department of Public Works. These are shown for information only and are not charged to departments. A cheque transfer between departments does take place for some other services. The question of charging back to departments has been raised repeatedly during the Committee's present in-depth examination of the Accommodation Program of the Department of Public Works.

The Committee questioned the absence of information regarding expenditures by standard objects in Table 6, (page **1**-58) of the Blue Book for a number of Crown corporations such as Canada Council, Canadian Broadcasting Corp., Canada Film Development Corporation, National Arts Centre, National Film Board, etc. It is understood that Treasury Board must maintain this information in some form in order to determine the grant, contribution or payment made by the federal government to these Crown corporations. The President of the Treasury Board stated that it had not been the standard practice in the past to show this information because of the legal and accountability relationship between the government and Crown corporations. Amendments to the *Financial Administration Act* and the *Crown Corporations Act* are now being considered which will improve the government's financial control of Crown corporations. The Committee recommends that in future the requisite information in table 6 shown for governmental departments should also be provided for Crown corporations.

Some of the major items in the category "Professional and Special Services" are listed as an adjunct to Table 6, (page **1**-58). The Committee has often questioned the increasing amounts in the Estimates for professional and special services. It received assurances last year that a table would be included in future Estimates showing the

nature of these payments. The Committee continues to be concerned that consultants may be hired under this standard object thus holding down the increase in authorized man-years. It was assured by the witnesses that in controlling man-years, the device of hiring outside consultants to avoid asking for an increased man-year allotment has not been allowed or used. Many departments have not only had fewer man-years authorized, but have had the money provided for consultants reduced. Notwithstanding this, the witnesses suggested and the Committee agreed that the percentage increases in these major items could be shown in future in order to make clear that increases, where they occur, are based on the nature of the programs.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX

CANADA National Income and Expenditure Accounts
Government Expenditures and Their
Percentage of Gross National Product
by Level of Government
1961 to 1976

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976 Prelim.
	Millions of dollars *(Percent of GNP)*															
TOTAL GOVERNMENT EXPENDITURES excluding intergovernmental transfers	12,200 *(30.8)*	13,197 *(30.7)*	13,932 *(30.3)*	14,905 *(29.8)*	16,554 *(29.9)*	19,101 *(30.9)*	21,828 *(32.9)*	24,472 *(33.7)*	27,226 *(34.1)*	31,148 *(36.4)*	35,205 *(37.4)*	39,738 *(38.0)*	45,020 *(36.7)*	55,813 *(38.6)*	67,397 *(41.8)*	76,549 *(41.5)*
TOTAL FEDERAL GOVERNMENT EXPENDITURES	6,061 *(15.3)*	6,352 *(14.8)*	6,440 *(14.0)*	6,758 *(13.4)*	7,120 *(12.9)*	8,089 *(13.1)*	8,998 *(13.5)*	9,857 *(13.6)*	10,743 *(13.5)*	11,865 *(13.8)*	13,063 *(13.9)*	15,570 *(14.9)*	17,618 *(14.4)*	22,678 *(15.7)*	27,646 *(17.2)*	30,368 *(16.5)*
Federal Government Expenditures exclusive of transfers to persons	4,056 *(10.2)*	4,242 *(9.9)*	4,306 *(9.4)*	4,517 *(9.0)*	4,809 *(8.7)*	5,605 *(9.1)*	6,080 *(9.2)*	6,572 *(9.0)*	7,145 *(9.0)*	7,808 *(9.1)*	8,379 *(8.9)*	9,384 *(9.0)*	10,603 *(8.6)*	13,966 *(9.7)*	16,997 *(10.5)*	18,919 *(10.3)*
TOTAL PROVINCIAL GOVERNMENTS EXPENDITURES	2,410 *(6.1)*	2,632 *(6.1)*	2,888 *(6.3)*	3,245 *(6.5)*	3,768 *(6.8)*	4,508 *(7.3)*	5,521 *(8.3)*	6,330 *(8.7)*	7,157 *(9.0)*	8,718 *(10.2)*	10,489 *(11.1)*	11,570 *(11.1)*	13,171 *(10.7)*	16,182 *(11.2)*	19,830 *(12.3)*	23,166 *(12.6)*
Provincial Governments Expenditures exclusive of transfers to persons	1,785 *(4.5)*	1,914 *(4.5)*	2,129 *(4.6)*	2,396 *(4.8)*	2,744 *(5.0)*	3,335 *(5.4)*	3,874 *(5.8)*	4,300 *(5.9)*	4,788 *(6.0)*	6,107 *(7.1)*	7,350 *(7.8)*	8,332 *(8.0)*	9,597 *(7.8)*	11,810 *(8.2)*	14,503 *(9.0)*	16,527 *(9.0)*
TOTAL LOCAL GOVERNMENTS EXPENDITURES	2,950 *(7.4)*	3,356 *(7.8)*	3,651 *(7.9)*	3,848 *(7.7)*	4,490 *(8.1)*	5,100 *(8.2)*	5,687 *(8.6)*	6,384 *(8.8)*	7,138 *(8.9)*	8,036 *(9.4)*	8,782 *(9.3)*	9,385 *(9.0)*	10,487 *(8.6)*	12,272 *(8.5)*	14,159 *(8.8)*	16,097 *(8.7)*
Local Governments Expenditures exclusive of transfers to persons	2,871 *(7.2)*	3,272 *(7.6)*	3,565 *(7.8)*	3,763 *(7.5)*	4,402 *(8.0*	5,007 *(8.1)*	5,585 *(8.4)*	6,251 *(8.6)*	6,995 *(8.8)*	7,823 *(9.1)*	8,522 *(9.1)*	9,139 *(8.7)*	10,237 *(8.4)*	12,052 *(8.3)*	13,917 *(8.0)*	15,828 *(8.6)*
HOSPITALS	779 *(2.0)*	857 *(2.0)*	953 *(2.1)*	1,054 *(2.1)*	1,176 *(2.1)*	1,389 *(2.2)*	1,605 *(2.4)*	1,864 *(2.6)*	2,111 *(2.6)*	2,395 *(2.8)*	2,671 *(2.8)*	2,931 *(2.8)*	3,341 *(2.7)*	4,143 *(2.9)*	4,989 *(3.1)*	5,821 *(3.2)*
PENSIONS PLANS					—	15 —	17	37 *(0.1)*	77 *(0.1)*	134 *(0.2)*	200 *(0.2)*	282 *(0.3)*	403 *(0.3)*	538 *(0.4)*	773 *(0.5)*	1,097 *(0.6)*
GROSS NATIONAL PRODUCT	39,646 *(100.0)*	42,927 *(100.0)*	45,978 *(100.0)*	50,280 *(100.0)*	55,364 *(100.0)*	61,828 *(100.0)*	66,409 *(100.0)*	72,586 *(100.0)*	79,815 *(100.0)*	85,685 *(100.0)*	94,115 *(100.0)*	104,669 *(100.0)*	122,582 *(100.0)*	144,616 *(100.0)*	161,132 *(100.0)*	184,494

SOURCE: Statistics Canada.

THE SENATE

Thursday, June 16, 1977

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 16, 1977

Madam,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 16th day of June, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Senator Langlois tabled:

Report on Prairie Farm Rehabilitation and Related Activities for the fiscal year ended March 31, 1976, pursuant to section 10 of the Prairie Farm Rehabilitation Act, Chapter P-17, R.S.C., 1970.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-50, to amend the Judges Act and other acts in respect of judicial matters, and had directed that the bill be reported without amendment.

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

Senator McIlraith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1977

REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-53, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other acts subsequent to 1970, and had directed that the bill be reported without amendment.

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

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

• (1410)

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

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

Some Hon. Senators: Agreed.

Senator Grosart: Honourable senators, I wonder if I might ask the Deputy Leader of the Government if there will be a further request today for leave to permit any other committee to sit while the Senate is sitting?

Senator Langlois: Honourable senators, the answer is no. I understand that the Standing Senate Committee on Agriculture will be sitting, but not until after the Senate rises.

Senator Grosart: Do I understand, then, that the Standing Senate Committee on Agriculture will sit only after the Senate rises?

Senator Langlois: Yes, at approximately four o'clock, or after the Senate rises.

Senator Grosart: Has it been suggested that the Foreign Affairs Committee might do the same?

Senator Langlois: No.

Senator Grosart: Before granting leave, honourable senators, I should like to have an explanation as to why it is necessary for the Foreign Affairs Committee to sit while the Senate is sitting today, because we are now getting to the point where the conflict of committees and the sittings of the Senate is almost intolerable from the point of view of this group.

Senator Langlois: Since the request was not made to me but to the Leader of the Government, I think the chairman would be in a better position than I to answer the question.

Senator van Roggen: Honourable senators, as both the Deputy Leader of the Government and the Deputy Leader of the Opposition are aware, we have a heavy load of legislation coming forward to the Senate. I expect three or four bills to come before the Foreign Affairs Committee, this being the first of them. I would not ask for such leave for a continuation of the study on Canada-U.S. relations which is being conducted by my committee, but I did feel that in the case of legislation we should, where possible, give as much attention to it as possible.

The committee is meeting to deal with Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada, and as this is legislation which should be expedited I had asked for leave on the understanding that no other committees would seek similar leave this afternoon. As the Foreign Affairs Committee would be the only committee sitting this afternoon at the same time as the Senate, I felt it was a request that I could make of this house.

Senator Grosart: I wonder if I could ask the chairman of the committee—it so happens that I am the deputy chairman of that committee, so I am not in any way attempting to obstruct the progress of the work of the committee—if it would not be convenient for him to postpone the meeting until at least 3.00 p.m. or perhaps later?

Senator van Roggen: I would be perfectly prepared to support the honourable senator in postponing the meeting until 3.00 p.m., as I know that he has an interest in this subject and has also a matter to deal with in the chamber before that. I did not wish to wait until the Senate adjourned this afternoon before calling the meeting because I was afraid that we could not adequately deal with the bill before members felt they needed to get away should the Senate not be sitting tomorrow. But, certainly, 3.00 p.m. would be quite acceptable rather than 2.30 p.m.

Senator Grosart: I thank the honourable senator. Leave granted.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, June 20, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give, as usual, a summary of the work for the next week.

We are planning to follow the practice of last week and the week before of having the Senate sit on Monday and Tuesday evenings, leaving all day Tuesday for committee meetings. The committee meetings already set down for next week are as follows:

The Banking, Trade and Commerce Committee is to meet at 9.30 a.m. on Tuesday on Bill S-4, the Petroleum Corporations Monitoring bill, and it is quite likely that this committee will meet again on Tuesday afternoon. Also on Tuesday the Legal and Constitutional Affairs Committee will meet at 9.30 a.m. to consider Bill C-9, the James Bay and Northern Quebec Native Claims Settlement Bill, and it will meet again at 2.30 p.m. to consider Bill C-25, the Canadian Human Rights bill.

The Banking, Trade and Commerce Committee has called a meeting for 9.30 a.m. on Wednesday on the subject matter of Bill C-42, the Combines Investigation Act, and the Agriculture Committee will meet at 3.30 p.m., or when the Senate rises, to continue its inquiry into the beef industry.

On Thursday there will be an *in camera* meeting of Internal Economy at 11.00 a.m., the Agriculture Committee will hold another meeting of the beef industry at 3.30 p.m., or when the Senate rises, and the Joint Committee on Regulations and other Statutory Instruments will meet at 3.30 p.m.

There will, of course, be additions to this schedule as bills still on the order paper are referred to committee.

Next week will be another heavy week. In addition to the bills already before us we will have to deal with the main supply bill covering the 1977-78 estimates. We can also expect to get Bill C-20, respecting the Office of the Auditor General of Canada, and perhaps Bill C-27, the Employment and Immigration Reorganization Act.

Senator Carter: Honourable senators, I should like to add that the Standing Senate Committee on Health, Welfare and Science will meet at 9.30 Tuesday morning.

Senator Flynn: Could the Deputy Leader of the Government, while we are discussing the program for next week and the last week in June, tell us what pieces of legislation the government expects to pass before we adjourn for the summer?

Senator Langlois: I do not have the list in front of me, but I would say that there are about 10 pieces of legislation still to come to us from the other place, and which should be passed, if the Senate so decides, before we adjourn for the summer recess. I can provide this list later on this afternoon to my honourable friend.

Senator Flynn: Or next Monday?

Senator Langlois: Or next Monday.

Senator Walker: Does the deputy leader expect the House of Commons to adjourn for the summer at the end of next week?

Senator Langlois: Honourable senators, I have on many occasions warned my colleagues in this place that I am not too good at prophecy, but I can tell you that the target in the other place is July 8.

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

Motion agreed to.

THE SENATE CHAMBER

TAKING OF PHOTOGRAPHS BY THE PUBLIC—MOTION WITHDRAWN

Senator Riley: Honourable senators, I would ask leave of the Senate to withdraw the motion standing in my name on the order paper regarding the taking of photographs in the Senate precincts.

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

Hon. Senators: Agreed.

Motion withdrawn.

NOTICE OF MOTION

Senator Riley: Honourable senators, I wish to give notice that on Monday, June 20, at the next sitting of the Senate, I will move, seconded by Senator Barrow:

> That visitors to Parliament be permitted to take photographs of the interior of the Senate chamber, the Senate antechamber and the foyer of the Senate at all times during visiting hours, except during:
>
> (a) a sitting of the Senate;
>
> (b) the period of one hour immediately prior to a sitting of the Senate;
>
> (c) the period of 15 minutes immediately following the adjournment of a sitting of the Senate; or
>
> (d) any period when the Senate chamber is closed for maintenance purposes or is being used for such special meetings as may be authorized by the Senate, and only in those areas where visitors are permitted to circulate under the supervision of official tour guides.

● (1420)

Senator Asselin: That is a better motion than the last one.

Senator Riley: Thank you.

Senator Asselin: I did not say I will agree to it, but it is better than the first one.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Senator Grosart, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Macdonald be substituted for that of the Honourable Senator Asselin on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

ONTARIO ROYAL COMMISSION ON VIOLENCE IN THE COMMUNICATIONS INDUSTRY

RECOMMENDATIONS—QUESTION

Senator Olson: Honourable senators, I would like to ask a question of the Deputy Leader of the Government related to the so-called LaMarsh Commission on Violence in the Communications Industry. Has the federal government received a report containing the recommendations of this royal commission and, if so, what is the government's reaction to it, inasmuch as most of the recommendations are directed at the federal government?

Senator Langlois: Honourable senators, I am not aware of the federal government's having received a copy of this report and, therefore, I am afraid I shall have to take this question as notice and endeavour to reply to it at the earliest possible moment.

FOREIGN AFFAIRS

HELSINKI AGREEMENT—PRINTED INFORMATION

Senator Thompson: Honourable senators, may I ask the Deputy Leader of the Government when I might expect an answer to the two questions I asked over a month ago? I inquired as to the efforts the government has made to promote the export of Canadian printed information which will be used in studying the implementation of the Helsinki Agreement at Belgrade. The conference may be almost over before I get a reply.

I know the Leader of the Government has been trying to get a reply, but I would appreciate knowing why there is this delay.

Senator Langlois: I am pleased to assure my honourable colleague that I will do my best to hasten a reply.

MOTOR VEHICLE SAFETY ACT

BILL TO AMEND—THIRD READING

Senator Riley moved the third reading of Bill C-36, to amend the Motor Vehicle Safety Act.

Motion agreed to and bill read third time and passed.

FARM IMPROVEMENT LOANS ACT
SMALL BUSINESSES LOANS ACT
FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

Hon. Richard J. Stanbury moved second reading of Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act.

He said: Honourable senators, I am pleased to introduce Bill C-48, which proposes to extend and, in certain respects, modify the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act. Consideration of this bill is a matter of some urgency, because unless action is taken by Parliament the three acts will expire on June 30.

I suspect that, for most honourable senators, it will not be necessary to go into great detail in describing these acts. The legislation has been in existence for quite a few years and amendments to them have been made from time to time, most recently in 1974. Nevertheless, it might be helpful if I recalled a few of the salient facts and features of these acts and proposed amendments.

The oldest of the programs is the one established under the Farm Improvement Loans Act, which was introduced over 30 years ago, in 1945. It was followed by the Fisheries Improvement Loans Act in 1955, and finally the Small Businesses Loans Act in 1961. The three acts have similar objectives and provisions. Their purpose is to facilitate the availability of intermediate term credit to farmers, fishermen and small businessmen. To this end, the Minister of Finance is authorized to guarantee loans for a wide range of capital improvement projects, including the purchase of implements, machinery and equipment, the purchase, renovation or improvement of buildings and premises, the purchase of land related to the operation of a farm or business, and, in the case of fishermen, the purchase, construction or repair of fishing vessels and the development of shore installations.

The chartered banks have been, by far, the most important lenders under the programs. Other eligible lenders include the Alberta Treasury branches, and institutions such as credit unions and caisses populaires which, under the legislation, may be designated by the Minister of Finance.

An important feature of all three programs, and the one that perhaps distinguishes them most clearly from other types of government guarantee programs, is that loans can be made without the prior approval of the Minister of Finance. This arrangement is greatly appreciated by borrowers because it helps to ensure that loan applications are dealt with quickly and efficiently with a minimum of red tape. At the same time, a lender must conform to certain conditions and requirements, which are set out in the legislation and regulations, if his loan is to be eligible for the government's guarantee. Their requirements relate to such matters as the purpose of the loan, the maximum amount that may be outstanding to an individual borrower, the maximum term and maximum interest rate.

In terms of lending activity, the largest of the three programs has been the Farm Improvement Loans Act. During the 30 odd years of its existence, this act has played an important role in assisting the development of Canadian agriculture. By the end of 1976 there had been over 1,750,000 individual loans made under this legislation, with a total value of over $3.5 million. In 1976, total loans were of the order of $160 million.

Second in importance has been the Small Businesses Loans Act. By the end of 1976 the lending volume under this act had reached $480 million, a figure which represented about 43,000 individual loans. The total value of loans in recent years has risen sharply. It doubled between 1974 and 1975 to over $78 million, and there was a further increase in 1976 to about $81 million.

● (1430)

Lending under the Fisheries Improvement Loans Act reached a record level of $12 million in the loan year 1975-76. It is expected to be $10 million to $11 million in the current loan year.

In preparing the amendments contained in Bill C-48, the government consulted a wide range of interested bodies. The views received reflected very broad support for extending the legislation, and for updating its financial limits. There was, however, one major concern expressed by interested parties. This related to the interest rates which lenders are permitted to charge. Businessmen, in particular, have stressed that these rates have not always been high enough to ensure availability of credit in sufficient measure to meet the demand.

The rates of interest for these programs are set by regulation under authority contained in the legislation. The formula currently in use bases the rate on the yields of Government of Canada bonds. This formula, which was introduced in 1968, worked quite satisfactorily for some years but, more recently, this has been less true. Indeed, there have been occasions when the formula rate was well below the chartered bank prime rate. I understand that at one point it was something like 3 per cent below the prime rate. In these circumstances the banks have been somewhat reluctant to participate in the program as fully as would be desirable.

The consensus of representations made on this matter is that the rate should, in future, be related to the chartered bank prime rate, with some margin added to reflect administrative costs. In the light of these representations, the government has opened discussions with the major lenders with a view to revising the present interest-rate arrangements. In doing so its objective is to produce a new formula which, while encouraging greater participation by lenders, will reflect the value of the guarantee of the government and thus be reasonable for borrowers. It is expected that these discussions will be concluded within the near future. Once a new formula has been finally agreed, it would be put into effect by changing the regulations.

If I may, I will now turn to the specific legislative changes proposed in Bill C-48. These also reflect representations which have been received.

First, all three programs would be extended for three years from July 1, 1977, to June 30, 1980. Secondly, the individual lending limit, once again for all three programs, would be raised substantially. At present it is $50,000; it would become $75,000. Thirdly, the eligibility criteria for a loan under the Small Businesses Loans Act would be broadened. At present a business enterprise can qualify if its annual gross revenue is $1 million or less. This upper limit would be raised to $1.5 million. Finally, the aggregate loans eligible for the guarantee in the proposed three-year lending period, compared to that currently in effect for 1974-77, the last three-year period, would be raised for all three programs to $1.55 billion under the Farm Improvement Loans Act, to $600 million under the Small Businesses Loans Act, and to $80 million under the Fisheries Improvement Loans Act.

A higher individual lending limit of $75,000 should significantly broaden the scope of this legislation. The more liberal definition proposed for a small business should, in addition, make the Small Businesses Loans Act a more effective instrument in meeting the needs of that important sector. The recommended aggregate lending limits reflect the possible impact of these changes and, perhaps of greater significance, the increase in lending activity which may result from a revision of the present interest-rate arrangement.

These amendments and modifications will, I believe, significantly enhance the value of these three acts, which have already demonstrated their value very well indeed. They will now be better able to meet the capital requirements of farmers, fishermen, and small businessmen, and I commend this bill to honourable senators for their consideration and approval.

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

INCOME TAX CONVENTIONS BILL

SECOND READING

The Senate resumed from Tuesday, June 14, the debate on the motion of Senator Hicks for the second reading of Bill C-12, to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

Hon. Allister Grosart: Honourable senators, I have been wondering whether I should apologize for having risen so often over the last few days to discuss bills before the Senate, particularly when I noted—and Senator Langlois will be interested in this—on reading *Hansard* that, in the heat of debate, Senator Langlois said—and I emphasize "in the heat of debate"—he was sick of reading my speeches. I was so surprised at that that I did not reply at the time. It had never occurred to me that Senator Langlois would take the trouble to read my speeches. In view of his very regular attendance in the chamber—he is always in his seat—I have the greatest sympathy for him in that he has to listen to them, too. If he is sick of listening to them, I can complement that by saying I am sick of making them.

I am sure honourable senators are aware of the circumstances in which that appears to be necessary, but perhaps it should be explained. We on this side do not choose the bills to take. We discuss the schedule as it comes to us in caucus. Senator Flynn, the Leader of the Opposition in the Senate, gets the difficult ones, and the rest are assigned to us by the leader's office according to our time, our interests, and so forth. So, I merely assert again that when I rise in the Senate to speak to a bill, it is not of my own choosing.

But every cloud has a silver lining. I know that a number of honourable senators opposite have been looking for good reasons with which to persuade the Prime Minister to give us a little more help on this side. While the reasons so far do not appear to have prevailed, I suggest to Senator Langlois and other honourable senators opposite that they now have a very strong reason to place before the Prime Minister, that being that if he does not appoint some Conservatives to the Senate they will not only be sick of having to listen to Grosart, but somebody is going to drop dead.

Senator Langlois: You should not have taken it to heart.

Senator Grosart: Bill C-12, as honourable senators well know, is a bill of some substance, comprising 155 pages, seven parts and six schedules. It is a complex bill, but in many ways the general concept will be familiar to honourable senators as it is, in a sense, the second round in the presentation of legislation to the Senate for the purposes of implementing treaties entered into between Canada and various other countries in respect of the avoidance of double taxation in the matter of income tax.

Honourable senators will recall that the first round was discussed in this chamber in the last session during debate on Bill S-32. In some ways this is a milestone bill in the history of Parliament because it gives rise to some fundamental changes in the Standing Orders of the other place, and in certain procedures which are now to be imposed upon the House of Commons and the Senate by act of Parliament.

The countries involved in the first round of conventions respecting the avoidance of double taxation on income were France, Israel and Belgium. The countries concerned in the conventions before us in this bill are Morocco, Pakistan, Singapore, the Philippines, the Dominican Republic and Switzerland. This bill continues our progress on a very long road of legislation.

• (1440)

At the present time we have treaties in this area with 18 countries, and all of them, except those now under revision—the nine—are to be revised, and that means there are nine more to be revised. In addition, there are 40 countries with which it is considered necessary to conclude similar treaties. One of the countries included in a convention that was to have been before us in this bill was West Germany, but it was withdrawn because of certain changes in the corporate taxation structure in that country. It was withdrawn at the last

minute from this bill in spite of the fact that the negotiations leading up to that convention had taken nine years. So, I do not know how long it will be before we are in the position of having concluded conventions or agreements with all the countries necessary to put Canadian citizens in the appropriate kind of situation in regard to dividends, investments, royalties and interest in their dealings with those countries. The plain fact of the matter is that both Canadian nationals and nationals of these other countries are under a very severe handicap in their dealings because until these conventions are concluded the withholding tax and tax credit rates will not be satisfactory. In fact, they will be very different from the rates provided for in this bill.

It has been said—indeed it was said by the government spokesman who sponsored the bill in the other place—that on the first round to which I referred the government learned a lesson. It may be that there is a lesson in this bill that the government will learn. The lesson it learned, of course, was that Parliament would not accept a simple proposition, which is repeated in this bill but under much more favourable circumstances, that amendments could be made to these agreements and conventions—treaties, if you like to call them that; there is a distinction in international law, but it is not a very clear one. Normally, in the discussion of the bill the word "treaty" was used frequently. There is a distinction made between what is called "a capital letter 'T' Treaty" and "a small letter 't' treaty", but it is not of much consequence. So, if I use the words "treaty", "agreement", or "convention", I point out that in the usual terminology of international law they are interchangeable with some exceptions. The lesson that was learned by the government was that Parliament would not accept the propositon that an international treaty, convention or agreement could be amended merely by order in council.

Honourable senators may recall what happened to Bill S-32. We raised the question in the Senate and it was discussed in the other place, and there was a general agreement reached at that time that there would be a new procedural methodology developed which has come to be known as the affirmative and negative resolution. This is provided for in the present bill. The general tenor of that agreement was that if any such amendment to a treaty were made by order in council, then it would be submitted under certain terms to both houses of Parliament, and if within a certain period of time no action was taken by either house of Parliament the order in council would stand. I shall go into that in a little more detail later because it is a very interesting formula. But the House of Commons made no provision in its Standing Orders for clarification of the procedure. So we have the extraordinary procedure set out in detail in clause 25 of this bill for both the House of Commons and the Senate, so that in effect this bill creates for both houses new standing orders. I am not objecting particularly to that, because clause 25 also provides that when the time comes that both houses decide to incorporate some sort of formula for dealing with this negative resolution, this section of clause 25 will cease to be effective.

It is a considerable reflection on all of us, honourable senators, that we now have to be faced with a government bill which in effect creates new standing orders for us.

There is a lesson in this bill which may be of help to the government in its on-going negotiations, and I emphasize that because, as I say, this is merely the second round involving nine conventions with at least 49 to come. It is understandable that with the help of the other house we may be able to assist the negotiators in the kind of approach they should be making. I shall deal with that in a moment.

The bill itself proposes an act to implement conventions between Canada and the countries I named. The question of implementation of an international treaty is interesting but not entirely clear. The fact of the matter is that an international treaty can be entered into by the Crown and become an obligation on Canada without any reference whatever to Parliament. This is what is sometimes known as the exercise of the royal prerogative. It has tended to be used less and less.

As long ago as 1926, Mr. Mackenzie King laid down the proposition in a resolution, which was passed unanimously in the House of Commons, that no major treaty—and it defined them in terms of economic and other sanctions—should ever be made effective by the Government of Canada without reference to the House of Commons. Over the years, Mr. Mackenzie King and others expanded that concept, so that today, generally speaking, it is accepted by the government—it might almost be called a convention of our Constitution— that any important contract—which is probably the best word—between Canada and other countries of any major importance must be referred to the House of Commons and the Senate. In spite of that fact, some major agreements have not been so dealt with prior to so-called ratification, and the Auto Pact is one. However, in future we can look forward to all such international contracts being referred to both houses, and that is a qualification of what is sometimes called the principle of adoption; that is, that the law of nations comes into the common law of a country.

● (1450)

Senator Hicks, in his introduction of the bill, referred to that aspect. I am sorry to say it is a nonsensical argument, because it just does not happen. It goes away back to a statement by Blackstone, which is often taken out of context, but there is no way under the Canadian Constitution by which any international treaty or the law of nations can automatically become the law of Canada without implementation. So the purpose of this bill is to give implementation to these treaties. As a matter of fact, though, there is not much implementation involved here, because the conventions themselves are included in the bill as if they were acts already. That, of course, is a reflection of this new omnibus principle—what I call "legislation by wholesale."

I suppose the intent is, as it was in the bill we had the other day, to include these conventions in this bill by which they become the law of Canada, or some part of Canada, and then at some future point to publish them separately in the revised statutes as acts. I am not quite sure just how that can be done

mechanically, but apparently the law officers see no objection to it.

The second clause of each of Parts I to VI of the bill asks that the particular convention referred to be approved and declared to have the force of law in Canada. This raises a major question whether the Government of Canada can, by entering into promises with foreign countries, guarantee to implement the convention in all the laws of Canada. As honourable senators are well aware, there are areas of jurisdiction which are, by the British North America Act, limited to the jurisdictions not of the governments of the provinces but of the legislatures of the provinces.

We have been told that there has been consultation in these cases, but it is interesting to note that there is a fairly new concept in international law which recognizes this problem in federal states. There is a provision in the Vienna Convention of 1969, to which we have acceded, to take care of this situation. It recognizes the fact that Canada cannot undertake to implement the obligations of the treaty in any area where the exclusive jurisdiction is reserved by the British North American Act to the provinces.

There is a further requirement—which may not apply to these conventions but is nevertheless interesting—that there is an obligation on Canada, if any nation with which we are negotiating so requests, that Canada declare the exact extent to which this phrase "the force of law in Canada" means what it would appear to mean to somebody not familiar with our divided jurisdictions.

As I have said, the bill deals with the broad subject of avoidance of double taxation and dividends, interest and royalties earned by companies or individuals in either of the contracting countries. I think we would have to agree that it makes a lot of good, common sense to make such arrangements from time to time. Apart from the obvious equity to individuals and companies in the matter of being relieved of the burden of double taxation, there are broader concepts such as the facilitation of international investments and trade. So it is important that our negotiators carry on with the signing of these conventions.

I mention the unfortunate position that individuals in both countries are in—and this applies at the moment to 49 countries—where just because countries have not been able to get together to sign a contract, their citizens are under distinct financial disabilities. This carries on in spite of negotiated tax credit or withholding rates, and so on, in the neighbourhood of perhaps 10 to 15 per cent, which is more or less normal. The rates, where there are no treaties, will average about 25 per cent.

It is interesting to note that in these negotiations Canada has always been in the position of asking for much higher withholding rates in these areas than other developed countries. In other words, in this area we are a developing country, largely because we are in the same position as those countries in that we are more interested in the revenue we will obtain from those withholding percentages than the normal developed country. I was interested to find that the sponsor of the bill in the other place, the Parliamentary Secretary to the Minister of Finance, actually made this statement:

> You might regard Canada as more a developing country than the other members of the OECD.

That was Mr. Kaplan in the House of Commons Committee on Finance, Trade and Economic Affairs on November 16 of last year, at page 29 of the fourth report. In this area we are in the position of developing countries in wanting higher withholding taxes than the average normal developed country.

There has been a good deal of consultation on the terms of these conventions with the business community and individuals, and there has been widespread advance publicity on which the government is certainly to be commended, because it can be said that the terms do represent an honest consensus of Canadian opinion. One recognizes, of course, that negotiators are always in a difficult position. They have to trade off interests, but by and large it seems to me that they are doing an excellent job, with some reservation on one exception which I will mention in a minute.

I mentioned the omnibus type of bill. I hope the time will come when that kind of bill can be avoided. We are always being told that it is a quick way to get legislation through, but when six conventions in the form of six acts are included in the same bill, to say, "We have passed six acts," may be the easy way, but I wonder if it is the parliamentary way. We are always told in rebuttal that the bills can be passed faster this way. Had these bills not been prepared as a package in one covering bill, I doubt very much that they would have been held up in the House of Commons or here. The proof of that, to my mind, is in the fact that there were 31 amendments made to the bill—one consequential on the other, admittedly—by the Minister of Finance. They were dealt with in Committee of the Whole in the other place in about ten minutes, because it was explained that they all said the same thing, more or less as these conventions do, with one exception I shall mention. The opposition had seven amendments, which were packaged and dealt with similarly.

● (1500)

This brings me to certain further remarks on clause 19 of the bill, which appears in Part VII. The first six parts are the acts incorporating the conventions, and part VII deals with what are called supplementary conventions, which I mentioned a moment ago. The situation here is understandable. As the tax laws of countries change, it becomes necessary to propose changes in these conventions. Recognizing this, the government moved, as they did with Bill S-32, a little too fast, and have now developed this format which, as I said, really imposes standing orders on both houses. The clause says that this may be done. It says that amendments may be made to these international treaties by order in council, and the phrase is, "subject to prior resolution in Parliament." This may be a little misleading, although in legal terms it is clear. It means that the order in council, in terms of its legality, constitutionality and effectiveness, is not valid until there has been a resolution, or no resolution, of the matter in Parliament.

The clause provides—and this is a quite extraordinary but understandable procedure which honourable senators perhaps will be interested in having on the record—that the order in council must be laid before both houses of Parliament in 15 days. If no negative motion is filed with the Speaker of either house by the twentieth day, the order in council becomes effective on the thirtieth day. That motion must be proposed by 50 members of Parliament in the other place, or 20 here. Each house has 6 days to take up and consider the motion unless, of course, one has been moved in the other house. The debate is limited to five hours, which is a principle some of us might think may well be applied to certain debates, especially in the other place.

If a negative motion is adopted by one house—that is, a motion which would negative the order in council—it is then sent to the other house, which has 15 days, and five hours of debate, to decide what disposition it will make. If a negative motion is concurred in by both houses—and this is quite a recent change in this methodology—the order in council is then revoked. If the motion is not adopted, or not concurred in, or adopted with amendments, the order in council, of course, comes into force.

The final clause, in effect, requests the two houses to please get to work and include this procedure in their standing orders.

There are certain other matters I would like to refer to. I omitted to say earlier that Senator Hicks, who unfortunately is not here at the moment, gave us a full and complete explanation of this bill, for which I commend him. It was as good an explanation as I have heard of a complicated bill such as this. He discussed other matters, which I will not go into in detail, such as the non-discrimination clauses, the clauses that deal with pensions and annuities, and an odd situation called "tax-sparing", which, as he explained, is merely an exception for pioneer industries and small businesses which have been given tax incentives.

I come now to the final point that I would like to bring to the attention of honourable senators in connection with this bill, and that is the fact that in one convention, that negotiated with Switzerland, there is an essential difference between article XXV and article XXV in the other conventions. The heading is "Exchange of Information". The fact that there are substantial changes in the wording, of course, must raise the question in anybody's mind of why this article is singled out as one in which there is no uniformity with the other conventions. There is a distinct difference in wording, and there are also differences in substance between this and similar conventions that have been negotiated by the United States with Switzerland. This naturally raises questions as to whether, first of all, our negotiators have been as tough or as effective as those of the United States, since the Americans won concessions in this area from the Swiss over a number of years, going back as far as 1951.

The question at issue is those famous Swiss numbered, or hidden, bank accounts. This is of current interest. I do not want to make too close a connection, since the evidence is not complete that such a connection is there, but it does raise the issue that was brought up in regard to certain payments by one crown corporation and another near crown corporation—namely, AECL, in the one case, which is the crown corporation, and Polysar, in the other, which is a subsidiary of a crown corporation, 70 per cent of the shares of which are owned by the government.

These are, therefore, two corporations that are very closely allied to the government, and in both cases there have been very serious allegations of possibly illegal payments in the view of some—certainly quite improper—and in the view of others quite unethical. I believe there is a general consensus that they were the kind of payments that should not have been made. Committees in the other house naturally sought to trace these payments to their source. They were payments which were made to generally unnamed or undisclosed agents, and the committees in the other house found that these agents said in fact, "We are not telling you. We are telling you nothing."

Generally, those payments were traced to so-called numbered accounts in Swiss banks. This is a bad description because everybody knows that every bank account is numbered, but they are called that because although they are numbered you do not know whose accounts they are, or what the balances are, or anything about them. The Swiss themselves have recently run into a major scandal with Credit Suisse, as a result of the disappearance of $400 million from such an account. The Swiss are embarrassed by it.

It is true to say that the Swiss are themselves concerned about this situation, and they have a good Canadian excuse, which they often offer, which is that this is something that comes under what is called "canton legislation"—that is, legislation arising from special jurisdictions in some of the cantons.

The criticism that has been raised is that if Switzerland is a tax haven, this is the first double taxation avoidance convention that Canada has entered into with a tax haven. The minister sought to prove that Switzerland was not a tax haven. It is not for me to argue that, but I doubt that there are many people who have anything to do with business in Canada who would deny that Switzerland is the No. 1 tax haven country in the world.

• (1510)

Several phrases have been added to the undertakings made in respect to Canada and Switzerland and about the exchange of information. In all of these conventions clause 1 of Article XXV reads:

> The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of the provisions—

Inserted in the Swiss one, after "such information", are the words:

> —(being information which is at their disposal under their respective taxation laws in the normal course of administration)—

That would seem, on any surface reading, obviously a protection of their position in regard to numbered accounts. In other

words, it is a way of saying, "We are not going to be obliged to give anybody information on a universal basis in respect of these accounts."

There is a further addition, although I am not going into all the wording:

> No information as aforesaid shall be exchanged which will disclose any trade, business, industrial or professional secret or trade process.

This would seem to me, and it has seemed to others, to be a clear attempt to protect this very lucrative device in the Swiss banking economy. The question that arises is: Are we really enshrining in this bill, and in the Swiss act which will emanate from it, a reluctant agreement that, because we cannot prevent it, we are prepared to enter into a convention with them under which they have the right to carry on this practice which has been generally condemned around the world?

I am not going as far in that as some others have who have criticized it. I have merely attempted to put it as a proposition so that honourable senators may judge whether we are wise in deciding to accept what must be the insistence of the Swiss negotiators that we either enter a convention with these reservations, or have no convention. It is a matter of judgment. I put it on the record so that honourable senators may make their own assessments of this action by Canada.

Unfortunately, Senator Hicks is away, but we have had a private discussion on the matter and I am wondering whether it is necessary for the bill to go to a committee, and, if so, which committee. This raises an old problem. This is an international treaty, and the first type of legislation that our rules say should go to the Standing Senate Committee on Foreign Affairs is an international treaty. However, the predecessor bill, Bill S-32, went to the Standing Senate Committee on Banking, Trade and Commerce, which has a long history of expertise on this whole matter of double taxation. For that reason, if it is decided to send this bill to that committee, I would not raise any strong objection at this time. However, I would urge on the leader and the deputy leader that we get away from this idea that any bill that has anything to do with money or taxes automatically goes to that committee. My respect for the work of that committee is well known, and I need not elaborate on it. I merely say it seems to me that when we have a Foreign Affairs Committee, then an international treaty, regardless of its subject matter, should, in future, go to that committee. I leave it to the deputy leader to inform the house on the disposition of this bill, should it receive second reading, without expressing any strong views myself.

Under the circumstances, I am not sure that a great deal more can be done by any further discussion of the points I have raised. They are there; they have been thoroughly discussed. On the other hand, the committee itself may wish to be seized of the bill. So as far as we on this side are concerned, I leave it entirely to the deputy leader to decide what will happen to this bill should it receive second reading.

Senator Langlois: Honourable senators, I will deal first with the opening remarks of my honourable friend when he recalled what was a spontaneous exchange a few days ago, and during which I referred to his many speeches in this house. I wish to add immediately that this spontaneous exchange took place with no malice intended, and I sincerely regret it if I offended my honourable friend. The idea furthest from my mind was an endeavour to curtail, in any way, shape or form, the undeniable right of every member of this house to speak his mind on any question coming before it.

Turning to the suggestion that I should support the plight of opposition members who are asking for their membership to be strengthened, I would remind my honourable friend that two years ago, when we had a most important and prolonged debate on Senate reform, I suggested, as strongly as I could, that no government should ever allow the opposition membership to fall below one-third of the representation in this house as set out in the Constitution. Unfortunately, and to my regret at the time, I saw no member of the opposition rising in his place to support my suggestion and strong recommendation, although later on my honourable friend, the Leader of the Opposition, thanked me for having made the suggestion and even said that he had been surprised by my generosity. I am still of that mind, and I hope that this suggestion will be followed in the very near future.

Hon. Senators: Hear, hear!

Senator Langlois: On the suggestion that perhaps this bill should not be referred to any committee, I am in the hands of the house. I would be fully in agreement if it is felt that we should give the bill second reading today, and third reading at the next sitting. On the other hand, if it should go to a committee I think it should go to one of the two committees mentioned by Senator Grosart, to wit, the Foreign Affairs Committee or the Banking, Trade and Commerce Committee. In the past it has been the practice to send these matters to the latter committee. It is true that we are dealing with a treaty, but the subject matter is double taxation, and taxation is within the competence of the Banking, Trade and Commerce Committee. However, as I said, I am completely in the hands of the house. If it is the wish of the house that this bill not be referred to any committee, I will, if it receives second reading today, move that it be put on the order paper for third reading at the next sitting.

Senator Deschatelets: May I ask Senator Grosart a question? At the end of his remarks he said that a day or two ago he had a few words with the sponsor of the bill, Senator Hicks. I am wondering if there was any discussion as to whether or not this bill should be sent to a committee?

Senator Grosart: Far be it from me to paraphrase or attempt to give the house Senator Hicks' views or opinions, but I think I can say that neither of us was insistent that it should go to a committee.

Senator Choquette: Let it go at that.

Motion agreed to and bill read second time.

● (1520)

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

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

AERONAUTICS ACT AND NATIONAL TRANSPORTATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel Lang moved the second reading of Bill C-46, to amend the Aeronautics Act and the National Transportation Act.

He said: Honourable senators, in 1974 the Government of Alberta acquired on the open stock market a controlling interest—in fact, nearly 100 per cent—in Pacific Western Airlines, which is an air carrier operating in western Canada. No notification was given to the Canadian Transport Commission, as thought required under section 19 and 20 of the Air Carrier Regulations. Alberta took the position that the regulations did not apply to Her Majesty in the right of the Province of Alberta. On January 9, 1976, the Federal Court of Appeal held that Alberta was subject to the regulations. However, on February 22, 1977, the Supreme Court of Canada reversed that decision. As of today, therefore, the Aeronautics Act does not apply to Her Majesty in the right of a province and, by implication, to Her Majesty in the right of Canada.

The purpose of Bill C-46 is to make the Aeronautics Act specifically binding on Her Majesty in the right of Canada and, perhaps even more importantly, on Her Majesty in the right of any province of Canada. Incidentally, this bill would also make binding on Her Majesty in the right of Canada and Her Majesty in the right of any of the provinces the provisions of the National Transportation Act, which is the act under which the Canadian Transport Commission functions.

In particular, and in short, honourable senators, the bill provides that in addition to the required approval of the Canadian Transport Commission to any transfer of stock of an air carrier to Her Majesty in the right of a province there must be approval by the Governor in Council. Furthermore, the required issuance by the Canadian Transport Commission of a licence to any air carrier in which her Majesty in the right of a province has or is in the process of acquiring a debt or equity interest must also have the approval of the Governor in Council. Such latter order may be issued prior to, but subject to, a subsequent hearing by the commission on a licence application.

Honourable senators, I have condensed what might have been 20 minutes of rhetoric into a quite legalistic and, I hope, exact interpretation of the bill.

By way of penalty for non-observance of its requirements, the bill provides that the Canadian Transport Commission may suspend or cancel the licence of any air carrier which does not comply with the new provisions.

The bill is not retroactive in its effect. It will not apply to the acquisition by the Province of Alberta of control of Pacific Western Airlines.

That is all I am going to say about the bill. I think it is important that jurisdiction over air transport in Canada in terms of the purchasing, scheduling, and operation of airlines, remains under federal control whether the same be under public or private ownership. I think that is of utmost importance to our country in terms of national unity, if in no other way. For that reason I commend this bill to honourable senators for adoption. As to how the Senate might wish to treat the bill, I am in the hands of the Senate. It is only three pages in length. There are constitutional implications which I have not gone into, but I am prepared to try to answer any questions which honourable senators might have in that respect. If my remarks have been adequate, and any answers I might give to questions raised are adequate, it is my hope that it might not be necessary to refer this bill to committee, but that is a decision, ultimately, for the Senate itself.

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

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1978, which was presented yesterday.

Hon. Douglas D. Everett moved the adoption of the report.

He said: Honourable senators, I should like to point out that these estimates total $44.582 million, up from $41.224 million for the fiscal year ended March 31, 1977.

For the fiscal year 1976-77 the main estimates represented an increase of 13.8 per cent over the previous year. In that same period the increase in the GNP was 14.5 per cent. This year's projected 7 per cent increase over the previous fiscal year is less than the forecasted growth in the nominal GNP of 10.8 per cent. Indeed, even if no tax points had been transferred to the provinces, the increase would have been 9.4 per cent, which again would have been less than the increase in the nominal GNP of 10.8 per cent. In short, for the last two years the growth in the estimates of this government has been less than the growth in the nominal GNP, which is something that has been sought by your committee, to my knowledge, for over 10 years.

The policy of constraint, in addition to having an impact on overall expenditures, has an effect on man-years. The man-year increase this fiscal year over last will be held to six-tenths of 1 per cent, as opposed to an average yearly increase in the past of 3.5 per cent and contrasted to a forecast in the growth of employment in Canada for this fiscal year of 1.8 per cent. There has been, however, a tremendous growth in man-years over the last 10 years. Man-years in the federal government in that period have grown from 239,000 to 323,000, an increase of 83,000. It is interesting to note that almost 50 per cent of that growth is in three departments: the Post Office with

25,000 man-years, the RCMP with 8,000 man-years and frighteningly enough, Revenue Canada with 6,000 man-years.

• (1530)

It is interesting to look for a moment at government expenditures as a percentage of the gross national product. In 1964 all governments in Canada took 29.6 per cent of GNP. In 1976 that had increased to 41.0 per cent. Taking each segment of government between 1964 and 1976, here is what you have: The federal government goes from 13.4 per cent to 16.5 per cent; local governments go from 7.7 per cent to 8.7 per cent; hospitals go from 2.1 per cent to 3.2 per cent; but provincial governments go from 6.5 per cent to 12.6 per cent.

If you look at the stance of the federal government in the last two years you will see that there has obviously been an attempt to hold down the magnitude and growth of federal expenditures. In 1975 the federal government expenditures on a national accounts basis represented 17.2 per cent of the gross national product. In 1976 that had fallen to 16.5 per cent, and it should drop again in 1977. Indeed, there is only one spending increase in these estimates of any magnitude, and that is an increase of $286.5 million for the new employment strategy.

So there is the government holding down the increase in its expenditures, but despite that we have an expansionary federal budget. The projected deficit for this year will be $5.7 billion as opposed to $4.5 billion last year. What is interesting about that fact is that tax concessions of $1.7 billion are the major instrument of the expansion, and I for one applaud that change, in that the government is saying to the citizens, "If we are going to expand our budget, we will put more money in your pockets instead of our spending more money."

Let us have a look for a moment at monetary policy in connection with this expanding budget. Senators are aware that over the last while monetary policy has been quite restrictive. The economy has slowed as a result of that, but the present policy, the present stance of the Bank of Canada, is considerably more expansionary. The central bank rate has been systematically lowered over the last few months. The growth of the monetary base, which is the one item over which the central bank has control, is within their target range; but M-1, the growth of the money supply, is well below the target range and there has been a tendency for the gross national product to track fairly well with the growth of M-1.

That is what has the Bank of Canada concerned, because they have not yet been able to get M-1 back to their target range. So they have embarked as a result on a more expansionary policy. But what has happened is that M-II has grown well beyond the target range, and in this respect we have a danger.

Senator Lang: Would the honourable senator please tell me what the distinction between M-I and M-II is?

Senator Everett: M-I is demand deposits and currency in the system; M-II is M-I plus time deposits.

The danger of this situation is that when M-I, which tracks with the GNP, is below the target range, the central bank is encouraged to increase the money supply. The result can be that if M-II is above the target range, which it is today, M-II can then be translated into demand deposits and there can be an incredible increase in M-I over a very short period of time. If the central bank were to continue on this line, the result could be an increase in the inflationary environment of Canada, especially since inflation is bound to be exacerbated by the lower value of the Canadian dollar and especially while certain price increases such as petroleum price increases and food price increases work their way through the economy.

So there is this danger on the horizon in respect of inflation.

There were three areas of concern to the committee when it examined the estimates. One respected loans to crown corporations, loans made at a time when the government knows, or should know, that they will not be repaid. There has been a tendency for the government to convert such loans to equity. Indeed, in conversation with the Treasury Board officials we were informed by them that instead of making loans which they knew would not be repaid, the Treasury Board had agreed to make contributions and had also agreed to recommend an amendment to the Financial Administration Act.

In addition, the committee recommended that information on crown corporations should be shown as expenditures by standard objects, as is done for other government departments. At the present time the spending information on crown corporations is not shown in the estimates in the way it is for other departments, and we believe the control of Parliament would be increased if that were done. That would affect such crown corporations as the Canada Council, the CBC, the Canadian Film Development Corporation and the National Film Board.

A third area which the committee was concerned with was the hiring of outside consultants. The committee has been worried that perhaps outside consultants are being hired when the authorized man-years are about to be exceeded in a department. We have been assured by Treasury Board that that is not the case. They have agreed in future to provide us with additional information so that we can exercise greater control over this possibility.

Honourable senators, I wish to say in closing that I am not happy with this report. Nor do I think any member of the committee is happy with it. There is a reason for that.

Some time ago we decided that our main thrust should be to make a detailed examination of particular departments or particular programs. We began that with Information Canada, which turned out to be a detailed examination of the information services of government, which in turn turned out to be rather large and not under control. We then made a detailed examination of Canada Manpower and were pleased that of 56 recommendations 52 were agreed to by the Minister of Manpower and Immigration. At the present time the committee is examining the Department of Public Works, and I think I report fairly on behalf of the committee that that examination is going well. Because the examination of the Department of Public Works will be concluded by the end of this month, the committee is presently looking at new subjects to examine and hopes to have one decided upon for recommendation to the Senate when we return in the fall.

• (1540)

The difficulty of all this is that there has been insufficient time for the committee to examine the blue book of estimates properly. Under the block system the committee is allowed two hearing days every second week. In order to do the effective, detailed examination that we are doing we require those days, and it has been very difficult to give them up for an examination of the blue book; however, happily, we have now been given an additional Wednesday and we will develop a new format which will include our detailed examination of a program or a department, but will also include a much more detailed and comprehensive examination of the blue book, including the policies and accounting procedures, and some examination of the more important spending departments in that book.

In a sense I apologize for this report to the Senate, and I hope that next year at this time when we table our report it will be a much fuller and much more meaningful document.

Senator Burchill: Honourable senators, Senator Everett does not need to make any apology for this report. I think it is a splendid report. I would like to ask him, however, with regard to provincial government expenditures, how the federal transfers to the provincial governments compare as between 1975 and 1976.

Senator Everett: There is a table at the back of our report which gives that information. In 1975 the federal government's total expenditures were 17.2 per cent of the GNP. Exclusive of transfers they would have been 10.5 per cent. In 1976 they were 16.5 per cent, and exclusive of transfers, again, they would have been 10.3 per cent.

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

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. H. A. Olson moved the second reading of Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

He said: Honourable senators, I regard it as an honour and a pleasure to introduce Bill C-34 to this house, and I want to inform honourable senators that my remarks will be substantially shorter than I had intended them to be, since I know there are committees that are trying to meet this afternoon which have some very important business before them.

The main purpose of Bill C-34, an act to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof, is to provide the rapeseed producers of western Canada with an opportunity to set up marketing pools so that those producers who do not wish to sell their rapeseed and receive only the amount that the market happens to provide that day may enter into pooling arrangements of several kinds for the purpose of sharing in the average price, if you like, throughout the crop year.

The main part of this bill is contained in clause 2, and the purpose of this amendment is to establish a legislative scheme to facilitate this joint marketing of rapeseed and other grains that are not marketed through the Canadian Wheat Board at the present time. The amendment would enable the establishment by order, and on the fulfilment of certain conditions, of plans for the joint marketing of grain that would include provision for the pooling of sales receipts from grain, and also a system of initial payments. I might say that those initial payments are not available to rapeseed growers at the present time.

To encourage the establishment of one or more of these schemes, the provision is made that certain losses incurred under a plan may be recoverable from the Government of Canada. Participation by producers in a plan would be voluntary, but once a producer has agreed to participate in the plan, then of course the delivery of his grain and the receipt of that grain from a producer by an elevator company would be mandatory, and for it to go outside the pool would be contrary to the terms of the plan and would constitute an offence.

I should like to advise honourable senators that that is the main purpose of clause 2, and all the other clauses up to clause 5 are consequential on passing what is contained in clause 2.

Clauses 5 to 7 are amendments to the Western Grain Stabilization Act, so that there may be levies taken from these pooling schemes for the purposes of the producer, and indeed the government, too, of paying contributions into the Western Grain Stabilization Fund. All of the other amendments, that is, those following clause 7, are consequential on this amendment to provide for these pools to be included in the Western Grain Stabilization Act.

I ought to give a brief explanation of what I think can properly be regarded as fairly widespread producer support for this kind of legislation in western Canada by the people who could, on a voluntary basis, be affected by it. The legislation contains an important revision which would encourage the establishment of these voluntary pools, and I might also say that it is voluntary for the pools and the grain companies to set up or to establish a pool or several pools.

As you will probably note from the bill, more than one marketing scheme can be operated side by side. Under the legislation the minister may, with the approval of the Governor in Council, enter into an initial payments guarantee agreement with the operator of the pool plan. Under this agreement the government would pay up to 90 per cent of any operating deficit or loss incurred by the pool. This guarantee is not a new departure in policy, because it is similar to the guarantee that is provided by the government now with respect to the Canadian Wheat Board's initial payments, which are made under the pooling of those grains that are already being handled by the Canadian Wheat Board.

● (1550)

As I said earlier, more than one scheme could be put into effect. I think there are essentially two types of voluntary pooling plans that could be established under this enabling legislation. The precise type of pooling plan that will be established depends, of course, on the willingness of the companies normally marketing grain, which would be the wheat pools and the other private grain companies, to develop the pooling schemes.

One type of voluntary pooling plan would be a full pooling system similar to the Canadian Wheat Board pooling system for wheat, oats and barley, and this would, of course, involve the pooling of the total sales revenues obtained from the marketing of rapeseed in the export and domestic markets; then, of course, the distribution of these final revenues after marketing costs have been deducted, and these payments would be made to participating growers as their final payment.

There is, however, another type of pooling plan, which could be referred to as a street price averaging scheme. With a street price pool the producers who opted to participate would merely have a portion of their street price retained by the pool when they marketed their rapeseed at the end of the pool period. The total moneys in the pool would be averaged and each participating producer would receive the same final payment.

The pool itself would not buy or sell rapeseed; it would merely provide a service to the participating producers by averaging or pooling a portion of their sales receipts for their rapeseed marketed during that year. The producer would not share in the final sales revenue obtained by the firm in marketing the rapeseed in either the domestic or the export market. For a larger rapeseed grower this is already possible; he can achieve this on his own by merely arranging his deliveries so that he markets his product at different times during the year to obtain an average price. However, for the smaller grower this is not always possible, as we may have not sufficiently large production or quantities to spread his deliveries out over the year and therefore participate in some of those periods when prices are high.

It is also a problem that there are times when a smaller producer, or any producer for that matter, is unable to deliver his grain, his rapeseed, to an elevator, even though he may believe the price that day is adequate, or that it is perhaps one of the better days to sell it. Therefore, these pooling schemes do provide for those producers who want to take an average price throughout the year under one or several pooling schemes.

I should inform honourable senators that there was a plebiscite of rapeseed producers in 1974. At that time 46 per cent of producers voted for the Canadian Wheat Board to take over the marketing of rapeseed, for what we would refer to as a full pooling system, and 53 per cent voted against a full pooling system for all of the rapeseed.

It seems to me that with this enabling legislation the amendments to the Canadian Wheat Board Act contained in Bill C-34 that are before you provide producers with the option of going for either no pooling or full pooling. Indeed, from one year to the next I think they can opt in or out. However, I should make it clear that for any particular marketing year, if they have opted to go into a pooling scheme their permit book will be endorsed to that effect, and they are required to stay with the pooling scheme for the rest of that crop year. This is one of the reasons that some of these voluntary pooling schemes have not been so successful in the past, because of producers declaring that they will go into the pool and then, before the pool period is finished, they have either attempted to withdraw or have in fact withdrawn from it. It will be made clear to producers that if they enter into a pooling arrangement to average the price over the whole crop year, they will be obliged to stay with that pooling until the end of the crop year.

There is much more that could be said about the history of these pooling arrangements and the support that many farmers have given to the Canadian Wheat Board because of the manner in which it has handled the selling of their grain over the years, but for the sake of time I think the explanation I have given may be adequate to establish the principle of what is involved in Bill C-34.

While I am not sure of the arrangements that can be made later, I would suggest that this bill, if it receives second reading, be referred to the Standing Senate Committee on Agriculture, at which time we could call before us witnesses from the Canadian Wheat Board and from those administering the Western Stabilization Act, to get more detail of the administrative plans they have for it.

I would commend this legislation to honourable senators, and hope that it passes through all stages in this house, and indeed that it becomes law before the end of this session, so that for the ensuing crop years—not 1977-78 but following that—the grain companies can proceed with this enabling legislation to set up voluntary pools for it.

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

The Senate adjourned during pleasure.

At 5.45 the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Customs Tariff (No. 2).

An Act to amend the Excise Tax Act (No. 2).

An Act to amend the Bank Act and the Quebec Savings Banks Act.

An Act to amend the Export Development Act.

An Act to amend the Financial Administration Act and to repeal the Satisfied Securities Act.

An Act to amend the Motor Vehicle Safety Act.

An Act to amend the Historic Sites and Monuments Act.

An Act to amend the Railway Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Monday, June 20, at 8 p.m.

THE SENATE

Monday, June 20, 1977

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

Prayers.

THE HONOURABLE KEITH DAVEY

NEWSPAPER REPORTS—QUESTION OF PRIVILEGE

Senator Davey: Honourable senators, I rise on a question of privilege under rule 34 of the Senate. On Thursday, June 9, the Toronto *Sun* carried an article about me which was inaccurate, misleading, unfair and full of innuendoes. Because the *Sun* has earned a reputation for this kind of McCarthy-like attack I decided to ignore this article. I reached this decision notwithstanding the advice of solicitors that the article is actionable. However, now the same material has been carried by other more consequential media outlets as well as showing up in debate in the other place. In all of these circumstances I want to set the record straight.

The *Sun* article was headed, "Senator Has 50 per cent of Racing Business." It opened with this paragraph:

> Liberal Senator Keith Davey holds the controlling 50 per cent ownership interest in an Ontario harness racing business in which one of the associates recently pleaded guilty to five charges of fraud.

It continued with this paragraph:

> The senator's interest was revealed on April 25th in London provincial court when William Frank Floyd, of London, pleaded guilty to five charges of fraud, none of which involved the racing operation. He was fined $10,000.

The article goes on to describe in florid detail other activities of Mr. Floyd which, to say the least, were unsavory. The juxtaposition of this material in an article headed, "Senator Has 50 per cent of Racing Business," is, in my judgment, clearly defamatory. Perhaps someone might argue that legally that is fair comment on a public person. In any event, it is a smearing tactic of a yellow journal. Indeed, the very next day the *Sun* editorialized in part as follows:

> While there's no suggestion that Senator Davey was involved in anything illegal, the Caesar's wife adage is applicable: More pure than pure.

The editorial concludes:

> The Senator was indiscreet. He should have a higher regard for propriety. He does neither his boss, the PM, nor the Senate any favours by business involvements with a questionable partner.

The facts, as any newspaper with respect for its readers would have discovered, are these: Mr. Floyd's family were and are well known and well respected in their community. Mr. Floyd represented himself to be a partner in established and respected enterprises. He appeared to be both a substantial and a reputable individual in the community, and he had been passed upon by organizations much better suited and equipped to check his credentials than I.

The Canadian Imperial Bank of Commerce during the same period of time investigated Mr. Floyd's reputation and position and were sufficiently impressed with the results of their investigation to approve him for loans well in excess of a hundred thousand dollars.

The Toronto *Sun*, in June of 1977, after Mr. Floyd had been convicted, "knows him to be a person of questionable character." How astute! But, in 1975, neither the Canadian Imperial Bank of Commerce nor Senator Davey were in possession of any facts which could have led to such a conclusion. On the contrary. In 1975 Mr. Floyd appeared to all to be a respectable member of the community.

Let us also look at the *Sun's* tactics as compared to basic journalistic honesty and trust. The heading "Senator has 50% of Racing Business" seems designed to state as fact that a racing business exists in June of 1977 and that I own half that business. No such racing business existed in 1977. No such racing business existed in 1976. For a very short period in 1975, and as a test only, a racing business existed. How, why and owned by whom?

• (2010)

I have known Loren Cassina for 25 years. He is a dear and respected friend. He is a sports entrepreneur known and respected internationally who, for example, participated with Madison Square Gardens and Top Rank Inc. in the promotion of the Ali-Norton championship fight last September in Yankee Stadium. Mr. Cassina had done a great deal of work in researching harness racing and had developed an idea to bring more racing of high quality to the smaller centres in Ontario. He had in 1974 worked to that end both at the federal and provincial level.

In late 1974 Mr. Cassina approached me regarding joining him in this venture. My legal counsel advised that no conflict of interest would result provided I clearly stated my interest and did not misuse my position. My interest was open and clear and I did nothing which could in any way be a misuse.

Goderich had already been approved both federally and provincially for racing and indeed had been granted nine racing dates in 1975, all before Cassina and/or Blue Water Racing Associates Inc. were on the scene.

The Dungannon Agricultural Society had the racing dates for the Goderich track and the Goderich Trotting and Agricul-

tural Society operated these Dungannon dates for several years.

Blue Water made two separate transactions: one with Dungannon to operate their days and the other with the Goderich Trotting and Agricultural Society and the town of Goderich for use of the facility.

My participation in Blue Water was to have been less than one-third. On March 12, 1975, Mr. Cassina, alone, attended a hearing before the Ontario Racing Commission. The commission published its decision in a letter to Mr. Cassina and Blue Water dated March 14, 1975. They granted the extended racing dates from nine days to nineteen days. The commission attached certain "provisos" to their approval. The approval was for a "test period only." Blue Water was on trial as an operator of the track.

A second condition put forth by the Ontario Racing Commission, a provincial agency, was that I was to acknowledge that I or York Sports Investments was to have or maintain at least a 50 per cent interest in Blue Water. This proviso had not previously been discussed. It was contrary to my understanding. However, since time was short, because our first racing date was quickly approaching, it was felt this term should be met. As between the interested parties, it was agreed that I or York Sports would hold 50 per cent of Blue Water regardless of the fact that I would not receive 50 per cent of any profits. Indeed no profits were expected from this test period.

I instructed my solicitor to incorporate York Sports Investments Limited to own 50 per cent of Blue Water. It was incorporated May 20, 1975. The Blue Water racing test at Goderich lasted from May 20, 1975 to September 26, 1975. Blue Water did not operate in racing after September 26, 1975.

It had been decided that once the test period was over we would consider further racing dates but in a location and facility other than Goderich. It was also decided that York Sports would be owned as to 35 per cent Loren Cassina; as to 35 per cent myself and as to 30 per cent Simms Shuber, Q.C., of Toronto. So honourable senators can see that my ownership was not to be 50 per cent but only 35 per cent of 50 per cent or, in reality, only 17.5 per cent of Blue Water.

The reality was that the venture not only failed but lost money. Blue Water did not do any racing business in either 1976 or 1977. York Sports is dormant. At no time was there any communication between me and my partners, me and Agriculture Canada, or me and the Ontario Racing Commission that said, indicated or suggested that I would be responsible for licences, nor was that my function. Incidentally, as a result of this sort of muck-raking, the ever-zealous member from Central Nova in the other place has discovered that I am a director of Hydroculture Luwassa, a privately owned Canadian company which grows plants without soil.

In Friday's Toronto *Star* Mr. MacKay is quoted as follows:

> Then I began to think: Well, there is enough greenery and foliage around some of these government offices to make a Tarzan movie and one would expect to see a cheetah peeking through some of these government buildings.

You know, honourable senators, when these newspapers do it to you, they really do it up brown. This article in the *Star* is picturesquely headed, "Davey Using Position to Make Money: M.P."

Although I have not made, nor would I make, any representation to any government official about this company, I thought I should check out how much business Luwassa was doing with the federal government. It appears the company has done a grand total of about one thousand dollars worth of business with several different departments of the federal government. As well, the Department of Agriculture has three containers, on consignment, on an experimental basis, to study the company's process. This represents, quite literally, such an infinitesimally small fraction of the company's business as to make Mr. MacKay's remarks ludicrous.

For a long time now I have supported conflict of interest guidelines for senators and members of the other place. Meanwhile, I think my record speaks for itself. Unhappily, however, truth is not a defence against this style of journalism.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Senator Perrault tabled:

> Report of the Textile and Clothing Board entitled "Clothing Inquiry", dated May 29, 1977, to the Minister of Industry, Trade and Commerce, pursuant to section 17 of the Textile and Clothing Board Act, Chapter 39, Statutes of Canada, 1970-71-72.
>
> Copies of Order in Council P.C. 1977-1617, dated June 9, 1977, respecting the removal of reduction in tariffs under paragraph 3(1)(b) of the Maritime Freight Rates Act, pursuant to section 5(3) of the Atlantic Region Freight Assistance Act, Chapter A-18, R.S.C., 1970.
>
> Report on operations under the Clean Air Act for the fiscal year ended March 31, 1976, pursuant to section 41 of the said Act, Chapter 47, Statutes of Canada, 1970-71-72.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, June 21, 1977, at 8 o'clock in the evening.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday next, June 22, 1977, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Honourable senators have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to.

• (2020)

THE SENATE

PARKING FOR SENATORS' CARS—QUESTION

Senator Benidickson: Honourable senators, to my surprise, on Thursday afternoon last I found that the small parking area on the north side of the roadway immediately behind the East Block, which for many years has been allocated for the exclusive use of senators, was changed. The word "Senators" was removed, and a new number assigned to that area. It is a convenient parking place for approach to the main door of the Senate, where one normally likes to enter in order to see the notice board for committee meetings, and so on. It is a parking area that I have used for a long time. This area now has the new number 352.

I wonder to whom permission to use that area 352 has been assigned? I believe that under rule 20, one can ask a question of this kind of the Leader of the Government or the chairman of a committee.

I see by the notice board that the External Affairs Committee is meeting on Thursday; perhaps then we could hear something about why this particular change was made. Previously, it was an area exclusively and conveniently reserved for senators.

Senator Perrault: Honourable senators, I have no information concerning this apparent problem, and I must take the question as notice.

ONTARIO ROYAL COMMISSION ON VIOLENCE IN THE COMMUNICATIONS INDUSTRY

RECOMMENDATIONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on June 16 Senator Olson asked if the federal government received a report containing the recommendations of the Ontario Royal Commission on Violence in the Communications Industry, and, if so, what is the government's reaction to it inasmuch as most of the recommendations are directed at the federal government.

I have been informed by the minister's office that the Honourable Jeanne Sauvé has received this very lengthy document, and it is presently under study.

THE ENVIRONMENT

PROTECTION OF COASTAL WATERS AND SHORELINES FROM OIL POLLUTION—QUESTIONS ANSWERED

Senator Perrault: Honourable senators, on May 12 Senator Greene asked a question about oil tankers and the protection of coastal waters and shorelines from oil pollution. His question was:

> Has Canada issued regulations governing oil tankers passing through Canadian waters en route from Alaska (Valdez) to U.S. ports, to safeguard the environment of the British Columbia coast?

The answer is:

> Under Part XX of the Canada Shipping Act, Canada has enacted anti-pollution regulations which are amongst the most stringent in the world. These regulations apply in Canadian waters out to the edge of the 12-mile territorial sea and in the exclusive fishing zones in effect prior to January 1, 1977; in other words, in areas such as the Strait of Juan de Fuca where vessel source pollution poses the greatest threat to our marine environment and coastline.

A supplementary question was asked by Senator Grosart:

> What is the official Canadian definition at the present time of 'territorial waters'?

The answer is:

> Under the Territorial Sea and Fishing Zones Act, the Territorial Sea of Canada is defined as 'those areas of the sea having, as their inner limits, the baselines described in Section 5 (of the Act) and, as their outer limits, lines measured seaward and equidistant from such baselines so that each point of the outer limit line of the territorial sea is distant twelve nautical miles from the nearest point of the baseline'.

A third question was asked by Senator Smith (Colchester):

> Is there any technical difference between the terms 'territorial waters' and 'territorial sea'?

The answer is no.

A question by Senator Williams, still on the same subject, was as follows:

> Has the government considered the safety aspect of the risks caused by giant oil tankers transitting particularly congested waters in the area of the Strait of Juan de Fuca?

The answer is:

> (d) Yes. Canada and the United States have taken a number of separate and joint measures to reduce to the greatest extent possible the risk of oil pollution from tankers in these waters. The Canadian Coast Guard, in co-operation with the U.S. Coast Guard, has implemented a traffic separation scheme which has been in effect in the Strait of Juan de Fuca since 1975 with a view to enhancing tanker safety and minimizing the risk of collisions and groundings. The Vessel Traffic Management Centres at Vancouver and Seattle are in constant contact with each

other on a routine basis, and exchange information on vessel movements in the area. Discussions are currently under way between Canada and the United States to improve this vessel traffic management system and expand its coverage. The two countries are *inter alia* committed to an accelerated program of installation of radar equipment for vessel traffic management purposes through the area of the Strait.

EFFECT ON CANADA OF LEAKAGE IN ALYESKA PIPELINE—QUESTION

Senator Greene: Would the honourable senator permit an ancillary question in a slightly different vein? A member of the United States Congress is reported to have said yesterday that the Alyeska Pipeline was going to flow with oil today whether it leaked like a sieve or no. If such be the case, I wonder if the leader could report to this house on the potential effect of leakage from the Valdez line, which is in United States territory, and what would be the effect on Canadian territory south of the Valdez line if this line is to be permitted to flow whether it leaks like a sieve or no?

Senator Perrault: Honourable senators, I must take that question as notice.

JUDGES ACT AND OTHER ACTS IN RESPECT OF JUDICIAL MATTERS

BILL TO AMEND—THIRD READING

Senator McIlraith moved third reading of Bill C-50, to amend the Judges Act and other acts in respect of judicial matters.

Senator Lawson: Honourable senators, I should like to make a few brief comments on this bill to protest what I consider to be the inadequate increases proposed for judges.

The Minister of Justice, in announcing these increases, indicated that judges have not received an increase for more than two years. He qualified that by saying that the cost of living increased approximately 15 per cent during that period, and proposed an increase of 3½ per cent per year for judges. It seems to me that, in face of the amounts of increases that have been proposed under the anti-inflation guidelines and have been allowed, certainly up to the maximum of $2,400, and many others that have gone unchallenged of $10,000, $20,000, $30,000 a year, and up to a $60,000 a year increase for the head of the Chrysler Corporation, surely we and the minister have a responsibility to take better care of our judges.

I think it is enough that we ask them to give up their highest earning years, and in many cases to go to the bench for, perhaps, half the salary they could earn in private practice. Surely there must be a responsibility, when we ask them to serve their country in that fashion, to at least see that they keep pace by recommending increases up to the maximum of $2,400.

Therefore, for the judges, who are unable to speak on their own behalf and are not able to register a protest, I certainly want to add my voice of protest to the minister and to the government for not at least recognizing the maximum under the guidelines.

Senator McIlraith: Honourable senators, I had not expected this point to be raised. I am quite frank about it, because I am one of those who believe that inflation will not be stopped, that it will carry on, to the detriment of all workers, unless there is restraint in the amount of increases given where increases are not particularly required for reasons of maintaining a standard of living.

● (2030)

I believe I could leave the subject at that point, but I hope I have made it clearer that it is not possible to grant increases at large for the sake of increases and hope to succeed in slowing down or stopping inflation, which some still hope can be done.

Motion agreed to and bill read third time and passed.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1977

THIRD READING

Senator Langlois moved the third reading of Bill C-53, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other acts subsequent to 1970.

Motion agreed to and bill read third time and passed.

INCOME TAX CONVENTIONS BILL

THIRD READING

Senator Langlois moved the third reading of Bill C-12, to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

FARM IMPROVEMENT LOANS ACT SMALL BUSINESSES LOANS ACT FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, June 16, the debate on the motion of Senator Stanbury for the second reading of Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act.

Hon. Orville H. Phillips: Honourable senators, at this time of the year we become accustomed to advertisements of automobile firms attempting to sell used automobiles, the claim being that they are in as good shape as a new car and functioning perfectly. The bill before us reminds me of a used

car salesman attempting to sell a used car and, in so doing, making it appear as good as new. He touches up a few rust spots, attempts a motor tune-up and adds a bit of chrome. He then stands back and says that the automobile is as good as new. Honourable senators, I don't have to tell you that I don't like the sound of the motor and I don't trust the dealer.

The three acts to be amended by Bill C-48 were introduced at different times, the Farm Improvement Loans Act having been introduced in 1944, the Fisheries Improvement Loans Act in 1952, and the Small Businesses Loans Act in 1961. We have had ample time to assess the manner in which the three acts have operated and to consider whether or not further amendments or renovations are necessary. In arriving at any decision in that regard, we should consider not only the total amount loaned since the inception of each program, but the average loan last year. The average loan under the Farm Improvement Loans Act in 1976 was $7,400; under the Fisheries Improvement Loans Act it was $12,688, and under the Small Businesses Loans Act it was $15,826. These loans, by today's standards, are very small and very inadequate. In farming, for example, land costs have increased substantially; building costs have doubled. Fuel costs have greatly increased, and fertilizer and pesticide costs have increased 70 per cent. In addition, the cost of farm machinery has increased drastically. A self-propelled combine today can cost $65,000. If we add the expected inflation, the figure will be beyond the maximum of $75,000 allowed under this bill.

The fisheries industry has also faced increased costs in much the same manner as agriculture. Notwithstanding, the number of inshore fishermen has been limited. As a result, the licence held by a retiring fisherman is often more valuable than his boat and gear. An individual entering the commercial fisheries field now has to purchase a licence in order to work. I recall when a number of members of this chamber, when in the other place, used to advocate the right to work. The Fisheries Improvement Loans Act does very little for these people. Instead, they must turn to provincial government schemes. The Province of Newfoundland, for example, provides loans to fishermen at an interest rate of 3 per cent. The other Atlantic provinces have similar loan programs, although at a higher interest rate.

I do not anticipate a rush on the part of fishermen in applying for the maximum loan under this bill of $75,000, the simple reason being that their income is not such that they would be in a position to repay the loan.

● (2040)

The average loan to the small businessmen last year will not create an economic expansion. The small business sector is a very important area of our economy, employing about 60 per cent of our workers. The rapidly increasing number of bankruptcies and business closings clearly indicates the urgent need for something more than a recognition of inflation such as is provided in Bill C-48. Small business has had to meet the same problems that agriculture and fisheries have had to meet. When we speak of business perhaps we are more inclined to consider inflation than we are in dealing with agriculture and fisheries. And the 1961 dollar—because that is the year small business loans were introduced—is today worth 48 cents. This destroys the idea that the amendments proposed in Bill C-48 are generous or that they will be of benefit to small businesses. They will do nothing more than meet that element of inflation which has occurred since the inception of this act.

Honourable senators, anyone dealing with the small businessman has often heard the complaint that the chartered banks refuse to make loans under the Small Loans Act. Perhaps we should increase the measure of government guarantee provided by the federal government under the act, but I think the real reason for that is the fact that the banks are able to loan elsewhere at a greater profit. Recently I recommended to a friend of mine that he should attempt to obtain a small business loan. He went to his bank manager and he was told that no such program existed. Then when I sent him literature, he took this to his bank manager and the bank manager said, "In this town there is one bank. You can deal with it on our terms or go down to the next bank." And that, honourable senators, is 40 miles down the road. He received a loan, but it was a second mortgage on his house at about 13½ per cent to 14 per cent interest. This was a long way from the prime rate designed under this program.

The minister who introduced Bill C-48 in the other place indicated that the government was negotiating with chartered banks for prime rate plus, possibly, two points for administration costs. I find it extremely difficult to understand why a bank, on a federally guaranteed loan, should require two interest points for administration. Most mortgages include a quarter of one per cent for administration. Therefore I ask: why should the chartered banks require such an exorbitant spread in order to make these loans under the three acts being amended by Bill C-48? The banks very seldom become involved in the collection; they merely notify the Department of Finance of their loss and then are usually quite content to let it go at that.

I believe the program would be much more effective if the act contained a requirement that the banks provide a specific percentage of their loans under the three programs in Bill C-48.

Earlier I mentioned lower repayments. Need I remind honourable senators that mortgage loans can be amortized over 25, 30 or even 40 years? Yet the loans provided under these three programs must be repaid within 10 years unless the loan has been for land purchase, and then repayment can be over a 15-year period. Why should we give a longer period for repayment of a mortgage than for a small business loan or a farm improvement loan or a fisheries loan? All three industries are subject to severe market fluctuations, and in the case of farming and fishing these two industries can be very adversely affected by weather. Two consecutive poor years and they can be out of business. If amortization could be increased, I believe a greater benefit could be obtained under these programs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Petten moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, June 16, the debate on the motion of Senator Olson for the second reading of Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Hon. Paul Yuzyk: Honourable senators, the sponsor of Bill C-34 in this chamber, the Honourable Senator Olson, a former federal Minister of Agriculture, explained the principle and some of the clause of this bill rather briefly, although clearly, leaving a fuller examination to be made in the Standing Senate Committee on Agriculture once second reading has been given.

With this vast experience of agricultural matters, I should like to have heard from him a fuller account of the marketing and administrative problems of a pooling system such as the Canadian Wheat Board, a single selling agency with compulsory features and the best experience with pools of a voluntary nature.

• (2050)

Agriculture has been and is the backbone of the Canadian economy. Statistics for the last year show that, if grain and oil seeds were excluded, Canada would have a deficit of $1.5 billion for food. In other words, we would not have a sufficient supply of food if we did not have large quantities of good grain and oil seeds. Federal and provincial governments, the economic interest and Canadians in general must realize before the situation worsens that agriculture is most vital in our economy, and must be in a healthy state.

Farmers on the prairies have lived through extreme circumstances. They prospered when they sold their grain at high prices, bringing boom periods to this country; they suffered from exceedingly low prices for their products when Canadians had to survive through depressions. Farmers are victims of great fluctuations of prices. They have long memories of bitter experiences in the past, of unstable prices and unstable weather conditions. They are aware of the uncertainty of the present and future. Therefore, they yearn for stability and a reasonable return for their labours.

We know that the farming community of western Canada is generally happy with the operations of the Canadian Wheat Board Act and the Western Grain Stabilization Act, as these have helped to improve their lot. Bill C-34, as has been explained by the sponsor, provides for voluntary pooling of rapeseed and other non-board grains by amending the Canadian Wheat Board Act to permit associations of producers, processors and traders to establish voluntary pools approved by the minister, with the federal government guaranteeing 90 per cent of the initial payments against pool proceeds.

Other provisions in the bill amend the Western Grain Stabilization Act to include commodities which will be marketed under this act through these voluntary pools. Since at least at the initial stages there has been no demand for the establishment of voluntary pools for other non-board grains, such as oats, barley, rye, buckwheat, feed wheat and flaxseed, the prime concern of this bill is for rapeseed—which, incidentally, is not to be confused with rape—and the rapeseed industry.

The question of the marketing of rapeseed won the attention of the federal government after a poll of rapeseed producers in December 1973 revealed that only 46 per cent desired to market their product through the Wheat Board. The majority, although small at the time, wanted voluntary pools. I understand that government spokesmen now believe, over three years later, that that majority has increased, which means that rapeseed producers are for voluntary pools rather than for the compulsory pooling system of the Wheat Board.

Senators should be aware that the rapeseed industry has made a spectacular rise, with Canada becoming the world's leading exporter of this product, maintaining a 70 per cent share of the world market in the last five years. It is in stiff competition with soybeans, peanuts, sunflowers and other oil seeds, which account for 94 per cent of the world oil seed production. Although first grown in Canada in 1943, rapeseed came into prominence in 1955 because it was a quick-selling cash crop which could be readily grown in relatively poor soils. In 1971, some 95 million bushels were produced in Canada. That was a record. A year later, production was down to 69,838,000 bushels, and in 1975 only 41,217,000 were produced. This constituted from 7 to 10 per cent of the field crop income. The production of rapeseed has been volatile, depending on world demand and on competitiveness in the world market.

In this decade there has been a tremendous fluctuation in the price of rapeseed. The price in 1971-72 was $2.16 a bushel to the farmer; it reached $7.06 in 1975, but in 1976 it dropped to $5.10. Great fluctuations have taken place within months. For example, in 1973 Winnipeg prices of rapeseed dropped from $6.80 on August 14 to $4.16 on October 2. That was a drop of $2.64 a bushel in six weeks. That, of course, presents real difficulties to farmers of rapeseed, as they cannot plan their production in terms of income and expenditures with any kind of certainty. Accordingly, many farmers have reduced rapeseed production and have changed to other grains or to mixed farming.

It is apparent that the government is trying to meet the needs of rapeseed farmers, who are demanding voluntary pools. As is the situation with grain growers in the wheat pools, a permit book procedure will be adopted so that those who join the voluntary pools will continue to remain in them. This is to ensure that farmers will not quickly pull out of such

pooling arrangements. No farmer, however, is required to join a pool if he does not wish to do so. A pool is convenient for those farmers who find it difficult to arrange for the selling of this oil seed and would opt for the average price throughout the year, but they are obliged to stay with that pooling until the end of the crop year.

We on this side of the house consider that Bill C-34 is a good piece of enabling legislation. We approve it in principle. It meets the demand of those who believe that compulsory pooling is sound, and it meets the demand of the farmers who want some freedom of choice when they buy and sell and thus are able to take advantage of a voluntary pool. This amendment to the Canadian Wheat Board Act broadens the activities of the Wheat Board in conformity with the wishes of the majority of the farmers in western Canada. Wheat is kept as a compulsory pool, but other grains and oil seeds may be marketed through voluntary pools or on a cash basis.

Since Bill C-34 provides for a new arrangement for farmers, it will add to the complexity of marketing rapeseed and non-board grains. Privately-operated pools of large grain companies, some international ones, will probably be set up if profits can be realized. Such pools would compete with a government agency. If the federal government guarantees 90 per cent of the losses of such privately-owned pools, there appears to be a conflict of interest. Here an explanation is needed.

I understand that the Wheat Board could, and probably will, form a voluntary pool for rapeseed. Competition will likely come from private bodies who could establish their own marketing plans. Let us look at clause 35.11(1), which reads as follows:

● (2100)

> Any association representing a significant number of producers engaged in the production of grain or any association or firm engaged in the processing or marketing of grain in interprovincial or export trade may submit to the Minister for his review and recommendation to the Governor in Council a written proposal for the establishment of a marketing plan.

The recommendation of the minister is then submitted to the Governor in Council, where, apparently the final decision is made. This is found in clause 35.12, which is as follows:

> The Governor in Council may, on the recommendation of the Minister, make an order
>
> (a) establishing a marketing plan for the purposes of this Part if he is satisfied that a sufficient number of producers of the grain in relation to which the plan is to operate are in favour of the establishment of the plan and that the marketing of the grain through the plan will benefit the producers participating therein:

There is nothing in the bill that defines an association which could engage in the marketing of grain. In this case, the minister and the Governor in Council are invested with tremendous power, as they make the final decision regarding any association of rapeseed producers, processing firms or marketing agencies which could establish a pool. What is meant by "a significant number" in the case of the minister, and "a sufficient number" in the case of the Governor in Council? This is another example of government resorting to regulations to which legislators do not have access at the time of the passing of legislation. I hope that some light will be shed on this matter in committee.

Human nature often takes its course and many farmers will go for the highest price. A rapeseed grower who selects a voluntary pool may be happy at the beginning of the year when he receives the initial payment. It may be a different matter when later in the year the price goes considerably higher than what he would expect to receive for his pool; he might then want to sell on the open market. This could lead to what is called "bootlegging." Two or more farmers could make secret agreements among themselves so that some would join the pool and others would not. When a higher price could be realized outside the pool, the farmer contracted to the pool could have his grain sold by a farmer who is not a member of the pool. Of course, if they are caught, such farmers, according to this bill, would face charges under the Canadian Wheat Board Act and not in civil suits. Can an efficient inspecting system be operated across the prairies to arraign bootleggers of rapeseed? This matter should be discussed in committee.

Honourable senators, I have presented some questions about the administration of this legislation. There undoubtedly will be others coming from members of this chamber who are involved in agriculture and more knowledgeable in this matter than I. Senator Olson has indicated that we study Bill C-34 more fully in committee. I think that it would be appropriate and advisable to do so.

I believe that this bill goes a long way toward meeting the desires and needs of rapeseed farmers, who have expressed their views in a democratic manner, through various agricultural organizations and agencies. Although the principles of the bill appear to be good, we cannot be sure that they will work perfectly, as it is difficult to foresee all the problems that may arise with this new pooling arrangement. The bill offers an experimental solution, and it now remains with the farmers to make the scheme work in their best interests and for the good of the country.

On motion of Senator Petten, debate adjourned.

CANADA LANDS SURVEYS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel Riley moved the second reading of Bill C-4, to amend the Canada Lands Surveys Act.

He said: Honourable senators, I thank you for the honour of permitting me to make a few remarks on Bill C-4 prior to the motion being put on second reading.

Although the bill has 42 clauses, including the proclamation clause, most of them deal with purely housekeeping matters. However, there are one or two items which some honourable senators might question. One is the fact that when the Canada

Lands Surveys Act was passed in 1952 the designation of surveyor was retained as "Dominion land surveyor." The bill provides that the name of a surveyor who holds a commission be changed to "Canada Lands Surveyor."

A similar amendment applies to public lands. Lands which were designated as public lands within the authority of the Canada Lands Surveys Act will be designated, if the bill is passed, as "Canada Lands". The authority of the act will encompass not only cartographical surveys but also, because of the extensive technological changes brought about by exploration for gas and oil off the continental shelf, the qualification of surveyor under the act is widened in that he will now be called, if the bill passes, a Canada Lands Surveyor.

Another point taken into consideration by the amendment is that the old system of quadrilateral township lands, a system of township subdivision, which was continued under the present act, has been found, over the past 20 years, to be inappropriate to many of the areas dealt with by the act, particularly the northern parts of the Yukon and Northwest Territories.

Accordingly, in the early 1950's the government adopted the policy of no longer laying out quadrilateral townships in territorial land. It is a fairly easy thing to do on the prairies and the foothills, where the land is flat or rolling, but when we come to the mountainous terrain of most of the northern territories, with their large chasms and deep valleys, and so forth, the quadrilateral township system is practically impossible to follow. This bill deletes the clauses from the Canada Lands Surveys Act that prescribed the quadrilateral system of laying out townships.

● (2110)

The bill also seeks to delete the definition of the word "candidate" as it exists under the present act. Previously a candidate was a person who applied for a Dominion Land Surveys commission or certificate, and who was generally somebody who had training and experience in the field. However, because of the advanced technology being used in surveying today, the need for a wider range of education arising from the oceanographic aspects of the subject having to do with the continental shelf, and other advanced methods in the technology of surveying, most of the candidates, as they are now called, go to college or university where they get either a degree in land surveying or in engineering with emphasis on surveying. Several universities and colleges in Canada give such courses of study and grant degrees. Other colleges simply offer training in the up-to-date or modern technology of surveying.

The bill will also allow experts from the hydrographic, geodetic and photometric fields to join the conventional land survey experts in setting appropriate standards for the commissioning of crown land surveys.

Certain amendments deal with penalties, and I refer particularly to those concerning monuments. A land surveyor's monument, as I am sure you all know, is usually a steel rod placed in the ground with a plate on top of it and some form of identification. They are not made of concrete; they are, as I say, merely rods, and they are not set very firmly in the ground, perhaps, in most cases, though in the northern tundra they are put into the ground to a depth of about 36 inches. Under the present act, if someone moves one of these monuments, intentionally or mischievously, they are subject to severe penalties. I think upon conviction the maximum penalty is about seven years' imprisonment. The bill before us provides for penalties on conviction, as before, but in addition provides for the offender being made liable for the cost of replacing such monuments, which is only fair. In cities, when bulldozers are digging up streets without going to the utility companies to find out where underground cables are, damage is frequently done which can result in whole telephone exchanges, electrical cables, watermains and the like, being put out of commission for hours, and even days. As you probably know, such offenders are being made liable for the cost of repairing such damage, and should perhaps also be made liable for the cost of the inconvenience they cause. Similarly, those who are found guilty of moving surveryors' monuments can also be made liable to pay the costs, which sometimes are considerable.

In addition to the amendments dealing with those who intentionally disturb or remove surveyors' monuments, or are caught in possession of them, there is an additional amendment regarding those who move them unknowingly and unintentionally. Such people can also be penalized to the extent of paying the costs for replacing the monuments.

These are not exactly earth-shaking amendments; they are mostly minor administrative ones that are absolutely needed.

As you know, honourable senators, from having read *Hansard* of the other place, this bill went through second reading, committee of the whole and third reading on June 14. There were few objections, and those that were made, I think, were generally minor and were not pressed. The bill went through in the one day and came to us on that same day, namely, June 14.

If there are any questions which in my infinite wisdom I may be able to answer, I shall be pleased to make the attempt. I can probably answer only 95 per cent of the technological questions, and if I cannot answer the others I know you will bear with me with your usual patience.

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

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.—(*Honourable Senator Croll*).

Hon. Eugene A. Forsey: Honourable senators, in the absence of the Honourable Senator Croll, I wonder if I might be allowed to take part in this debate at this stage.

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

Hon. Senators: Agreed.

Senator Forsey: Honourable senators, first of all I should like to say that in my opinion the speeches which have previously been made in this debate have been of outstanding quality. I think that is true without exception. It would be invidious to pick out any particular ones as having made a greater contribution than others, and it would be, I think, not only invidious but unfair, because they have all been, to my mind, of a very high standard. I have not been able to hear all of them, actually, but those that I have not heard I have read with diligence and assiduity, and that is my considered opinion. I trust that I shall not lower the tone of the debate by some of the things that I am going to say.

There are really just two main points that I want to deal with tonight. One of these is the question of the Dene nation, on which I think Senator Austin had something to say. I read with great care the Dene declaration and the proposed agreement between the Dene and the Government of Canada, and while I have the utmost sympathy with the native peoples, and while I have said on more than one occasion that I think it is possible that in due course a Dene province might be created, with a constitution, perhaps, in many respects, different from the normal provincial constitution, possibly with certain special powers, nevertheless, it seems to me that anything of the sort would have to be worked out by a process of careful and probably rather prolonged negotiation, and I cannot believe that any government or any political party would accept the kind of document which the Dene people have included as a draft agreement between the Dene and the Government of Canada. I want to draw attention to certain features of this because I think it is very important in the light of the growing assertion, and very proper assertion, by the native peoples of their rights in this country. I think it is very important to get certain things perfectly clear, and not commit ourselves to propositions which, to my mind, are quite impossible.

● (2120)

If you look at that proposed agreement, you will find that it sets forth, first of all, the right of the Dene to "self-determination as a nation." This is something that the government is asked to sign its agreement to. Well, as it stands, it seems to me that this would commit the Government of Canada to acknowledging the right of the Dene to secede from Canada. I know they say that they have no intention of doing this. Nonetheless, if the Government of Canada signed a document like this, then the Dene would be able to secede at any moment they chose, and I cannot imagine any government, or indeed any political party in Canada, accepting that.

In the second place, the proposed agreement states that the Dene would have "a special status," and I quote precisely, "under the Constitution of Canada." Well, that seems to me so vague that it might mean almost anything. I can't imagine that any government or a political party would accept anything as woolly as that.

In the third place, the proposed agreement states, and I quote again, "The Dene should have the right to retain ownership of so much of their traditional lands and under such terms as to ensure their independence and self-reliance traditionally, economically and socially." And here is a very splendid one, ". . . and the maintenance of whatever other rights they have, whether specified in this agreement, or not." Once again, I simply cannot imagine any government or any political party accepting that.

Then comes this:

> The Dene government would have jurisdiction over a geographical area, and over subject matters now within the jurisdiction of either the Government of Canada, or the Government of the Northwest Territories.

Here is another blank cheque. Can anyone imagine any Government of Canada agreeing the Dene would have jurisdiction over a geographical area, unspecified, which might include a relatively small part of the Yukon, or the Northwest Territories, or both, or the whole of both Territories, clear up to the North Pole? Can anyone imagine any Government of Canada agreeing that the Dene government should have jurisdiction over subject matters totally unspecified, and I quote again, "now within the jurisdiction of either the Government of Canada, or the Government of the Northwest Territories"? This could cover the whole of section 91 of the British North America Act, some provisions of section 93, some of section 94, and some provisions of section 95. I cannot see any Canadian government buying a pig in a poke. I think any Canadian government, in any agreement arrived at for the basic purposes the Dene have in mind, would insist on knowing what specific territory is involved and what specific powers. I think that applies specifically to the phrase, "subject matters now within the jurisdiction of the Government of Canada."

That is all I want to say about the Dene proposals.

Now I want to turn to the general question raised by Senator Stanbury's speech the other day, in which he commented at great length, and in most admirable fashion, on the widespread ignorance of Canadian history. He had found this among all sorts of people. I think he cited a bank teller and some other—what was it? I have forgotten now. It was a newsboy, or something of this sort. Anyway, people of, shall we say, not very superior education, perhaps; not what we call in French "une formation supérieure". I suppose it is not very surprising that a good many ordinary citizens—and I do not mean to cast any reflections on them—but people who have not pursued any advanced studies in these matters should be relatively ignorant of some of these things. It is a little daunting to find that people don't know there is a Senate and don't know that certain things are so about certain of our institutions, notably this one. But, on the other hand, I can, to some extent, excuse that when you are dealing with people of the relatively unadvanced level of education of those that I think Senator Stanbury referred to.

Unfortunately, that is not, by any means, the whole of it. It goes far beyond that; and, of course, the basic cause is exactly

what Senator Stanbury said, the invasion of our educational systems, certainly in the English language provinces, by the American experts of progressive education—the educational administrators, the people who were scorched and burned by the late Professor Hilda Neatby in her admirable book, *So Little for the Mind*. If any of you haven't read that book, and want to see a thorough exposure of the charlatanism and the humbug of a lot of this professional educational theory, you have a treat in store for you. It is written in absolutely inimitable style. It is superb. It is based on most thorough investigation. The only thing that is wrong with it, as I told Professor Neatby at the time, is that it doesn't go far enough, because she could have applied much the same to a good deal of the teaching in some Canadian universities. I speak particularly there of departments of political science—my own special subject—where, in sadly too many cases, the people who are doing the teaching have very little knowledge of Canadian history and very little knowledge of Canadian law. I can substantiate that; and I think, if I have time, I may do so in some detail shortly. Both of those seem to me to be serious gaps in the equipment of any political scientist undertaking to write about the Government of Canada—or to lecture about it.

I shall return to that in a moment. I merely want to give certain examples now of the kind of thing that one runs into among people who certainly ought to know more. First of all, some years ago, I was fortuitously—simply because better qualified people happened not to be available that day—asked to sit on a board examining candidates for the position of archival assistant. We had, I think, four or five of them. One of them had majored in history a couple of years before at a Canadian university of repute. Another one, a couple of years before, had been teaching grade 13 Canadian history. She was the best of the lot. The first one that I mention was asked about the Pacific scandal. This was a university graduate who had majored in Canadian history. She was asked about the Pacific scandal. After prolonged consultation of the cement floor—they all appeared to regard that as an oracle, a source of wisdom—after prolonged consultation of the cement floor, she said, "Well, it had something to do with the relations between government and business." We said, "Yes. And can you tell us anything more about it?" Further prolonged consultation of the oracle—"Well, it had something to do with a railway," I think she said. We said, "Yes". Then somebody said, "Can you tell us who was Prime Minister at the time?" She looked at the floor for a long time, and then in a slightly interrogative tone, said, "Mackenzie King?"

Then we had this other one, who was the best of the lot, and she prefaced most of her remarks with, "As an historian . . ." very grand, indeed, and exceedingly condescending to the "lesser breeds, without the law" who did not have her special training and would not possess her special knowledge. So I said to her, "Mrs. So and So, could you give us the names of any of the Fathers of Confederation?" Prolonged cogitation, consultation with the floor, and then—

Senator Bourget: Forsey!

Senator Forsey: —"Macdonald." I said, "Yes, can you give us any other?" And she said, "Brown." And I said, "Yes." "Can you name any Father of Confederation from Nova Scotia?" And imagine, honourable senators, the horror of my part-Nova Scotian heart when she said, "Tilley." Well, I took a deep breath, and I said, "Can you give us the name of any Father of Confederation from Canada East, what we now call Quebec?" After very prolonged cogitation, she said, "Lafontaine." I said, "Mrs. So and So, I have no further questions to ask." You may say that that is perhaps not too much to go on.

• (2130)

Let me give you another illustration. My friend Dr. Graham Spry has a daughter who in the last decade was very deeply involved in the student activist movements of that time. One evening Dr. Spry invited a number of her friends, including the then president of the Federation of Canadian Students—I have forgotten its precise title—a gentleman I have since come to know, who is a person of real ability—he invited them to come to his house and spend an evening chatting and got them on to the subject of Canadian history. They knew all about Mississippi; they knew all about Baltimore; they knew all about Detroit; they knew all about Los Angeles; they knew all about the struggle for civil rights in the United States. "But," he said, "You will scarcely believe this, but this is the literal, precise truth. Not one of them had ever heard of the Progressive Party; not one of them had ever heard of the wheat pools; not one of them had ever heard of the Winnipeg Strike; not one of them had ever heard the name of J. S. Woodsworth, and they were staggered and delighted to discover that there was a Canadian radical tradition."

Some honourable senators may say that if they did not know about these dangerous and subversive movements and characters it might be all to the good. But I think most of us will say that, even if these things were all thoroughly reprehensible, it was desirable that Canadian university students should have some idea that they existed. They couldn't even fight that kind of thing effectively if they didn't know it was there. There is another example.

Some years ago I noticed in *Le Devoir* an article by a former minister in the cabinet here, who had retired, about the powers of the Senate, and he calmly announced—and he was a former professor at a very well-known university in Quebec—that if the Senate turned down something twice it could be re-passed by the House of Commons and would then go through without the assent of the Senate, that it would become law. He was apparently under the impression that there existed in this country something like the British Parliament Act. I immediately wrote a letter to *Le Devoir*, in the best French that I could muster, pointing out that he was completely wrong.

Of course, when I point out factual mistakes of this sort I very often have people saying to me, "Well, of course, you hold very strong opinions" which always irritates me to the point of madness. What on earth have my opinions got to do with it? Either the Senate has a certain power or it hasn't. Or else they say, "Well, there are two sides to every question." I get this even from academic persons, who of all people ought to know

better. The point being, of course, there are certain things that aren't questions. If somebody says to me, "Those glasses of yours are an elephant," I reply, "My dear sir, that is not a question to which there are two sides. You are just plain wrong. You are probably crazy if you think they are an elephant."

Those are pretty bad, but then honourable senators will recall, perhaps, that when we were discussing the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments I called attention, perhaps at undue length, to the fact that a large number of the lawyers in the government service were totally ignorant of the basic developments in English constitutional law, which is part of our constitutional law, in the English seventeenth century. They had never heard of the Bill of Rights of 1689. They had never heard of the abolition of the dispensing power, which they were purporting to exercise. They even had the crust to say initially that the English Bill of Rights was not part of the law of Canada. As I think I mentioned at the time, they climbed half way down from that. One very distinguished lawyer—I am ashamed to mention who it was, but you can find it in our proceedings—described our comments on the abolition of the dispensing power as a novel legal theory.

There is just one other thing I want to say about this particular aspect. Some of you may have noticed in the columns of the *Globe and Mail* recently some discussion of the so-called reforms being introduced in the teaching of history in Ontario schools. I hope you saw the three scorching letters which appeared in the *Globe and Mail* on that subject, one from Mr. John Palmer, Head of the History Department of the Orillia Collegiate, a gentleman whom I have known for some time, who is extraordinarily competent in his field, one from the Curriculum and Standards Committee and the Lawrence Park Parents' Association, and one, perhaps the most scathing of all, from several members of the Department of History at the University of Toronto, notably Professor Maurice Careless, whose qualifications no one with even my slight knowledge of Canadian history would venture to question for a moment.

I might read just one or two pithy sentences from two of these letters. I am sorry that I have temporarily mislaid Professor Careless' letter and cannot give quotations from that, but here is what the Lawrence Park Curriculum and Standards Committee said about the new proposals:

> Whole areas of our history are ignored: industrialism—

Something of an omission, that:

> the First and Second World Wars and the War of 1812 never appear. British history, in which lie the roots of many of our Canadian institutions, is given one-eighth of one year.

They say further:

> The result is a most fragmented and incomplete view of historical causation, which will leave our students in ignorance of the revolution—

It should be "evolution" I think.

> —of the legal, political and economic processes of this country. It may well be that a course in civics and social responsibility has merit, but if so, it should be introduced under its own name, and certainly be no more than one year in length.

They say they appealed to the provincial Minister of Education, and the reply from the ministry:

> . . . entirely failed to address itself to our major concerns. In the face of the indifference of the minister to our representations, and to the views of leading historians, we should like to suggest that this is a serious issue requiring the active attention of your educational writers and of all those who care about the education of our children. The calculated sacrifice of the academic discipline of history does no credit to this ministry, and robs youngsters all over the province of a great part of the sound education for which Ontario has always been noted.

Mr. Palmer says:

> . . . no contact was made, as far as I have been able to ascertain, with a major university's history department—

In preparing this new curriculum:

> The proposed guideline was totally unknown to both Toronto and Queen's universities' history departments when I brought it to their attention.

He says:

> Whether the theorists like it or not, what they have produced is not history but an unsavory amalgam which is primarily sociology. It follows no recognized path, except political expediency, and it has no principles, except pandering to every current ideology.

I have read the documents in question—Mr. Palmer sent them to me—and they are a terrible mishmash of gobbledygook and the worst kind of half-baked American sociological jargon. And I can't perhaps be more unpleasant than that in my comments.

I want to say just something also about some of my fellow Canadian political scientists. Some of you may have read in a recent issue of *Maclean's* magazine an article by Professor Verney—a distinguished member of the fraternity, I might say—saying that the solution to the problem of national unity was to get back to the double majority principle which prevailed in the pre-Confederation Province of Canada. Well, every single statement that Professor Verney made in that article is demonstrably untrue. I have no doubt for a moment that he believed them to be true, but he just doesn't know. The double majority principle, of course, never did prevail in the Province of Canada. It was the pet idea of Sandfield Macdonald and it was never adopted, it was never followed. It was twice explicitly repudiated, in 1856 and 1858, by the legislature by vote. It was conspicuously not followed, of course, in the measure which imposed separate schools on the Province of Ontario against the wishes of the majority of the members from the Canada West section of the old Province of Canada. Perhaps

that was a good thing, but it certainly was not an illustration of the double majority principle.

Of course, to talk of going back to the double majority principle may make some kind of sense to the people of the two central provinces, but it makes absolutely no sense to the people of the maritime provinces, who never had anything to do with this, even with Sandfield Macdonald's pet idea. It makes absolutely no sense to the people of Newfoundland. It makes absolutely no sense to the people of the western provinces. It is an illustration of what my wife sometimes calls "the Torontocentric view of the universe," the idea that Ontario, or at best central Canada, is the whole of Canada. Well, this is something which those of us who come from the Atlantic provinces and, I think, also those who come from the west, find very distasteful, very inadequate and, indeed, repugnant to our sense of what Canada means.

● (2140)

I might add that I sent a scathing—perhaps I am using that word too often, but I think it is appropriate in this case—I sent a sober and factual reply, I was about to say—almost exactly the same length as Professor Verney's article to *Maclean's* magazine and I received a letter from one of the editors, or their staff, some lesser personage than the editor, saying that my letter had been received with great interest and had caused some discussion and, space permitting, they proposed to print an excerpt from it in a forthcoming issue. I wrote back a letter saying I was astounded that they had the immortal crust and rind to suggest that they would print an excerpt. I said: "Either you will print the whole thing, or nothing; I don't care which, but I absolutely forbid you to print an excerpt." Because I knew what would happen; I feel absolutely certain of what would happen. They would pick out the concluding sentences of the thing, leaving out all the evidence with which I demolished Professor Verney's article and just put in the final literary flourish with which I rounded the thing off and it would have no real effect whatsoever. I don't know what result there will be from this, but it infuriated me to find this proposal to mangle what I had sent to them in the way of a careful, factual repudiation of the utterly ignorant statements which Professor Verney had made.

One other illustration is that a year or so ago there appeared a book on Canadian federalism and in this case I shan't mention the author; perhaps I should not have mentioned Professor Verney, but it would have been difficult to discuss the thing without mentioning him. However, in this case the whole book—and I naturally was very much interested—was full of the most grotesque factual errors, straight factual errors, not a matter of opinion at all. He discussed for example, section 92(10)(c) of the British North America Act. He made four statements about it, every single one of which was wrong, just factually, plain wrong. For instance, he said it had been used only a very few times, whereas Professor Andrée Lajoie of the University of Montreal has catalogued 470 cases, I think it is, something close to that anyway, in which it has been used. He said that it provided for the taking over of public works. Well, of course it doesn't provide for the taking over of anything and it doesn't deal with public works. He muddled up the distinction between works and undertakings, just absolutely vital to the consideration of the matter. The whole thing was a complete mishmash.

I might add that in many instances his footnotes giving references were totally irrelevant to the matters which he was discussing. He discussed the jurisdiction over broadcasting; I've forgotten what he attributed that to, but it certainly had no relation at all to the actual basis of the jurisdiction. He quoted a legal case in the footnotes which contained not one syllable to the effect of what he said above.

It was a grotesque performance and I might add that he committed what was to me the unforgivable, the unpardonable, the incredible sin, to me, brought up in the old conservative tradition—not the Progressive Conservative tradition, the old conservative tradition—of confusing John Sandfield Macdonald and John A. Macdonald. Well, you can't go beyond that for ignorance of Canadian history.

I want to turn to one other point before taking my seat and I am sorry for delaying honourable senators so long. Not only is there a great deal of ignorance of Canadian history, there are a large number of fantastic fairy tales about Canadian history which are widely believed and I want to mention just two or three of them here.

The other day, June 7, to be exact, there appeared in the Montreal *Gazette* an article by the present Minister of Culture, I think he is, in the Government of Quebec, the Hon. Dr. Laurin, in the course of which he made the statement—and I'm going to pick up the letter I sent to the editor on the subject, which has the exact quotation—he made the statement that "Manitoba in 1890 abolished with a stroke of the pen the French school system." Well, I have no doubt that Dr. Laurin believes this to be true, but it is simply not so. I think it is very widely believed in the province of Quebec, but it is simply not so. There are only three acts passed by the Legislature of Manitoba in 1890 which by any stretch of the imagination can be considered relevant. The first was the one which said that so far as the jurisdiction of the legislature extended—this is being challenged in the courts and I think the challenge will probably be successful; I hope so—which said that henceforth, so far as the jurisdiction of the legislature extended, English should be the sole language of the legislature and the courts in Manitoba. Not one syllable, not so much as a comma, about education or schools in any way, shape, or form. So that disposes of that act.

There were two other acts, the Public Schools Act and the Education Act. I had the advantage of seeing a learned memorandum by Professor Rothney, professor of Canadian history at the University of Manitoba, which appeared in French in *Le Devoir*, at the time of the decision by Chief Justice Deschênes on the validity of certain sections of Bill 22. I checked carefully myself in the Parliamentary Library on the contents of the Manitoba Education Act and the Manitoba Public Schools Act of 1890 and I found that Professor Rothney was perfectly correct in saying that neither of them had one single syllable about the language of education, the lan-

guage in the schools. That remained after those two acts of 1890 in exactly the position it had been in before, namely within the jurisdiction of the local school boards; not one syllable to change that.

Furthermore, of course, as he pointed out, by the Laurier-Greenway compromise of 1897 the French language in the educational system of Manitoba was given for the first time an explicit blanket guarantee, which I think disappeared later—my recollection is somewhere around 1916—and has now been restored, at least to a large degree, fairly recently by the legislation introduced by the Honourable Duff Roblin. So there, you see, you have a complete fairy tale, widely believed, widely spread and, I dare say, widely accepted by the readers of Dr. Laurin's article; they wouldn't know any better.

Then you find, also, that in that same article Dr. Laurin says that the other provinces have made themselves, or "have become"—I'm quoting somebody else when I say "have made themselves"—"have become unilingually English." Well, that is, to say the least, highly misleading. Manitoba started out bilingual and made itself unilingually English, or tried to do it. It remains to be seen whether or not the official language Act of 1890 was valid. I think not, and I suspect and hope that the courts will so find. But if you take the provinces other than Quebec, which one of them was ever bilingual? Which one of them said at some point in its history: "We have been bilingual. Go to; we shall now become unilingually English"? Not one.

Ontario started off unilingually English and for an excellent reason. In the census of 1861, the last before Confederation, the population of French birth or origin in the province of Ontario was 2.6 per cent of the whole. Ontario started off unilingually English; it has remained unilingually English until fairly recently, until the last 15 years, or so, I suppose you might say, when there has been a definite move notably in the educational system to extend the rights of Franco-Ontarians. Now, I admit that part-way through Ontario did at one point say "The schools shall be unilingually English," with very slight qualifications. That was the famous, the infamous regulation 17. But regulation 17 disappeared 50 years ago and in recent years there has taken place, certainly in Ontario education, what Dr. Symons, the former president of Trent University, calls the "Ontario quiet revolution."

The number of pupils in French language public schools in Ontario is now in the neighbourhood of 100,000. I had exact figures for a couple of years ago and I have seen subsequent figures which have shown 106,000, but I wouldn't take my oath on that; certainly it is somewhere in the neighbourhood of 100,000. Well, I can say with absolute certainty that if 25 or 30 years ago any government in Ontario had done for French education what Robarts and Davis have done, that government would have been out of office in 24 hours. There has been an enormous change in public attitude; this thing went through with scarcely a murmur. I don't think there was a vote against it in the legislative assembly. A few people absented themselves; some fusty old mossbacks and dinosaurs absented themselves. I do not think there was one single vote against it.

• (2150)

I admit that there are particular cases where there have been difficulties, yes, and there are particular cases still awaiting solution, but an enormous change has taken place. A great many more services are being provided for Franco-Ontarians in French now. There is a long distance to go. But even in the courts, where I think the thing is most difficult, for a variety of reasons, a beginning has been made recently here, I think, and in Sudbury, if I am correctly informed. Of course, the problem is an enormous one, because the whole of the jurisprudence of the province of Ontario—and in civil law, it is case law jurisprudence, which complicates the problem—is in English, and the whole of the legal education system in Ontario, to the best of my belief, has, until now, been in English. So that the problem of changing over to a bilingual court system in the parts of the province where there are large French-language minorities is not something you can accomplish overnight. In Quebec it has been built up over a couple of centuries. You had an enormous apparatus of official bilingualism in place at Confederation. You did not have that in Ontario.

Dealing with New Brunswick: New Brunswick, of course, started off as a unilingual English province but, thanks to the legislation started by the Honourable Senator Robichaud, it became gradually, over a relatively short period, officially bilingual. The whole of the New Brunswick Official Languages Act has now been proclaimed. I do not say that there are no problems left, but an enormous change has taken place and, once again, it has taken place with relatively little opposition—to one of my years, astonishingly little opposition.

At Confederation, the probability is that the French-language population in New Brunswick made up about 15 per cent of the total. The first figures we have are for 1871 when it was 17 per cent, and I have no reason to suppose that it was very much more—it was probably rather less, actually—at Confederation. But it was something of that order of magnitude.

In Prince Edward Island, we have no figures until 1881, and the figure then, I think, was somewhere in the neighbourhood of 11 per cent. The probability is that at Confederation it was somewhere near the same level.

I cannot imagine that in Newfoundland the French-speaking population was ever more than a very small fraction of the total population—at Confederation, at all events, and, I think, since. When British Columbia's turn came, of course, I fancy you could have scoured British Columbia with a fine tooth comb to find a French-speaking person.

My point is that at that time, at Confederation, in most of the provinces, except, perhaps, New Brunswick, the French-language minority was small. Even in New Brunswick it had been jumped on with hobnailed boots by its Irish co-religionists so that its political importance was exceedingly small; its political power was exceedingly small. In the other provinces, you simply did not have the conditions of official bilingualism. Even if it had been proposed at the time of Confederation—which, from all of the documents I can discover, nobody even thought of—I think there is little question that most, if not all,

of the delegates from Canada West, and all of the delegates from the maritime provinces and Newfoundland would have said, "Well, it is completely unnecessary and completely impracticable."

What is necessary and desirable and right now, in very different conditions, when French Canadians have spread out, notably into Ontario and into New Brunswick, was not necessarily right and necessary and desirable in 1867, and I think that fact has to be recognized.

That brings me to another notion which appears to be widely spread in Quebec, namely that at Confederation there was some kind of bargain struck between the English-speaking and the French-speaking which provided for linguistic equality all the way across the country. Well, that is simply not so. The bargain that was struck on this matter is contained in section 133 of the British North American Act, and it was sufficient for that particular day when, in the first place, French Canada meant, for all practical purposes Quebec; it was sufficient for that particular day when the sphere of government was very restricted; it was sufficient for that particular day when, on the whole, the French Canadian population was not, I think it safe to say, terribly interested in economic matters, and was mainly concerned with preserving its traditional rights, its traditional civilization—its schools, its civil law, the use of its language in official matters, and that sort of thing—a very different situation from that which has prevailed in Quebec since the beginning of the Quiet Revolution. If anybody accuses the English-speaking people of having gone back on a bargain struck at Confederation for complete linguistic equality across the country, I should very much like to see the evidence for it. I have gone through the Confederation Debates several times with great care and I have totally failed to find anything of the sort.

I have here on my desk at this moment a pamphlet issued by the Honourable Joseph Cauchon just before the Confederation agreement went into effect. In a pamphlet of 154 pages, he had rather less than one page on the question of bilingualism, and he makes it perfectly clear that what was in question was official bilingualism in Quebec and in the Parliament of Canada. He does not mention the courts. He should have. He says that it didn't even require a particular argument. Everybody recognized it. There was no argument, no opposition, no difficulty; nothing at all about any question of official bilingualism in the other provinces.

These are perhaps what have been called sometimes in French "dures vérités," hard truths, but I think they need to be asserted, and I have done so without fear or favour, because sometimes now I think the progress of bilingualism and biculturalism, of which I am a firm and unrepentant partisan and supporter, is being hindered by allegations that we English-speaking people have "done the dirty" in this matter on our French Canadian fellow citizens; that we made a bargain and have not lived up to it. I do not think that is true, and I do not think it is a good way of getting extra support for the policy, which I believe in. On the whole, I think it is better to say to people, "Look, you did not do very well for a while, and it is understandable. There were difficulties. You have been doing some good things recently. There is an awful lot more to do. Get on with it; hurry up; finish the job."

But if you start off by saying, "You blankety-blank skunks, you miserable, unmentionable, unspeakable scoundrels, you made a bargain in 1867 and you have welshed on it," I do not think that is the way to get support. I do not think it is the way to win friends and influence people, and I want to see friends won for bilingualism and biculturalism; I want to see friends won for linguistic equality. I want to see people influenced in that direction. I do not think it is a good way to go at it by hitting us on the nose and saying, "Take that, you skunks. Now then, now we are asking you to do something for us." That is not the kind of thing that appeals to me. I am no psychologist, and perhaps I am a very curious, bad-tempered Newfoundlander, but I suspect that there are other people who feel the same way.

I want to add just one other thing. There is a good deal of talk now to the effect that the English-speaking minority in Quebec—and I speak as one who was a member of it for 16 years, two of whose grandparents were members of it and four of whose great grandparents were members of it—there is a good deal of talk to the effect that the English-speaking minority in Quebec grabbed the whole economic life of Quebec, kicked the French out of it, or kept them out of it, hogged the whole thing. I am inclined to think that that is rather overdoing it; rather exaggerating. I don't want to oversimplify it, but I think it is reasonably safe to say that, until relatively recent times, the bulk of French Canadian people were not terribly interested in business and commerce and finance. I know there are exceptions, yes, but it is not as if you had at the conquest, or at some later date—in 1840 or in 1867—a French Canadian business community and the English-speaking people had come along and given it "un grand coup de pied," a great kick in the seat of the trousers, and said, "Get out; there is no place for you here. This is our business. We are hogging it."

I think it is much nearer the truth to say that there was something of a vacuum; that, on the whole, the French Canadian civilization was a rural, an agricultural, a traditional civilization, whose education, until relatively recent times, tended to concentrate upon the classical colleges, the preparation for the learned professions, and that the interest in economic affairs was relatively small. You had a mystique about the apostolic vocation of the French Canadian people to bring the rest of North America, including Roman Catholics who were not of French origin, to the light of the true faith. I have heard speeches on this by leading proponents of the theory who were well thought of and well established. I have read theses in which the authors, graduates of French language universities, quoted with warm approval the attitude of bishops who said, "Our people, bent over their toil from dawn to dusk, asking no luxury, not wanting high wages, not wanting shorter hours, ah, how noble they are! Not like the wicked, moneygrubbing, mercenary English who think about these

wretched things of this world instead of concentrating on the world beyond."

● (2200)

This is a picturesque way of putting it. There is some exaggeration in it, perhaps, but I think there is something in it. I think one example of the kind of attitude that prevailed until relatively recently is that when Mr. Mackenzie King was forming his government in 1921, he offered the portfolio of Trade and Commerce to Sir Lomer Gouin who was much closer to the business establishment in Quebec than a good many of his contemporaries, and Sir Lomer would not look at it. He wanted the Department of Justice. If anybody thinks I am making this up, go down to the Library, hunt up Professor Fred Gibson's study of the formation of the cabinets since Confederation and you will find the thing there with chapter and verse fully documented. I think that is a bit symptomatic.

Now, with the quiet revolution, and, to some extent, before, the whole face of things changed, and thank God it did. It was high time. And I dare say that the "English" establishment—the English-speaking establishment—in Quebec has been anxious to hang on to privileges, yes. Capitalists will be capitalists, employers will be employers, bankers will be bankers. None of them likes to give up power that they have. But I think it is unfair to suggest, as is often suggested, by implication at least, that the dirty English-speaking minority in Quebec simply hogged the whole economic life of the province and kept French Canadians out deliberately. I think this is an over-statement and I think it is unfortunate that so much is being said now is in the form of accusations of this sort whose foundation is, to my mind, exceedingly dubious.

Now, I don't suppose I have added to my popularity in any quarter of the house by what I have said tonight. I thought it necessary to say it, otherwise I should not have done it. I still think it necessary. I am perfectly willing to accept correction on points where I have been wrong, not to say that "other people have very strong views," or "that there are two sides to every question," or something of that sort. If somebody can show me the evidence for the statements, the fairy tales as I call them, the theories or the myths which I have been girding at, I shall be delighted to don a white sheet and repent in sackcloth and ashes. But I want to see the evidence. In this respect I might say that I am from Missouri and the mere fact that some highly placed person, even a glorious being who sits in the provincial cabinet of Quebec, has made a statement is not going to persuade me that this is infallible truth.

I want to end on one more positive and encouraging note. Senator Stanbury spoke of some of the things that have been done to promote understanding across the country, and I was delighted to hear him mention them. I should like also to mention one other with which I think most members of the house are acquainted and which, I think, deserves to have its merits and achievements briefly recorded in our *Hansard*. That is the Forum for Young Canadians which, in fact, at this moment is conducting its work in Ottawa. To those of you who are not familiar with it I may say that four times a year it brings senior high school pupils, 16 to 18 years of age, from all across the country here, and gives them a one-week pretty intensive course in the political institutions of this country. It gets them from all parts of the country, both languages, native peoples, people from small communities as well as large—indeed sometimes the small communities do rather better than the large ones. I might remark in passing that Ontario is apt to be the laggard and to provide a disproportionately small number of people for these things. The thing has succeeded beyond our wildest expectations. I am a trustee of it and was for a while a director. And the proof of it, I think, is that not only that it appears to us, and I think to most of the people who addressed the meetings—members of Parliament, ministers, leaders of the Opposition, officials and so forth—it appears not only to us who have taken part in the thing to have been a success, but the people who have gone through it have formed an alumni association. Some of them come back year after year to help with the thing. They come back to bear a share in making the thing go. I think this is very encouraging. I think it is, perhaps, best summed up in the letter which was sent to the directors by a couple of youngsters, one from Quebec and one from British Columbia, who shared a room. One of them said, "When I came I was a British Columbia separatist: I have gone away a Canadian." The other said in French, "When I came I was a Quebec separatist: I have gone away a Canadian."

For those of us who have at heart the unity of this country I think this is immensely encouraging. True, it is only 400 youngsters a year who come here, but I think the thing spreads out and ripples and I think it will be, perhaps, a considerable factor over the next few years in producing a change of heart in certain parts of the country, perhaps especially the west.

I think also that another encouraging feature of this whole situation is that many of the young people are very much more open and understanding than their elders have been. I have noticed this in a number of instances. I noticed it one time a few years ago in the University of Waterloo where they put on with the history department and the secondary schools of the county a simulated dominion-provincial conference, and there in the heartland of Ontario where the second language, if there is one, is German and where there are very, very few French Canadians, to my great astonishment and delight the chap who was playing the part of the Prime Minister of Canada, and the chap who was playing the part of the Prime Minister of Ontario, and the chap who was playing the part of the Prime Minister of Quebec, all spoke in both languages without notes and their French was pretty good—some accent, yes, and an occasional error, but really pretty good, and they did it with obvious enthusiasm. I remember that the boy who was taking the part of the Premier of Quebec asked the boy who was taking the part of the Premier of Ontario a question in English, and the boy who was taking the part of the Premier of Ontario replied in French to this effect: "Since my colleague from Quebec has done me the honour of asking a question in my own language, I shall reply in his." And he gave a very good impromptu reply, without a note, in French and with obvious pride and enthusiasm in being able to do so. I think

this is encouraging. I think the young people of this country are showing the way to many of the rest of us in broadmindedness and openness and understanding and tolerance, and I hope very much that we shall all increasingly follow their example, even though perhaps some of you may think that tonight I have not been doing so.

Senator Riley: Honourable senators, I wonder if Senator Forsey will permit me to ask a question. Usually his facts match his eloquence, but tonight I would ask him if it is not true that rather than the Irish co-religionist of the French people in New Brunswick clobbering the French with their hobnailed boots, was it not, and does history not bear out the fact, that the French people in New Brunswick from the time of Confederation until recent years were exploited unmercifully, and suppressed economically and culturally, by the English-speaking—other than Irish—the English-speaking merchant princes and robber barons in the province? I think he should review his historical research and not confuse it, perhaps, with what happened in Newfoundland.

Senator Forsey: I think what Senator Riley says is correct to the best of my knowledge and belief. But what I was referring to was the kind of thing that Professor Hugh Thorburn documents in his book on the politics of New Brunswick, and the way in which it proved exceedingly difficult for the French-speaking people in New Brunswick to get their own French-speaking priests and their own French-speaking bishops. I think that in the context of what I was talking about, namely the political clout of the French in New Brunswick at the time of Confederation, this was a fact, that the Roman Catholics of New Brunswick at that time meant, for political purposes, mainly the Irish, people like the Honourable Timothy Anglin, for example, and the Irish people for whom he spoke. People like the Honourable Timothy Anglin, for example, and the Irish people for whom he spoke carried much more political weight, I think, than the Acadians did at the time. Doubtless that was partly for the reason which Senator Riley has mentioned, and I am glad that he has added his eloquent, and, to the best of my belief, highly relevant and true footnote to what I have been saying. I was merely speaking in another context.

● (2210)

Senator Riley: May I ask a supplementary question of Senator Forsey? He used the expression, "clobbered with hobnailed boots." If there was any kind of struggle between the Irish Catholics in New Brunswick and the French Catholics, is he fair in saying that the Irish Catholics clobbered the French Catholics with their hobnailed boots, without making some reference to the English and Scottish robber barons?

Senator Forsey: I was not talking of the economic aspect of it at all, but only of the political clout which these people had. I was basing my remarks on the pretty fully documented work which Professor Thorburn did in that book. I do not know if Senator Riley has read it, but if he has and I am wrong, I shall be glad to be informed.

Perhaps I should not have used the expression "hobnailed boots." However, the French-speaking people of New Brunswick had a good many legitimate grievances, I would judge from what Professor Thorburn has said, a good many grievances against members of the hierarchy of the church in New Brunswick. This meant that their political clout was small. When the question, for example, of the Common Schools Act of New Brunswick, 1870-71, came up, to the best of my recollection—and I have read the debates on the subject in the House of Commons several times—to the best of my recollection the emphasis throughout was on the religious aspect, and the main burden of the argument was carried by the Honourable John Costigan, who was pure Irish, to the best of my belief. It was he who got through the House of Commons the motion asking the government to disallow the Common Schools Act.

I do not think there was any French Canadian, in fact I do not know that there was even a French-speaking member from New Brunswick at the time. The whole burden of the fight for the Roman Catholic schools in New Brunwwick was carried by the Irish. For that reason I do not think that the French-speaking people at that time carried much political weight.

I once went over the list of members in the provincial house at that time and in the Dominion House of Commons, and from the areas where I might have expected to find French-speaking members I was astonished to find how few there were. I have not the facts at my fingertips now, but I was astonished to find in how few cases there were any French-speaking members. And this was for districts which I should have supposed would have been returning French-speaking members.

However, I defer to Senator Riley's greater knowledge of New Brunswick history. It is highly possible that I neglected to mention something I should have mentioned. If so, I fully accept his corrections, but I still think there was something in what I said: that the political clout of the French-speaking people of New Brunswick at the time of Confederation was pretty small whereas the political clout of the Irish was rather considerable.

Senator Riley: Would the Honourable Senator Forsey then withdraw from the record his reference to the Irish clobbering the French with their hobnailed boots?

Senator Forsey: I did not use the word "clobbering." "Jumping on," I said, and I also said that that was possibly a rhetorical exaggeration. But I do not see any particular reason to withdraw the general point I was making. If Senator Riley would like me to withdraw the expression, "jumping on with hobnailed boots," I shall be delighted to do so.

Senator Riley: Thank you very much. I would also remind Senator Forsey that we have among the Irish some Paisleys in New Brunswick as well as in Northern Ireland.

Senator Forsey: I dare say. I don't know about that.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, June 21, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Agreement between the Minister of Labour and the Canadian Labour Congress, dated May 20, 1977, respecting Labour Education.

Copies of nine contracts between the Government of Canada and various municipalities in the Province of Alberta for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English Text).

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

Copies of contracts between the Government of Canada and the municipalities of Campbellton (English Text) and Richibouctou (French Text), New Brunswick, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970.

Copies of Ordinances passed by the Council of the Yukon Territory at its 1975 First Session, pursuant to section 20(1) of the Yukon Act, Chapter Y-2, R.S.C. 1970, together with copies of Orders in Council P.C. 1975-804 and P.C. 1975-954, dated April 8 and 24, 1975 respectively.

Copies of contracts between the Government of Canada and the municipalities of Cochrane and Devon, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (English Text).

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

Copies of contract between the Government of Canada and the municipality of Antigonish, Nova Scotia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (Englih Text).

Copies of the Report of the Grain Handling and Transportation Commission, Volume II, entitled "Grain and Rail in Western Canada", dated April 29, 1977, appointed by Orders in Council P.C. 1975-872 and P.C. 1975-1067, dated April 18, 1975 and May 9, 1975, respectively, pursuant to Part I of the Inquiries Act (Hon. Emmett M. Hall, C.C., Q.C., Chief Commissioner).

Copies of Statement of the Government of Canada on the official languages policy entitled "A National Understanding—The Official Languages of Canada", issued by the Secretary of State of Canada.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-3, to amend the Canada Deposit Insurance Corporation Act, and had directed that the bill be reported without amendment.

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

Senator Macnaughton: Now.

Senator Flynn: Why? Next sitting.

Senator Macnaughton: With consent now, but if there is some objection, next sitting.

Senator Flynn: Why not tomorrow? Does it make any difference?

Senator Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, to which was referred Bill C-9, the James Bay and Northern Quebec Native Claims Settlement Act, presented the following report:

Tuesday, June 21, 1977

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred the Bill C-9,

intituled: "An Act to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party", has, in obedience to the order of reference of Tuesday, May 24, 1977, examined the said bill and now reports the same without amendment.

Your committee was very much impressed with the evidence presented to it by spokesmen for native groups who were not parties to the James Bay Agreement and is seriously concerned that sub-clause 3(3) of Bill C-9 provides, in respect of the Territory referred to in the James Bay Agreement, for the extinguishment of all native claims, rights, title and interests of all Indians and all Inuit whether or not they were parties to, or represented by parties to, the Agreement.

Your committee is also seriously concerned that the bill does not specifically provide for a right to compensation in favour of any person who was not a signatory to the Agreement and who has a valid claim relating to the Territory.

Your committee has nevertheless decided to rely on the good faith of the Government of Quebec to negotiate with such third parties, under the terms of section 2.14 of the Agreement, in order to ensure that, in any case where a valid claim is established, compensation will be accorded on the same basis as it would have been accorded had such parties been entitled to participate in the compensation and benefits of the Agreement.

Respectfully submitted,

H. CARL GOLDENBERG,
Chairman.

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

Senator Goldenberg moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

• (2010)

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL, 1976

REPORT OF COMMITTEE PRESENTED

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, June 21, 1977

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill C-26, intituled: "An Act respecting the organization of certain scientific activities of the Government of Canada" has, in obedience to the order of reference of Tuesday, June 14, 1977, examined the said bill and now reports the same with the following amendment:

1. *Page 22:* Strike out lines 11 to 16 inclusive in clause 73 and substitute therefor the following:

(*c*) four other persons, one each representing and nominated by the Canada Council, the Social Sciences and Humanities Research Council, the Association of Universities and Colleges of Canada and the National Research Council of Canada; and

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

Senator Carter moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES BILL

REPORT OF COMMITTEE

Senator Grosart, for Senator van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, reported that the committee had considered Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada, and had directed that the bill be reported without amendment.

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

Senator Thompson moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

NEGOTIATIONS RESPECTING NUCLEAR SUPPLIES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on May 11 Senator Grosart asked a question about the negotiations respecting nuclear supplies.

Senator Smith (Colchester): A good thing we get it back the same year.

Senator Perrault: The question was:

> Could I ask the Leader of the Government what is the current status of the negotiations between Canada and other countries with which any Canadian company has a contractual commitment for nuclear supplies, particularly West Germany, Japan and Sweden?

The answer is:

> As the honourable members know, in December 1976, Mr. Jamieson announced in the other house stringent

conditions on transfers of nuclear material and equipment which supplemented those announced by the Minister of Energy, Mines and Resources in December 1974; these provide for NPT ratification or acceptance of full-scope safeguards as a condition of supply before new contracts for supply of uranium or CANDU reactors can go forward.

Negotiations at the official level took place with the Japanese in the last month. Mr. Jamieson met with the Japanese Foreign Minister in Vancouver last week and discussed the principal issue outstanding, namely, Canadian control on Canadian material which is enriched in the U.S.A. Further official discussions will be held shortly between the U.S.A., Japan and Canada to attempt to resolve this major obstacle in the way of agreement. Shipments have been suspended since December 31, 1976, pending the conclusion of a satisfactory agreement.

Negotiations with the European Community have been continuing but at the last meeting there still remained important differences between the two sides relating to technology, reprocessing and the role of France, which is not a signatory to the NPT and therefore raises special problems. Negotiators are attempting to resolve the differences. Shipments of uranium to the Community have been suspended since December 31, 1976.

It is expected that negotiations with Switzerland will resume in the near future.

Sweden has recently met all Canadian requirements and signature of the Canada-Sweden Nuclear Cooperation Agreement is imminent.

[*Later*]

Senator Lang: Honourable senators, I wonder if I may ask the leader a question, supplementary to the answer given to Senator Grosart's question. I imagine the leader might have to take this as notice.

In addition to the countries he mentioned, is it not true that Canada has a firm commitment to supply a CANDU reactor to Rumania, if not a formal contract? And is it not true that Rumania is prepared to meet all the restrictive requirements of Canada, including the requirements and inspection conditions of the NPT and the standards they impose?

Senator Perrault: Honourable senators, an appropriate inquiry will go forward.

Senator Flynn: Well done.

Senator Olson: Honourable senators, I wonder if I might ask a question supplementary to the one answered a few minutes ago by the Leader of the Government respecting so-called improved control of nuclear material supplied by Canada. I would ask the Leader of the Government if this new and improved control of the use of nuclear material originating from Canada does in fact involve Canadian personnel having greater surveillance of this material, or if it is simply a matter of improved assurances from some of those countries to which we are exporting this material?

Senator Perrault: Honourable senators, I must take that question as notice. That particular information has not been provided as yet.

Senator Olson: As a supplementary to that, I would ask if copies of the agreements are available. If not, are they held to be not for public information?

Senator Perrault: I shall be pleased to determine the situation with respect to the agreements. If there is some way by which copies can be made available for the honourable senator to read, that avenue will also be investigated.

IMPLEMENTATION OF HELSINKI AGREEMENT—QUESTIONS ANSWERED

Senator Perrault: Honourable senators, there has been a considerable degree of concern expressed about the Helsinki Agreement. This evening I have some replies for the Honourable Senator Thompson to questions posed in the chamber on May 17. His first question was:

> In view of the pending June Belgrade conference to review the progress of the implementation of the Helsinki Agreement, what organization has been established by the government to detail such progress in Canada?

The answer is:

> For some years now there has been a small unit in the Eastern European Division of the Department of External Affairs devoted to the Conference on Security and Cooperation in Europe. It consists of a full time CSCE Coordinator and an Assistant. It draws on and is coordinated with the CSCE activities of other divisions of the department as well as other government departments and Canadian diplomatic missions abroad. Since the signing of the Helsinki Final Act, it has been following the progress in the implementation of the Final Act and preparing for Canadian participation in the Belgrade Review Conference.

Senator Thompson's second question was:

> Specifically with reference to Basket III of the Agreement, what organization is to gather the required information?

The answer is:

> The CSCE unit in the Department of External Affairs is the primary organization responsible for the assembling of information relating to Basket III. The gathering of basic information is done by the individual division in the Department of External Affairs dealing with the specific subject matter involved in Basket III (human contacts, information, culture, education), in cooperation with some other departments and Canadian diplomatic missions abroad, as required. For example, information relating to reunification of families and the other main aspects of the human contacts provisions of Basket III is collected by the Consular Operations Division in collaboration with the Department of Manpower and Immigration and our missions abroad and forwarded to the CSCE unit.

The third question was:

> Is such operation, if established, requesting reports on progress from the various Canadian national ethnic organizations from all Communist countries in Europe?

The question is as follws:

> The Secretary of State for External Affairs, the Honourable Don Jamieson, has invited Canadian ethnic organizations to provide the Department of External Affairs with all information relevant to the Helsinki Final Act and has undertaken to make officials of the department available to meet with these groups.

● (2020)

> Representations, both oral and written, have already been received by the department and are continuing to be received from these ethnic organizations.

Question four:

> Specifically, what are the numbers on both re-unification of families and individual emigration to Canada during the two years prior to the signing of the Helsinki Agreement and each year since, listed respectively from each Communist country in eastern Europe?

Honourable senators, the answer to this question is rather detailed and statistical, and I would ask the questioner and other honourable senators whether they would accept the printing of these statistics in the record of today's proceedings as an alternative to reading them at this time?

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

[*The answer follows:*]

> Total emigration to Canada from each communist country in Eastern Europe on the basis of citizenship is as follows:

	1973	1974	1975	1976	1977	Jan-Mar.
Bulgaria	16	29	27	28	9	
Czechoslovakia	163	148	161	145	62	
German Democratic Rep.	—	—	31	31	8	
Hungary	521	482	432	323	73	
Poland	1361	1074	935	1087	217	
Romania	124	142	255	213	76	
USSR	306	260	233	324	85	
Yugoslavia	3455	4061	3676	2138	419	

[*Later*]

Senator Yuzyk: Honourable senators, regarding the reply to Senator Thompson's last question with respect to the numbers of families that have been re-unified and the number of emigrants from the Soviet Union, and from the other satellite countries, to Canada, can the government leader give us any idea whether there has been any improvement at all since the Helsinki Agreement?

Senator Perrault: In the case of the Soviet Union, the figures are: 1973, 306; 1974, 260; 1975, 233; 1976, 324; and January to March, 1977, 85.

Senator Yuzyk: And emigrants out of the Soviet Union?

Senator Perrault: That is the total of emigration to Canada from the U.S.S.R. in those respective years.

Senator Yuzyk: Have you any figures with respect to the re-unification of families? It is just the general trend for which I am asking.

Senator Perrault: The general trend does not appear to indicate any significant increase. In the case of most of these countries if anything there would appear to be a downward trend.

TRANSPORTATION

ACCESS TO OTTAWA AIRPORT—QUESTION

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government whether or not it is a fact that for a considerable time last Thursday afternoon, June 16, a transport company obstructed access to that great airport through which all of us must have access or egress by air to and from the capital city; and, if so, whether it was a lawful obstruction? If it was not a lawful obstruction, what action is the government taking with respect thereto?

Senator Perrault: Honourable senators, I regret that I have no information on that particular subject. If the honourable senator met with a personal inconvenience on his way to the airport last week, I would appreciate receiving any information, following which I would most certainly be willing to undertake an inquiry.

Senator Haig: You should have been at the airport that afternoon.

Senator Smith (Colchester): Honourable senators, while I was not involved personally, I was sufficiently close to the matter to believe that there was an obstruction. It is that knowledge which motivated me to ask the question, because it seems to me—I put this not quite in the form of a question—that any obstruction to an airport under the jurisdiction of the Government of Canada is a very serious matter indeed.

Senator Haig: Honourable senators, in connection with the question asked by Senator Smith, I happened to be at the airport last Thursday afternoon. Between 3.30 and 4.30 p.m. seven aircraft departed—four to Toronto and southward, two to the east, and one to the west. The four aircraft to Toronto left half empty—or half full, as you prefer. The one to the east left on time. However, when the aircraft to the west got to the end of the runway, it was found that one of the passengers had boarded the wrong plane. So Thursday was a very bad day. It was hot, everybody was mad, and there was an obstruction to the only entrance to the airport.

Senator Perrault: I appreciate the fact that the honourable senator has stated an approximate time of the alleged obstruction.

Senator Haig: It was an obstruction; not a delay.

Senator Perrault: It may well remain to be determined whether the Department of Transport had any responsibility

for the situation. I think there is little point in speculating. Certainly an inquiry will be made of the Minister of Transport.

Senator Smith (Colchester): Honourable senators, may I make this observation by way of a question to the Leader of the Government. Is he aware that in spite of the equivalence of expression used by the last questioner, in some parts of this country there is quite a difference between being half full and half empty?

FOREIGN AFFAIRS

MOTION TO SUPPORT PRINCIPLES OF HELSINKI DECLARATION

Senator Carter: Honourable senators, before the Orders of the Day are called I would ask unanimous consent to present a resolution with respect to the Helsinki Declaration, which is similar to one which has been adopted in the other place unanimously and without debate.

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

Senator Flynn: Without debate.

Hon. Senators: Agreed.

Senator Carter: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*h*), I move, seconded by the Honourable Senator Yuzyk:

> That the members of this House support the principles of the Helsinki Declaration, particularly noting those sections that deal with human rights and humanitarian issues and their implementation by all the signatory countries, and voice their deep concern with respect to the reported persecution in some of those countries of dissidents and religious believers, groups and others who uphold the observance of the Helsinki Declaration in their country.

Senator Benidickson: Honourable senators, could I ask Senator Carter who in the House of Commons moved and seconded the declaration that he says unanimously carried there?

Senator Carter: It was moved by the Honourable Stanley Haidasz, and I believe it was seconded by Lloyd Francis, M.P.

• (2030)

Senator Flynn: Does that reassure you?

Senator Grosart: I wonder if I might suggest to the Honourable Senator Carter that the resolution would be stronger if it read, "the Senate of Canada," rather than, "this house". Secondly, I wonder if he would like to reconsider the last few words, read, "the rights guaranteed them by their respective constitutions." The reference is to "dissidents and religious believers, groups and others who uphold the observance of the Helsinki Declaration in their country and seek the rights guaranteed them by their respective constitutions."

That suggests to me that that is all that is being asked for, namely, the rights guaranteed them by their respective constitutions. Surely the intent is to go much beyond that, and to guarantee them the rights commonly accepted as human rights around the world. I just ask the honourable senator to consider whether this suggests that the Senate might be quite prepared to accept the rights guaranteed in the constitutions concerned, particularly those of the Iron Curtain countries, as being the measure of the rights to which they are entitled. It seems to me to be rather limiting, and might well, in the future, raise a question as to whether the Senate said, "Well, those are the rights we are talking about," namely, their rights under their respective constitutions. I just ask the honourable senator if he would care to reconsider the resolution in those terms.

Senator Carter: I thank Senator Grosart for his suggestions. I think "the Senate of Canada" is better wording, and if my seconder is in agreement I would substitute those words for "this house".

With respect to Senator Grosart's suggestion about the words, "the rights guaranteed them by their respective constitutions," those words were in the original draft, but on reflection we removed them because, while the constitutions of certain countries purport to guarantee the right to religious freedom, they also guarantee the right to anti-religious freedom, and we did not want to incorporate in the resolution anything that would reinforce anti-religious rights in those countries. That is why we did not include those words in the final draft.

Senator Grosart: So, the draft that was presented in advance was not the final draft.

Senator Carter: That is right.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Carter, seconded by the Honourable Senator Yuzyk:

> That the Senate of Canada supports the principles of the Helsinki Declaration, particularly noting those sections that deal with human rights and humanitarian issues and their implementation by all the signatory countries, and voices its deep concern with respect to the persecution in some signatory countries of dissidents and religious believers, groups and others who uphold the observance of the Helsinki Declaration in their country.

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

Motion agreed to.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator McGrand, for the second reading of the Bill C-34, intituled: "An Act to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and

to amend the Western Grain Stabilization Act in consequence thereof".—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield the floor to Senator Argue.

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

Hon. Senators: Agreed.

Senator Walker: Here comes the heavyweight.

Hon. Hazen Argue: I would like to be less of a heavyweight. I am sure that is the way the remark was meant.

Honourable senators, I am pleased to have the opportunity to take part in this debate tonight, and I want to thank the whip for holding this position for me. When the bill was introduced I was in Calgary, having been invited to participate as a speaker in the North American Beef Congress. This is the first time it has been held in Canada. That congress was attended by representatives of beef producers and the whole industry on the North American continent. I was honoured by an invitation to be the first speaker at the congress, and I am sure that that invitation was extended to me because of my being Chairman of the Standing Senate Committee on Agriculture.

Following my speech, there were speeches by Senator John Melcher of Montana, President Boyd Anderson of the Canadian Cattlemen's Association, Miss Ruth Lodzkar, President of the Consumers' Association of Canada, and Mr. Wayne Finney, President of the American National Cattlemen's Association. It is my view that I was invited to that congress because of the outstanding work which has been done by the Standing Senate Committee on Agriculture on its inquiry into the whole question of beef stabilization. The reason our committee has such a good standing with the beef industry in Canada is due entirely to the hard work done by the members—and both sides of this house are represented on the committee. The invitation came to me because of the work of all the members of the committee.

The Senate does not get the press coverage it deserves. We are very bashful, on occasion, about the work of the Senate. We feel we are subject to criticism. I can say that in all of the committee's meetings, which were held across this country in some five provinces, plus my appearance at this congress of the industry for all of North America, not one single criticism was made of the Senate or of the work of the Senate. I sometimes think that we are our own worst enemies. The Senate is criticized mainly by the press gallery in Ottawa, and by senators themselves. In that respect, I am as guilty as any others. I am not trying to chastise anyone. I feel we have a very good standing in most parts of the country, and that is something which each one of us should try to take advantage of in pursuing our work here.

Senator Olson, in introducing this bill, provided the Senate with a full explanation of its contents. It provides for a voluntary pooling system for rapeseed and any other grains outside of the Canadian Wheat Board. Some years ago a vote was taken as to whether or not rapeseed should be included in the Canadian Wheat Board system, with the result that 46 per cent were in favour and 53 per cent against. For a number of generations many farmers—and I think it is a growing percentage as the years go by—felt that the commodity market, the grains exchange system, was not operating in the best interests of producers. As a result of that general feeling, producers asked for, and got, the Canadian Wheat Board.

The Canadian Wheat Board at one time had exclusive jurisdiction over wheat and, in effect, exclusive jurisdiction over oats and barley. It had little or no jurisdiction, except perhaps by way of quotas, over flaxseed and rye.

Given the closeness of the vote, and the strong support on the part of producers for having rapeseed included in the Canadian Wheat Board system—and producers of rapeseed are producers of wheat—it was my view that consideration should have been given to holding another vote on the question. Had that been done, this bill, in my view, would not have been necessary. In my very brief research of the question, I have found that there is little or no demand—certainly no widespread demand—on the part of producers for this bill. There is certainly no demand among producers generally, and I am informed there is no demand by the wheat pools or the private grain companies for the selting up of such an operation as is provided for in this bill. If it becomes law perhaps it will be used very little, but there may be campaigns to make use of it.

• (2040)

However, I, for one, feel that this bill is not necessary. If it is passed it will provide, as Senator Olson has said, for two kinds of pool—one which would provide at the end of the pool for a payout on the basis of an average street price; the other, which would be a fully pooling arrangement, would provide for a payout based on the actual selling price and the sales achieved for the rapeseed in the pool period. The Treasury will make a guarantee of 90 per cent of the initial payout in the pooling system.

Many people criticize governments for spending excessive amounts of money—

An Hon. Senator: But not all.

Senator Argue: —but I think that usually most expenditures are made after widespread requests that they be made. Here is an offer to spend money, without any great number of requests. It would seem to me that this is the kind of thing that is not necessary for governments to do. I am one who believes the Canadian Wheat Board system to be a good one. It has proven to be of great value to Canada. It has the general support of producers in western Canada. As a matter of fact, many producers in the United States who live close to the Canadian border are conducting a campaign for a wheat pooling system based on the Canadian Wheat Board.

If it is passed and becomes law, this bill will provide an opportunity for producers to have a pooling system outside of the Canadian Wheat Board. Well, 46 per cent of the producers in that referendum voted in favour of the Canadian Wheat Board system, so I do not think the people wanting the pooling system will be in the 46 per cent—at least, very few, because

they do not believe in this kind of a system. Of the 53 per cent who voted against a Canadian Wheat Board pooling system, I would doubt that very many of them voted against the Canadian Wheat Board pooling system only to establish some other kind of a pooling system.

It would seem to me, if this law results in pools in fact being established, that it will be more difficult to get a clear-cut vote in the future on the principle of marketing grain through the Canadian Wheat Board and, of course, this bill, as it is drafted and if it becomes law, can include grains other than rapeseed. I quote from the top of page 2:

> (a) rapeseed, and
>
> (b) such other grain or variety, grade or class thereof, not required to be marketed through the Board, as is designated by the Governor in Council as a grain for the purposes of this Part.

Today, barley, oats, feed wheat, flax, rye and rapeseed are marketed outside of the Wheat Board system, so it will be possible to set up a proliferation of little pools under this bill for every single grain, including wheat that is outside of export wheat, and wheat going to mills. As Senator Olson suggested, our committee should hear from people in the Canadian Wheat Board. I would hope that farm leaders in this country would think the principle of the bill sufficiently important to express their opinions about it. The Senate should deal with the bill on the basis of its merits, or lack of merits, and we should, in a substantial measure, be governed by the producers to whom it might apply.

The Canadian Wheat Board system, I suggest, is a good one. I would like to see it supported in every possible way, and I cannot help but feel concerned when I read a measure like this. It suggests to me that it may result in difficulties for the Canadian Wheat Board and the Canadian Wheat Board system.

Honourable senators, I suppose it is pretty obvious from the rambling way that I have made my remarks that I have not been coached by any organization, and am not speaking for any organization. As a matter of fact, I really do not know how those organizations stand on this question. On the basis of my experience as a grain producer over the years, and my reading of the history of the marketing system in Canada, I have very grave doubts about the merits of this measure. At any rate, I think, with Senator Olson, that the Standing Senate Committee on Agriculture should become well informed about the principles and the application of this measure if it becomes law.

Senator Flynn: You can kill the bill in committee, if you wish.

Hon. Horace A. Olson: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Olson speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Olson: Honourable senators, I want to spend only a very few minutes in closing the debate on second reading, and endeavouring to answer some of the questions that have been raised by Senator Yuzyk and Senator Argue.

Senator Yuzyk asserted that the government intended to assume 90 per cent of the losses for these pooling arrangements that may be set up under the authority of this bill. That is probably not too far from the fact, although that is not what the bill says. The bill says that an arrangement may be entered into between one of the grain companies, or one of the grain pools, for a guarantee of 90 per cent of the initial price. That may not be very different from losses but, for the sake of accuracy, I have to say that it may not be the same thing.

The honourable senator also asked what is meant by "significant number" because the bill does provide that a significant number of producers would have to be in a position of requesting that a pool be set up with one or more of the companies involved in the grain trade. I cannot answer specifically whether it is 2 per cent, 20 per cent or any other percentage. I suppose, in strictly pragmatic terms, the government would have to look at the numbers, and in some way ascertain that there is a sufficient number of producers so that the pool could, in fact, be viable.

● (2050)

In reply to the question about what happens if a farmer elects to go into a pooling agreement and then the market goes up some time during the year, I would point out that the bill categorically provides that once a farmer chooses to enter a pooling arrangement, he will have his permit book endorsed and will be obliged to stay with the pool for the balance of that crop year. I certainly would not want any producer to be under any misapprehension in that regard, and that will be made very clear to them. But it also has to be pointed out that if the market goes up during a year, then, of course, these pooling arrangements would also have higher receipts during that year. On the average, they may not be as high as the very highest peak in the year, and I think producers who go into these pooling arrangements have to understand that the main purpose is to average the price, and their returns from the sale of rapeseed and these other grains would be the average over the whole year. They cannot expect to receive the price for rapeseed or any other grain at the highest point in the entire marketing year, or the highest market price for any particular day.

Senator Yuzyk asked what we were going to do about people who go outside of the pool and become bootleggers—that is to say, after they have made an agreement to sell to the pool they find ways and means through or with their neighbours to sell outside. Well, of course, that is already part of the law with respect to quotas and administration by the Canadian Wheat Board, and all I can say is that the same law will apply to them as is now applied by the Canadian Wheat Board, except that they may be required to declare that they are going to sell all of their rapeseed. It is not necessary now that a farmer declares that he is going to sell all his wheat. For example, he can sell some feed wheat other than to the Canadian Wheat Board, so I expect the law would have to be applied in essentially the same way.

Finally, with respect to Senator Argue's argument that there ought to be another vote, because he did not detect any demand amongst producers that this kind of legislation be brought in at this time, I have to say that this is enabling legislation; it provides, first of all, an opportunity, and an opportunity only, for the grain companies and the grain pools to set up a pooling arrangement for a marketing year. But even after that is done, every producer will have to join voluntarily, and I would draw Senator Argue's attention to the fact that 46 per cent of the producers who voted in the plebiscite in 1974 indicated that they were prepared to have full pooling arrangements for the sale of their rapeseed, which is essentially the same as what the Canadian Wheat Board does now for all the grain that goes into their market. Therefore, I think there are significant numbers of people who want it.

It seems to me that this bill does in fact give us, if it is possible, the best of both worlds. Those who want to get into a pool may do so, and those who prefer to take their chances on the daily market fluctuations will have that opportunity. I do not believe it is in any way going to cause the Canadian Wheat Board system to deteriorate. I do not see the possibility of a great proliferation of pools. I think there will have to be some experimentation in the initial stages—perhaps for a year or two—to find out which of the pools functions best in the interests of the producers, and probably before long the producers themselves will decide that one or two pools—in any event, a very limited number—are the best for their purpose. So, I do not really see the damage to the Wheat Board system—which so many producers in western Canada support—that Senator Argue referred to.

I thank all honourable senators for listening to the debate with such attention, and hope that the bill will have reasonably expeditious passage through the committee, and be reported back to the house so that it becomes law this session.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Olson moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

CANADA LANDS SURVEYS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Riley for the second reading of Bill C-4, to amend the Canada Lands Surveys Act.

Hon. J. Campbell Haig: The conversation that has been going on to my right will now cease. Thank you.

Honourable senators, I have great pleasure in speaking to this bill to amend the Canada Lands Surveys Act, formerly called the Dominion Survey Act. The bill provides for a new designation in English for surveyors, namely, "Canada Lands Surveyor." The bill also indicates that such a person requires a wider range of educational qualifications. Whatever name is used, you can rest assured that when this surveyor signs a report, it will be certified in every respect and the person having a title certified will find it to be true and correct.

Speaking of land surveying in the west, which I know something about, they had lots which went along the river, so many feet wide and two miles deep, called river lots. In the opening of the west they decided to have the land surveyed under the Torrens system, which is by section, township, and range. They established a principal meridian from which all meridians, east and west, are counted. This principal meridian, which is marked by a cairn, is located about 10 miles from Winnipeg, and you can see the cairn as you travel west on the trans-Canada highway. It is to the north of the highway. The cairn is enclosed by a steel fence, and it states that this meridian is the principal meridian for all western Canada surveys. I happen to know something about this because the land on which the cairn stands was given by the late Senator Benard to my father.

Now this principal meridian starts there with section, township and range and it makes a section of one mile square. As you go north or south on the principal meridian you get to what is called a correction line. If you go northward you find that the road takes a jog to compensate for the convergence of the meridians.

The bill, in addition to establishing the educational qualifications of the surveyor, tends to replace the southern system of surveying to the north. You can understand that if you look at a map of the north.

Now the private conversation has moved across to the opposite side of the house. Perhaps we could have a division somewhere along the line so that if we have conversations at least I might understand them.

● (2100)

The Hon. the Speaker: Order.

Senator Smith (Colchester): What they say is not worth listening to anyway.

Senator Haig: I don't know. I am getting a little worried by the conversations going on to my right and in front of me. I will try to make my remarks brief so that we can all carry on our different conversations.

In the north, especially in the tundra, including the rivers and lakes up there, along with the offshore measurements they intend to establish cairns on land so that a ship can go out to sea and with an electronic device zone in on these cairns. By zeroing in on two different cairns they will be able to tell, from where the two lines meet, that they are so many miles from land. In that way they will be able to obtain a position on the sea bed which they can determine in miles. Obviously, the determination will be metric later on, but they have not reached that stage yet.

Another aspect to it is that where you find a township, town or village in a quadrant you take that out of the quadrant and

you make a townsite and you have lots, and so on. But in that part of the country settlements change owing to the nomadic character of the people there. To offset that the company will be able to obtain a certificate or some kind of paper indicating that at a certain time it owned or leased the particular piece of land. That ownership or lease may last for 10 to 15 years, but at least the company will have something there which is certified by a land surveyor.

That is asked for and determined for mining and oil exploration in the north on land, and also in respect of the sea bed. There has to be some method of determining at which precise point the company owns land and that is where it can drill.

Honourable senators, because of the full explanation given by Senator Riley when he introduced this bill, I hardly think it needs to go to committee. In fact, when he closes the debate on second reading I would ask him to move that the bill be given third reading at the next sitting.

Senator Cameron: I wonder if Senator Haig could define the extent of the high water mark. How far does the river lot extend from the high water mark or water line back from the river or stream?

Senator Haig: The river lot was so many feet wide at the river level, at the high point of the river, and it went back two miles. It was parallel for 100 feet or 200 feet, I forget which, and went back two miles. The system was then completely changed so that there were sections one mile square north to about the 60th parallel. That was because the land was mainly flat or high rolling land. But you cannot do that up north. So the reason is that instead of having this flat system you have to take it in quadrants. That may be so many miles wide and so many miles deep or high, and certain sections or certain parts of the land may be different. But at least they will be placed on the maps, and if you want to go quadrant eight, for instance, you will find that on the map. Then they will determine by survey where your mining or oil exploration will be. At least you will have some determination of what you own or lease. That is the reason for it. It is because of the type of land up there.

On the other hand, if you used the southern system you might find the end of one section in the middle of a lake, which for all practical purposes would not be particularly useful. At any rate, that is the reason for it.

Hon. Daniel Riley: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Riley speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Riley: Honourable senators, I wish to thank Senator Haig for his kind words. I only wish I had lived up to the praise he has given me this evening.

As he and other senators well know, I am no expert in survey matters, but I was pleased to hear Senator Haig refer to the Torrens system of land registration. We only wish we had that system in the east so that land surveyors could plot out our farmlands properly. They may come to that eventually, but I know from searching titles myself that all you have to do in the west is go into the registrar's office and you will find everything laid out in sections for which you can obtain certificates; but in the east we often have to search the titles ourselves right back to the time of the crown grants, and you will find farm descriptions reading something like: "All that lot, parcel or piece of land bounded on the north by John Smith," who died 100 years ago; "bounded on the west by a rail fence," which has disappeared; "bounded on the east by a lane," which has probably been replaced by a highway two miles away, "and on the south by . . ." whatever else you might think of. That is what we have to cope with. That is why we envy you your Torrens system.

If I might say a word about the system of offshore surveying, they are now using drill rigs offshore on which they put monuments and then by radar, vision, the quadrant, or whatever, they can make a fix on that to establish their positions. In this manner they go right along the inner part of the continental shelf. They are also using ships, the U.S. satellites, the polar satellites, the globe circulating satellites. So you can see how far they have come in their methods.

Honourable senators, bearing in mind Senator Haig's suggestion to omit the committee stage, I would simply move that the bill be given second reading now.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

Senator Riley moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate resumed from Thursday, June 16, the consideration of the report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1978, which was presented Wednesday, June 15.

Hon. Jacques Flynn: Honourable senators, this debate was adjourned in my name because I was unable to be present to hear Senator Everett's speech when he presented the report of the National Finance Committee. After reading his remarks I realized he had said everything I would have said myself, so there is no point in my detaining you for more than a minute or two.

● (2110)

I agree that the Standing Senate Committee on National Finance is able to do effective work when it deals with specific problems of a specific department, but it is quite impossible for the committee to study the main estimates and make a report that contains anything more than generalities. I suggest, therefore, that the committee should continue its search for better methods of examining the main estimates. I know it will not be

easy, but I feel that both here and in the other place we are losing control of the expenditures of government.

We should always be on the alert, and with some of the suggestions that have been made from time to time by the Auditor General, and the creation of the new post of Controller General—the Controller General is only for the benefit of the government, but the government needs to have more tools for controlling its expenditures—Parliament can search for other ways and means to enable it to do a better job. If I spoke for an hour, I certainly would not be able to offer a solution tonight.

Motion agreed to, and report adopted.

THE SENATE CHAMBER

TAKING OF PHOTOGRAPHS BY THE PUBLIC—MOTION WITHDRAWN

Hon. Daniel Riley, pursuant to notice of motion of June 15, moved:

> That visitors to Parliament be permitted to take photographs of the interior of the Senate chamber, the Senate antechamber and the foyer of the Senate at all times during visiting hours, except during:
>
> (a) a sitting of the Senate;
>
> (b) the period of one hour immediately prior to a sitting of the Senate;
>
> (c) the period of 15 minutes immediately following the adjournment of a sitting of the Senate; or
>
> (d) any period when the Senate chamber is closed for maintenance purposes or is being used for such special meetings as may be authorized by the Senate,
>
> and only in those areas where visitors are permitted to circulate under the supervision of an official tour guide.

He said: Honourable senators, I ask permission to make a couple of slight amendments to the motion standing in my name.

The last paragraph of my earlier motion has been incorporated in the first paragraph without any great change. In subparagraph (c) I ask to have the words "15 minutes" deleted, and replaced by "one hour." This means that I have to ask that the first paragraph and the last paragraph be deleted and replaced by another first paragraph, so that the motion reads as follows:

> That visitors to Parliament in those areas where they are permitted to circulate under the supervision of an official tour guide be permitted to take photographs of the interior of the Senate chamber, the antechamber and the foyer and hallways within the Senate precincts at all times during the visiting hours except during;
>
> (a) a sitting of the Senate;
>
> (b) the period of one hour immediately prior to a sitting of the Senate;
>
> (c) the period of one hour immediately following a sitting of the Senate; or
>
> (d) any period when the Senate chamber is closed for maintenance purposes or is being used for such special meetings as may be authorized by the Senate.

This is exactly the same as the privilege that is given to visitors to the other place.

Senator Flynn: Is it embodied in the rules of the other place?

Senator Riley: No.

Senator Flynn: Is it a practice there?

Senator Riley: I think it has become the practice. As far as I know, it is a directive issued to the tour guides by the Chief of the Protective Staff.

Senator Flynn: Would you be satisfied if the Senate agrees, and Madam Speaker gives that directive.

Senator Riley: By all means.

Senator Flynn: I think that is all right. That is the way it should be done.

Senator Smith (Colchester): Has Senator Riley looked into the question of whether senators may take pictures of the chamber, and, if so, when? I ask this very seriously, because I am interested in photography, but have refrained from bringing my camera inside the door.

Senator Riley: I appreciate that question, because one of the senators to whom I have spoken told me it had been indicated to him by a member of the Protective Staff, when he had some relatives here, that neither he nor any of his party could take pictures of the Senate chamber.

Senator Smith (Colchester): That is what I was told.

Senator Riley: I should like to see anybody stop me from taking a picture of the chamber when it is unoccupied, or of any of the Speakers' portraits in the hall.

Senator Flynn: I would not dare.

Senator Smith (Colchester): I would remind Senator Riley that I am only three-quarters Irish.

Senator Riley: But you are a rugged fighter, senator. I know how strongly you fought for your party in Nova Scotia, and how well you guided the toddling footsteps of those who followed behind you, and with what a strong hand you held the tiller when you were the Premier of your province.

Senator Perrault: Honourable senators, perhaps I might make a brief observation. I am informed that the practice that has existed to this time was to restrict photography within the chamber because, at one time, flash bulbs were not of the safe variety that exist today. Some time ago there was great concern about the possibility of setting the building on fire again.

Senator Flynn: You mean setting the Senate on fire?

Senator Perrault: The Leader of the Opposition attempts to do this every afternoon in a rhetorical way. There was concern that certain types of flash powders, and later flash bulbs,

might explode and incinerate the chamber. However, technological advances in photographic equipment, including fast film and safety bulbs, make a relaxation of this rule possible. I certainly see no objection to having the one-hour rule apply, although some senators have expressed the view that on sitting days photography should not be permitted after twelve noon, and not after six o'clock, when there are evening sittings. However, it is a matter of choice.

Senator Flynn: What about referring this matter to the Standing Committee on Internal Economy, Budgets and Administration? I do not like the idea of a formal motion for this.

Senator Perrault: Honourable senators, I would not resist the procedure suggested by the Leader of the Opposition. This matter relates to the chamber, and I think Madam Speaker should have a voice in it. I understand that for special visitors and special occasions the practice is to obtain permission from Her Honour. There seems to be general agreement that this one-hour rule be brought into effect.

Senator Macdonald: I would suggest that Senator Riley withdraw his motion, and leave the matter to Madam Speaker, who can establish some guidelines.

Senator Smith (Colchester): I certainly do not rise to disagree with my distinguished colleague from Cape Breton. That would never be safe. However, I do rise to say, in all seriousness, that, delightful and artistic though the chamber itself may be, I think it is made more vivid and alive by the presence of the persons who are entitled to sit here. Consequently, a picture which included them might very well convey more of interest than the bare walls themselves.

● (2120)

For instance, I should like to be able to enliven the accounts of my adventures in this chamber to my friends by showing a picture of the Leader of the Government in full flight of oratory. I do not really understand why we are so shy about having our pictures taken. I find that to be an archaic sort of thing, which we ought not to insist upon in the way we seem to do.

So, far from agreeing that there should be one hour's interval between the sitting of the Senate and the last picture-taking, I would be inclined to argue that there be no restrictions at all within the limits of ordinary common sense and lack of disturbance of the Senate.

Senator Perrault: Honourable senators, the suggestion that there should be unrestricted use of photography is an idea that I would resist. It seems to me that in circumstances in which the honourable senator may wish, for example, a photograph of himself in his seat, special permission could be obtained through Madam Speaker to have that done, and the photograph should be taken when there is no sitting of the Senate. I would certainly resist the general idea of having photographs taken in this chamber during sittings of the Senate.

In view of the fact that Madam Speaker is a member of the Internal Economy Committee, perhaps the idea advanced by the Leader of the Opposition has a good deal of merit. Under those circumstances, if the honourable senator would care to withdraw his motion and have the matter referred to that committee, with a recommendation that a one-hour rule be introduced, I would have no objection.

The Hon. the Speaker: I would ask Senator Riley to withdraw his motion, and I will issue instructions along the lines suggested.

Senator Smith (Colchester): Honourable senators, I suppose it is probably out of order for me to ask a question now of the Leader of the Government, but if I might be permitted to be out of order, I would ask him, does he think that taking pictures in the Senate would be any more disturbing than television in the Senate—aside from the fact that it might tend to keep senators awake?

I am serious about this. I am not fooling about this. After all, what is there about the Senate that is so sacrosanct that pictures should not be taken of senators in action, when in the other house the adjournment is being arranged so that time may be given to allow the necessary preparations to be made for televising the proceedings thereof?

Senator Perrault: Honourable senators, there is certainly nothing to prevent the Internal Economy Committee from looking at the proposal made by the honourable senator. I simply rose on my own behalf to suggest that unlimited use of flash guns and photography in this chamber may not be appropriate at this time. I would be interested in the views of the Leader of the loyal Opposition.

Senator Langlois: Leave it to the Internal Economy Committee.

Senator Flynn: The Internal Economy Committee can deal with it.

Senator Grosart: It is the nation's business that we are dealing with.

Senator Riley: Honourable senators, I quite appreciate the suggestion of Senator Flynn, supported by the Leader of the Government, that I withdraw this motion; and I would be very glad to withdraw it.

I wanted to withdraw the motion. I asked a question about this, but received no answer. It is a very simple matter, easy to adjust. It is easy to rearrange the directive that was sent to the Chief of the Protective Service of the Commons on May 18 last, saying that they could take pictures only on Fridays, Saturdays, Sundays and holidays.

I wanted to withdraw my motion, and I discussed the withdrawal with officials. But it was suggested to me that perhaps I should move the motion because some honourable senators might want to vote against it. But I now see that there are no honourable senators who want to oppose this motion—

Senator Flynn: We do not support the idea of a formal motion.

Senator Riley: I am in full accord provided that the Speaker, as she has undertaken so to do, will issue a new directive to

the Chief of the Protective Service of the Commons. I know that I have the permission of the seconder, and I therefore request that the motion be withdrawn. I thank all honourable senators for their support.

Senator Smith (Colchester): Honourable senators, I know that I am not meeting with much favour, but I should like to ask another question of the Leader of the Government. Is he aware that in the light which exists here now, and with the cameras and films which are now available, it is perfectly possible to take good and satisfactory pictures without using flash bulbs?

Senator Perrault: Honourable senators, I am aware of the new 500 ASA high speed colour films which permit photography "in dark closets at midnight," but I think one of the decisions to be made by the Senate is whether it is appropriate to allow photography in the chamber on an unlimited basis. That is a decision which the committee may wish to consider.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Riley withdraw his motion?

Hon. Senators: Agreed.

Motion withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 22, 1977

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

Prayers.

PETROLEUM CORPORATIONS MONITORING BILL

REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada, presented the following report:

Tuesday, June 21, 1977.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-4, intituled: "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada" has, in obedience to the Order of Reference of Thursday, May 26, 1977, examined the said Bill and now reports the same with the following amendments:

1. *Page 4:* Insert immediately after line 35 the following subclause:

"(5) Where the Minister proposes to disclose information pursuant to subsection (4) in a form that identifies or permits the identification of the corporation to which the information relates, he shall so notify the corporation and afford it a reasonable opportunity to make representations as to the effect the disclosure of the information might have on the corporation's competitive position."

2. *Page 6:* Strike out lines 23 to 39 in clause 9 and substitute therefor the following:

"(2) The Minister shall,

(*a*) Within 120 days from the date of seizure of any documents, books, records, papers or things pursuant to paragraph (1)(*d*), or

(*b*) if within that time an application is made under this subsection that is, after the expiration of that time, rejected, then forthwith upon the disposition of the application,

return the documents, books, records, papers or things to the person from whom they were seized unless a judge of a superior court or county court, on application made by or on behalf of the Minister, supported by evidence on oath establishing that the Minister has reasonable and probable grounds to believe that there has been a violation of this Act and that the seized documents, books, records, papers or things are or may be required as evidence in relation thereto, orders that they be retained by the Minister until they are produced in any court proceedings, which order the judge is hereby empowered to give on *ex parte* application.

(3) The person from whom any documents, books, records, papers or things are seized pursuant to paragraph (1)(*d*) is, at all reasonable times and subject to such reasonable conditions as may be determined by the Minister, entitled to inspect the seized documents, books, records, papers or things and to obtain copies thereof at his own expense.

(4) Where any book, record or other document has been seized, examined or produced under this section, the person by whom it is seized or examined or to whom it is produced or any officer engaged in the administration or enforcement of this Act may make, or cause to be made, one or more copies thereof and a document purporting to be certified by the Minister or a person thereunto authorized by the Minister to be a copy made pursuant to this section is admissible in evidence and has the same probative force as the original document would have if it had been proven in the ordinary way.

(5) No person shall hinder or molest or interfere with any person doing anything that he is authorized by or pursuant to this section to do or prevent or attempt to prevent any person doing any such thing and, notwithstanding any other law to the contrary, every person shall, unless he is unable to do so, do everything he is required by or pursuant to this section to do."

3. *Page 7:* Strike out line 22 in clause 11 and substitute therefor the following:

"(i) it knows contains an untrue statement of a"

4. *Page 7:* Strike out line 24 in clause 11 and substitute therefor the following:

"(ii) it knows omits to state a material fact"

5. *Pages 7 and 8:* Strike out in clause 12 lines 40 to 43 on page 7 and lines 1 to 4 on page 8 and substitute therefor the following:

"(*a*) violates section 6 or subsection 9(5), or

(*b*) fails to comply with a requirement lawfully made pursuant to paragraph 9(1)(*c*)"

6. *Page 9:* Strike out Item 15 in Schedule 1 and substitute therefor the following:

"15. Husky Oil Operations Ltd."

Respectfully submitted,

Salter A. Hayden,
Chairman.

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

Senator Hayden moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

CANADIAN ARMED FORCES

RETIREMENT OF PERSONNEL—QUESTION

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government whether the government has currently under consideration measures designed to alleviate the hardships suffered by members of the armed forces, especially other ranks, required to retire from the forces because of age?

Senator Perrault: Honourable senators, I shall undertake an inquiry on that matter.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—THIRD READING

Senator Macnaughton moved the third reading of Bill C-3, to amend the Canada Deposit Insurance Corporation Act.

Motion agreed to and bill read third time and passed.

• (1410)

DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES BILL

THIRD READING

Senator Petten moved the third reading of Bill C-6, respecting Diplomatic and Consular Privileges and Immunities in Canada.

Motion agreed to and bill read third time and passed.

CANADA LANDS SURVEYS ACT

BILL TO AMEND—THIRD READING

Senator Riley moved the third reading of Bill C-4, to amend the Canada Lands Surveys Act.

Motion agreed to and bill read third time and passed.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL, 1976

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Health, Welfare and Science on Bill C-26, respecting the organization of certain scientific activities of the Government of Canada, which was presented yesterday.

Senator Carter moved that the report be adopted.

Senator Grosart: I wonder if I could ask Senator Carter a question. He will recall that in the committee meeting we were unable to obtain a breakdown of the $170 million, of $180 million of government funding of these councils, as between the different councils. Is it the intention to follow up that request and, when the information is received, to make it available to the Senate?

Senator Carter: I should like to inform the Senate that that information is being compiled, and as soon as it is received it will be circulated.

Honourable senators, before the report is adopted I should like to say a word or two in explanation of the amendment, which is a technical one. To explain it I have to refer back to Bill C-53, which was passed earlier this week by this chamber. Its title is: "An Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other Acts subsequent to 1970." This seems to have created an anomaly of its own. Clause 30 of Bill C-53 amended the National Library Act with respect to membership on the National Library Advisory Board. Clause 74 of Bill C-26 also amended the National Library Act with respect to membership on the National Library Advisory Board. The anomaly came about because through an accident of timing Bill C-26 was introduced much earlier than was Bill C-53 and, because of that, it was expected that Bill C-26 would be through the parliamentary process before Bill C-53, rather than after.

Bill C-53 provided representation for three bodies, as does Bill C-26, but not the same three. Bill C-53 provided representation on the boards for the Canada Council, the Association of Universities and Colleges of Canada and the National Research Council. It could not make provision for representation for the Social Sciences and Humanities Research Council, because that body will not come into existence until Bill C-26 has been passed and proclaimed. Bill C-26, on the other hand, provides for representation for the Canada Council, the Social Sciences and Humanities Research Council and the Association of Universities and Colleges of Canada, but does not provide for representation for the National Research Council. The amendment provides for representation of all four bodies on the National Library Advisory Board.

Senator Grosart: Honourable senators, I shall comment on a point which was raised in committee and in connection with which I am still not satisfied. That is that while provision is made in this amendment, and in the former bill, for representation by some of the councils on the National Library Advisory Board, no provision has been made for representation of one of the two new councils and of the Medical Research Council. It still seems to me that this is a serious omission, although the explanation was given that the interests of these councils might be represented on the National Library Advisory Board by others. I would still suggest that this is far from satisfactory. It simply seems to me to make no sense whatsoever that in establishing two new councils one should be given

representation and the other not, and that the Medical Research Council should be excluded.

I make that comment at this stage in the hope that in due course a change will be made to correct what seems to me to be not the proper way to proceed in setting up the type of scientific representation on the National Library Advisory Board that would seem to be appropriate, when we have at least five councils in this field and only three of them are represented.

Senator Carter: Senator Grosart has made a valid point. However, I am unable to provide any further explanation to what was given with respect to the same point when it was raised in committee. You may rest assured, though, that it will be brought to the attention of the minister.

Senator Flynn: Honourable senators, although Senator Carter stated that the amendments proposed by the committee are considered to be of only a technical nature, I am quite sure that nevertheless the committee members were assured that the amendments will be welcomed by the government and in the other place, and will not delay the passage of the bill or create any problem. I say this because I understand that this is always the worry of any committee of the Senate.

Motion agreed to, and report adopted.

● (1420)

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

Senator Carter moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

AERONAUTICS ACT AND NATIONAL TRANSPORTATION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, June 16, the debate on the motion of Senator Lang for the second reading of Bill C-46, to amend the Aeronautics Act and the National Transportation Act.

Hon. J. Campbell Haig: Honourable senators, I do not know why, but whenever I rise to speak conversations commence to the right, left and centre. I ask that all conversations be postponed for three or four minutes while I make a short speech on this bill.

Senator Grosart: You will have our undivided attention.

Senator Haig: I hope that statement is true of all members of this house.

Bill C-46, if passed, will amend the Aeronautics Act and the National Transportation Act. To provide honourable senators with some background I will mention that the bill was considered by the Transport and Communications Committee of the House of Commons on June 9, and was given third reading by that house on June 10. It was introduced in the Senate on June 16 by Senator Lang. The purpose of the bill is expressed in the proposed new sections 1.1 and 2.1 of the Aeronautics Act and the National Transportation Act respectively, which read as follows:

> This Act is binding on Her Majesty in right of Canada or a province and any agent thereof.

That purpose is to make binding on Her Majesty in right of Canada or any of the provinces of Canada the regulations of the Canadian Transport Commission.

The need for this amendment arose out of a decision of the Supreme Court of Canada in the case of the Province of Alberta and Pacific Western Airlines which stated that the Aeronautics Act did not apply to the provinces. As a result of that decision, the government introduced this bill which, if passed, will make binding on both provincial and federal airlines the provisions of the Aeronautics Act and the National Transportation Act. The CTC will have the power to suspend the licence of any airline which does not comply with the new provisions.

A provincially-owned airline could conceivably operate on international routes, the control and establishment of which rests with the federal government. For that reason, the federal government, through the CTC, wishes to have control over the ownership of all airlines, whether federally or provincially incorporated.

This is the third bill on which I have had the honour to speak. It was not deemed necessary that the other two bills be referred to committee. I hope my track record in that respect is not broken.

Senator Flynn: I do not know whether I can keep your track record intact. I understand the purpose of the bill. I am interested, however, in the rationale behind its introduction. I understand that the federal government wants any province which acquires shares in an airline to become subject to the regulations of the Canadian Transport Commission. That is all well and good, but I should like to know what guidelines the commission plans to set down with respect to such acquisitions by a province or an agent thereof. In introducing this legislation, the government, it seems to me, is admitting it has some doubts about the propriety of a province's acquiring control of an airline.

This was a problem raised by Senator Austin some time ago when he expressed concern about the fact that the head office of Pacific Western Airlines had been moved from Vancouver to Calgary. Do I understand that such a move, now that this company is under the jurisdiction of the Canadian Transport Commission, would have to be approved by the commission? That is one matter I am not too sure about. But the government must have some rule or guideline in mind. It is all very well to resolve a legal problem by saying that the province comes under the authority of the Canadian Transport Commission when it acquires shares in an airline or any other transportation company, but I would like to know from the sponsor of the bill whether this is in fact the case. If he cannot give a proper answer at this time, then I hope my honourable friend will not mind moving that this bill be referred to the

Standing Senate Committee on Transport and Communications so that the matter may be clarified there. This is of the essence.

If there is nothing more to this than meets the eye, then I am quite sure Senator Lang will be able to provide the answer. But, if he cannot do so, then I would suggest, as I have said, that he move that the bill be referred to committee for further study.

Senator Lang: Honourable senators, I am not at all sure that I quite understand my honourable friend when he asks me to explain "if this is the case." I did not understand what case he was referring to but, specifically, this bill is not retroactive and it does not apply to the Pacific Western Airline situation.

Senator Flynn: But in the future?

Senator Lang: In the future, of course, the provinces, if this legislation is passed, will be subject to the same regulatory authority as any private carrier. I think my honourable friend is in error when he uses the phrase "propriety of a provincial government's owning an airline." I think he is using the wrong word. The problem is whether a province which owns an airline would, in fact, under the legislation as it now stands, be subject to the jurisdiction of the Canadian Transport Commission. It is my understanding that if, in fact, federal legislation does not specifically bind the crown in right of a province then, the crown in right of the province is not so bound. This bill specifically binds the crown in right of a province, and consequently brings airlines that might be owned by a province within the jurisdiction of the Canadian Transport Commission.

From the constitutional background—

Senator Flynn: I know all about that.

Senator Lang: It is fairly evident that—

Senator Flynn: —that you do not want to reply to my question.

Senator Lang: As I said, honourable senators, I am not quite sure what the question is. But the jurisdiction of the federal government is clear in the case of airlines flying interprovincial and international routes. It has been made clear by a reference to the Supreme Court of Canada.

Senator Flynn: Don't try to sidetrack me on to a route other than the one I suggested I wanted to follow.

Senator Lang: I think it is almost self-evident that the purpose of this bill is to bind a province which owns an airline to the same regulations that any private carrier would have to observe in carrying out a similar operation. I find it hard to believe that the importance of that, beyond the regulatory powers of the Canadian Transport Commission, needs enumerating. If any province could own and operate an airline without regard to federal regulatory authority, there would be nothing but chaos in Canadian air transportation, and chaos in international air transportation with respect to agreements between Canadian-operated airlines and airlines of other countries.

• (1430)

Senator Flynn: Oh, no.

Senator Lang: If my honourable friend fails to comprehend the problem and the extrapolations of jurisdictions here, I am afraid I cannot do much more than what I have already done to rectify his lack of comprehension.

Senator Flynn: I am afraid Senator Lang's reply is entirely unsatisfactory. Indeed, he has not replied to my question. To suggest that the mere ownership of an airline by a province would bring chaos to international routes is simply unrealistic. Whether a province has the right to deal with a foreign country is beside the point. The question I was asking was whether the government, with this policy, was intending to prevent provinces from acquiring airlines or was attempting to prevent provinces controlling airlines from moving the head offices of those airlines from one province to another, or things like that. As far as international routes are concerned, I can understand the problem, but it has never existed.

If Senator Lang cannot reply to my question, then I am sure he will wish to have the bill referred to committee, because I know I will certainly receive a better answer there than the one he has attempted to give me.

Senator Lang: I will not try to answer my honourable friend's question on "or things like that," but I will say that, no, it is not the intention of the federal government to preclude the ownership of airlines by provincial governments. However, if they are to own such airlines, they must have the consent of the Governor in Council.

Senator Perrault: Hear, hear!

Senator Lang: So that each case will be determined upon its merits.

I can easily conceive of a province operating an airline within its jurisdictional boundaries and, in doing so, disrupting the whole fare system on trans-provincial routings. I did not think I was dealing with an obscure kind of problem, but it may be that a certain obtusity is being reflected from the opposite side of this chamber.

Senator Connolly (Ottawa West): Could the sponsor of the bill tell me if there was any consultation, or any need for consultation, between the federal government and the provincial governments in respect of this legislation?

Senator Lang: To have the answer to that question, senator, it will be necessary to send the bill to committee.

Senator Flynn: Hah!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Lang moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

STANDING COMMITTEES

NOTICE OF MEETINGS

Senator Perrault: Honourable senators, before I move the adjournment of the house I would draw your attention to the continuing heavy schedule of meetings of Senate standing committees. The Standing Senate Committee on Banking, Trade and Commerce is at present meeting in room 256-S, and when the Senate rises the Standing Senate Committee on Agriculture will meet in room 356-S to consider Bill C-34.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 23, 1977

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

Prayers.

APPROPRIATION BILL NO. 3, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-58, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

Bill read first time.

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

Senator Perrault, with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Board of Commissioners of Police for the Town of Kenora, Ontario and the group of its Police and Clerical employees, represented by the Kenora Police Association. Order dated June 17, 1977.

2. Lawson Business Forms (Manitoba) Limited and the group of its plant supervisory personnel at Winnipeg, Manitoba. Order dated June 17, 1977.

3. The Otis Elevator Company Ltd. and the group of its plant hourly employees, represented by the United Steelworkers of America, Local 7062. Order dated June 17, 1977.

FARM IMPROVEMENT LOANS ACT SMALL BUSINESSES LOANS ACT FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act, and had directed that the bill be reported without amendment.

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

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

AERONAUTICS ACT AND NATIONAL TRANSPORTATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Haig, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill C-46, to amend the Aeronautics Act and the National Transportation Act, and had directed that the bill be reported without amendment.

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

Senator Flynn: Next sitting.

Senator Lang moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1410)

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, June 27, 1977, at 8 o'clock in the evening.

Before the question is put I should like to outline briefly, as well as I can at this time, the business of the Senate for next week. As we have done for the past few weeks, we are planning to have the Senate sit on both Monday and Tuesday evenings, leaving more time for committee meetings on Tuesday.

On Monday we will continue with the supply bill and other items already on the order paper. The bills that should come to us from the House of Commons next week are: Bill C-5, The Currency and Exchange Act; Bill C-18, The Bretton Woods Agreements Act; Bill C-20, The Auditor General Act; Bill C-49, The Canada Pension Plan, and perhaps Bill C-51, The Criminal Law Amendment Act. In addition, it appears that on Tuesday the House of Commons will pass eight private mem-

bers' bills respecting the Electoral Boundaries Readjustment Act.

The committee schedule for next week is already quite substantial and there will, of course, be additions to this list. On Monday the Special Committee on Science Policy will meet when the Senate rises. On Tuesday the Banking, Trade and Commerce Committee will meet *in camera* at 9.30 a.m., on the subject matter of Bill C-16; the National Finance Committee has called an *in camera* meeting, at 9.30 a.m. on the estimates of the Department of Public Works; the Legal and Constitutional Affairs Committee will consider Bill C-25, the Human Rights Act, at 11.00 a.m. and 2.30 p.m.; and the Transport and Communications Committee will meet on Bill C-41, the Maritime Code, at 9.30 a.m. and 2.30 p.m.

On Wednesday the Banking, Trade and Commerce Committee will meet at 9.30 a.m. on the subject matter of Bill C-42, and the Agriculture Committee will hold an *in camera* meeting on the beef industry at 3.30 p.m., or when the Senate rises.

On Thursday at 9.30 a.m. the National Finance Committee will hold another *in camera* meeting on Public Works, and the subcommittee on Health, Welfare and Science, appointed to consider prenatal and early childhood experiences as causes of criminal behaviour, will meet at the same time.

Motion agreed to.

KINGSMERE

RESIDENCE OF SPEAKER OF THE HOUSE OF COMMONS—QUESTION

Senator Ewasew: Honourable senators, I have a question for the Leader of the Government. I would ask that the terms and conditions of the last will and testament, or any other document for that matter that was not a donation *mortis causa*, of the late Prime Minister Mackenzie King, which deeded Kingsmere, his estate, to the Canadian government, presumably—and I am not so sure whether this is so—for the exclusive use of the Speaker of the House of Commons, if it be personal or for state occasions, be made known. I would also ask whether the decedent, the late Prime Minister, entertained in this said document any conditions as to the use of the private residence. This would relate to the essential paragraphs of such documents regarding that particular transfer to the government and conditions applicable to the user thereof.

Senator Perrault: Honourable senators, the nature of the question will be investigated.

LABOUR RELATIONS

DECISION OF CANADA LABOUR RELATIONS BOARD RE CERTIFICATION OF INDIVIDUAL BANK BRANCHES AS BARGAINING AGENTS—QUESTION

Senator Austin: Honourable senators, in view of the decision of the Canada Labour Relations Board of Tuesday, June 14, 1977, that on the basis of the present Canada Labour Code it was appropriate to establish an individual bank branch as a certified bargaining unit, has the government given consideration to whether such a system of certification will ensure reasonable harmony in labour relations within the Canadian banking system and assure banking service without interruption to the public? Is the government prepared to state whether it approves the policy of certifying individual branches, or is the matter under review?

Most particularly I would ask the leader to advise whether the government is prepared to countenance strike action in the banking system, or whether compulsory arbitration is being considered as a matter of public convenience and necessity.

Senator Perrault: Honourable senators, that question must be taken as notice.

Senator Grosart: It should be ignored.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL, 1976

THIRD READING

Senator Carter moved third reading of Bill C-26, respecting the organization of certain scientific activities of the Government of Canada, as amended.

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

Senator Grosart: Honourable senators, Senator Carter was good enough to inform me that he had received an answer to one of the questions I asked when the report of the committee was under consideration yesterday. This is a document of one page, containing information which, as far as I know, has not yet been published in summary form. It refers to the specific appropriations and other funds available to the councils that are discussed in that bill.

I would ask Senator Carter if it is his intention to suggest that this information be published or in some way made available to the general public.

Senator Carter: Honourable senators, I thank Senator Grosart for his inquiry. I received this information under three headings, as follows:

(i) The parliamentary appropriations for the grants and scholarship program of the granting councils for 1977-78.

(ii) The distribution of the appropriation for 1977-78 within the Canada Council between the arts and social sciences and humanities programs.

(iii) The source of Canada Council funds—appropriations and the council's own funds (endowments, bequests, carry-over).

Honourable senators, a table was attached to the information which I received and I would ask permission to have it placed in *Hansard* at this point.

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

Hon. Senators: Agreed.

[*The table follows:*]

1977/78 Parliamentary Appropriations for the Grants and Scholarship Programs of the Granting Councils

	$000
National Research Council	
Appropriation	97,690
Other funds	0
Total Expenditures	97,690
Medical Research Council	
Appropriation	56,718
Other funds	0
Total Expenditures	56,718
Canada Council	
Appropriation	64,325
Other funds (Endowment, Carry-over)	9,230
Total Expenditures	73,555
Total Appropriations	218,733
Total Other funds	
Grand Total of Expenditures	227,963
Distribution within Canada Council	
Social Sciences and Humanities Program	
Appropriation	26,245
Other funds	4,255
Total Expenditure	30,500
Arts Program	
Appropriation	33,960
Other funds	3,595
Total Expenditures	37,555
Administration and Can. Comm. for UNESCO	
Appropriation	4,120
Other funds	1,380
Total Expenditures	5,500
Total Granting Funds related to Science and Technology*	
Total Appropriations	180,653
Other funds	4,255
Grand Total of Expenditures	$184,908

*—includes NRC, MRC and SSHR program in Canada Council

Ministry of State for Science and Technology
21 June, 1977

Motion agreed to and bill, as amended, read third time and passed.

TRANSPORTATION

POSSIBLE CNR LINK WITH FAIRBANKS, ALASKA—QUESTION

Leave having been given to revert to Question Period:

Senator Austin: Would the government leader advise whether reports made to the British Columbia Royal Commission on the British Columbia Railway are correct? Those reports are to the effect that the Canadian government is studying, with officials of the United States, and particularly with state officials of Alaska, the construction of a railway which would link the Canadian National Railways system with the city of Fairbanks, Alaska.

• (1420)

Senator Perrault: Honourable senators, I can confirm that there is correspondence on that particular subject, but it is not material which I have immediately at hand. For that reason, I shall have to take the question as notice and provide a more complete reply at a later date.

PETROLEUM CORPORATIONS MONITORING BILL

CONSIDERATION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

On the Order:

Consideration of the Report of the Standing Senate Committee on Banking, Trade and Commerce on the Bill S-4, intituled: "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada".—(*Honourable Senator Hayden*).

Senator Barrow: Honourable senators, on behalf of Senator Hayden, I move the adoption of the report.

Senator Bell: Honourable senators, I wonder if I might ask Senator Barrow to explain the proposed amendments.

Senator Barrow: I should be glad to attempt to do so. There are six proposed amendments, the first of which is to clause 6, as follows:

Page 4: Insert immediately after line 35 the following subclause:

"(5) Where the Minister proposes to disclose information pursuant to subsection (4) in a form that identifies or permits the identification of the corporation to which the information relates, he shall so notify the corporation and afford it a reasonable opportunity to make representations as to the effect the disclosure of the information might have on the corporation's competitive position."

Representations were made to the committee that it would be eminently unfair for the minister to disclose information concerning a company without giving that company the opportunity to make representations to the minister. The committee agreed with those representations and so amended the bill.

The second amendment relates to clause 9(2). It is a fairly lengthy amendment, so I shall not read it. In essence, the

amendment uses the actual wording of the relevant provisions of the Income Tax Act instead of incorporating them by reference, as is provided in subsection 9(2). This relates mainly to the return of documents, books, records, and so forth, and provides for access thereto and for supplying of copies thereof to the companies from whom they were taken.

The amendment to clause 11 arose because it was the view of the committee that errors could be made unwittingly, and that if such were the case neither the company nor its officials should be penalized. Hence, the words "it knows" were added to subparagraphs (i) and (ii) of clause 11.

Clause 12 was amended to comply with the previous amendments proposed. The final amendment to the bill is to schedule I. Husky Oil Operations Ltd. appeared before the committee and indicated that the name of the U.S. parent had been used in error and requested that a change be made to substitute "Husky Oil Operations Ltd.," for the name of the U.S. parent as it appeared in schedule I.

Senator Bell: Thank you very much, Senator Barrow. I think the committee did an excellent job in its consideration of Bill S-4. However, the amendments, to my mind—and, I am sure, to the minds of other senators—present many questions. For that reason, I should like to move the adjournment of the debate.

On motion of Senator Bell, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF THIRD REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

> Consideration of the Third Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Lafond*).

Senator Lafond: Honourable senators, I tabled this report at the time as Acting Co-Chairman of the Standing Joint Committee on Regulations and Other Statutory Instruments. Since that date, which now seems long ago, our co-chairman has returned to us hale and hearty, and has agreed to make the presentation. I believe it is proper that this item be adjourned in his name.

Order stands.

APPROPRIATION BILL NO. 3, 1977

SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-58, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

He said: Honourable senators, at the outset, I would like to remind you that I have caused to be distributed photocopies of four tables having to do with this bill. The first table is entitled "1977-78 Appropriation Act No. 3, 1977," and it gives a summary of the first appropriation act passed in respect of the main estimates—Appropriation Act No. 2, 1977, which granted interim supply for April, May and June, including additional proportions for 21 votes in the main estimates—and also the present bill, Appropriation Bill No. 3, 1977, for granting full supply for the balance of the main estimates for 1977-78. On the reverse of this first sheet of paper there is another table entitled, "Estimates 1977-78," giving the main estimates under the two headings of "Budgetary" and "Non-Budgetary" estimates. They are broken down into three columns—the amounts to be voted, the statutory votes, and the total of those two previous columns. The third and fourth pages contain a French translation of the first two.

The bill before the house today provides, as I have already briefly mentioned, for the release of the balance of the main estimates for 1977-78, amounting to $14.101 billion, in round figures. These estimates were tabled on February 17, and referred to the Standing Senate Committee on National Finance on the same date. Interim supply for 1977-78 was approved by Appropriation Act No. 2, 1977, which provided for the expenditures for the months of April, May and June, and included appropriations for all 313 votes, plus additional appropriations for some 21 votes.

The main estimates were discussed with the President of the Treasury Board and his officials on March 29 and 31, and again with the officials of Treasury Board on June 28.

Here I would like to refer honourable senators to the excellent report tabled on June 15 by the Chairman of the Standing Senate Committee on National Finance, outlining in detail the study of these estimates and, also, the recommendations of the committee.

• (1430)

I would like to add that the present bill does not contain any additional borrowing authority, and it is in the usual form of supply bills of previous years. I recommend this bill to the favourable consideration of this chamber.

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

CLERESTORY OF THE SENATE CHAMBER

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Senate Committee on the Clerestory of the Senate Chamber which was presented on Wednesday, June 8, 1977.

Hon John J. Connolly moved that the report be adopted.

He said: Honourable senators, this committee has been known in the Senate by many names, including the "cholesterol committee". I do know, however, that a good many senators felt that a new word was introduced into the English language when the proposal was first made in this chamber. I think that if I had to give a special name to this committee I

would call it the "Windex committee," because it proposed to clean up the windows.

As honourable senators may remember, the original committee was appointed in January 1975, and in the long period of time since then it has had only eight meetings. This was due partly to the fact that other committees of the Senate were busy almost continuously, and it was difficult to get members of the committee to attend meetings because of their commitment to other committees.

We heard an excellent group of witnesses. We heard two eminent historians in the persons of the President of the Canadian Historical Association, Dr. Monet, from the University of Ottawa, and the Immediate Past-President of that society, Dr. Careless, from the University of Toronto. We heard artists in stained glass, Miss Yvonne Williams of Toronto and Mr. Gerald Tooke of Ottawa, and a number of architects from the Department of Public Works came to give us advice. We also heard representatives from the National Gallery in the persons of the then director, Dr. Jean Boggs, and Dr. Hubbard and Mr. Ostiguy. We also had the benefit of the views of the present Clerk of the Senate, Mr. Fortier, and his immediate predecessor, Mr. John MacNeill.

I would say that the cost of the operation of the committee was kept within very reasonable limits. I think we had to pay the travel expenses of two witnesses who came from Toronto. We had no special printing of the report, which appears in the *Minutes of the Proceedings of the Senate* as well as in the *Debates of the Senate* of Wednesday, June 8.

On behalf of the committee, I thank all these distinguished witnesses for their assistance. The committee is also indebted to Miss Eleanor Milne, who acted as its adviser and attended all of its public meetings.

In thanking the members of the committee, I must mention two or three who did some special work over and above that of the other members. Senator Forsey and Senator Carter acted, with me, as a subcommittee to draft the report. Senator Deschatelets did some valuable extra-curricular work, particularly in respect of the translation of the report.

I should mention also that Mr. Georges Coderre of the Committees Branch did invaluable work for us. And I really would be remiss if I did not thank my own secretary, Miss Jean Kerr, who typed redraft after redraft of this rather difficult type of report, and did many other things for the committee, for which we are all grateful.

I hope all honourable senators will read this report. I think it makes good reading, particularly if you want to put yourselves to sleep at night. It is useful, I think, for one particular reason, which is that it establishes—and this is on the basis of evidence given the committee by the Clerk and the former Clerk—that in a matter of this kind, which involves a major change in the precincts of the Senate, it is the senators themselves who are in charge. That is an extremely important point.

When it came to the windows, we heard a great deal of evidence on what might be done. You will have to read the evidence before deciding for yourselves whether the conclusion we reached is the right one. My personal view is that we did reach the right conclusion. We now feel that the design of the windows in the upper part of this chamber should reflect the ethnic composition of the Canadian people. My hope is that when Canadians, both young and old, visit Parliament and come into the Senate chamber, whether they are English, French, Irish, Scottish, Welsh, German, Ukrainian or Polish, they will be able to look up there and say, "I am part of the group that is represented by that window." They would feel recognized as part of the ethnic composition of this country, and would be able to say, "We are there. We are part of Canada and we are recognized as such."

We are told by the artists that if that is done with those windows there will not by any conflict with the symbolism in the ceiling, which represents the founding races of the country—the French, the English, the Scottish, the Irish and the Welsh.

After considerable study, the committee concluded there should not be too much detail in the upper windows; that the stress should be laid upon colour rather than upon individual depiction. We feel that colour should be the dominating feature of the windows, and that the ethnic groups depicted should be represented in a symbolic way.

● (1440)

These windows are so small in relation to their height and distance from the floor that any figures contained in them would hardly be recognizable. The committee feels that if the windows are to contain symbolism, then booklets describing each of them, and containing colour illustrations, should be made available.

Quite early in its deliberations, the committee decided that it could not make a valid report to the Senate based only on the windows, feeling it was necessary to consider the chamber as a whole in order to avoid misleading either the present or future generations of senators. In other words, the windows cannot be treated in isolation—the walls, the Throne area and the architecture of the chamber have to be studied together with the windows and other elements which might have to be altered from time to time.

The committee sought and received expert advice on the possibility of using murals to replace the existing pictures, and the possibility of using tapestries instead of murals. It also had expert advice on the types of thematic material which could be adopted, if these pictures were to be replaced by a new form of decoration. That advice also extended to the composition of the elements which might be used, and the style or treatment that might be applied. In its assessment of the matter the committee concluded that with respect to theme or composition there were two alternatives. One was a parliamentary theme, and the other was a theme devoted to the primacy of the law, both of which would be appropriate for our chamber. Indeed, the second theme has already been used in the House of Lords, although in a rather sketchy manner. The parliamentary theme, so we have been given to understand, would be a difficult one for artists to work with owing to the repetitiveness of the material which would have to be used.

In that connection, honourable senators, I would urge you to read Head V of the report, with particular reference to paragraphs 20 to 22, and 23 to 34.

The committee was most impressed with the suggestion made by Mr. Ostiguy of the National Gallery that tapestries placed on the walls below the stained glass windows and above the beautifully carved woodwork would produce a magnificent result. These would be appropriate tapestries depicting one or other of the themes we thought most appropriate. As a matter of fact, for a long time the members of the committee felt that tapestries would indeed offer the best solution. However, when the officials of the Department of Public Works appeared before us at our last meeting, Mr. Desbarats, the Assistant Deputy Minister, and the architects he brought with him, presented some new ideas. They produced a most useful document which contained sketches of this chamber which were drawn by the original architect, Mr. John Pearson, in the earlier part of this century. Those sketches have been appended to our report, and they should prove useful to anyone studying the chamber because they show exactly what Mr. Pearson was trying to do.

As honourable senators are aware, Mr. Pearson's sketches of the east and west walls imply the installation of galleries. That concept has been discarded for various reasons. For one thing, the addition of those galleries would not likely be important to Parliament, particularly in the light of the use of television. The proceedings here are televised on such state occasions as the opening of Parliament, and by this means command a far greater audience than could be accommodated in any galleries. In short, it does not appear that the original concept of galleries on the east and west sides of the chamber will be developed.

However, Mr. Pearson's sketches were assessed by the committee. One suggestion put forward by the officials was to paint sketches upon the walls of the Senate chamber between the windows and the wood paneling—a process called trompe-l'œil. I think the committee as a whole found that idea quite distasteful. In the first place, it would cost at least a quarter of a million dollars to complete, and still would not really be a genuine element in the chamber. For those, and perhaps other reasons, the committee rejected the idea.

The committee concluded that Mr. Pearson's sketches could be realized if the stone could be installed and his three upper Gothic arches would fit into each of those large areas on the east wall containing the beautiful coloured stone fluted columns which hold up the arches and which are all part of the Gothic architecture. We originally thought that if those arches were installed—the word "arch" is not the correct one; there is another word which escapes me—but if the "arches" were installed, then behind them, instead of openings to a gallery, there would be a stone face. An example of that kind of construction is to be found in the south gallery on the east side, where the arches were carried over from the window level when the chamber was completed. There are other Gothic arches in the lobby of the Senate chamber, just outside where the public is admitted, and those arches are comprised of much smaller and more beautiful fluted columns, and again they are contained within even larger arches. Perhaps something like that could be considered for installation here. It might have an effect which the Senate, generally, would find appropriate.

• (1450)

However, we are still faced with the problem of whether or not it would be suitable to have within those new arches, if they are to be installed, simply the flat stone facing. Your committee felt that consideration should be given to another alternative. There is on the staff of the Public Works Department Miss Milne, who has done so much of the carving in this building and who was responsible particularly for the carving in the ante-chamber of the House of Commons. If she could do, in high relief, the kind of carving that she did there, using one of the themes proposed in the report, we would surely have something of which parliamentarians would be proud, and which would be an inspiration for all Canadians.

The writing in the report is restrained. We have tried to avoid explaining the obvious, but I think you will find a good deal implied, a good deal of thought between the lines.

Let me deal for a moment with the firm recommendations of the committee. We are firm in our recommendation about the windows, which I have already described. We have made only suggestions as guidelines, on what might be done with the walls. We have recommended—and on this we are firm—that the whole subject matter be further discussed by an interdepartmental committee, which in turn should report its findings to a committee of the Senate, so that the Senate at all times will have control over what is proposed. We believe that the Minister of Public Works should be the executive authority, and his department the executive group, to carry out whatever changes are decided upon.

We recommend that the Minister of Public Works should, as various steps are taken in any of those areas, report to both the Leader of the Government and the Leader of the Opposition in the Senate in order that there may be liaison between those three persons; and that from time to time, as the Leader of the Government receives information from the Minister of Public Works concerning proposals for proceeding with this work, he report to the Senate on the information he receives.

Honourable senators, I hope the report will be adopted. Whatever its shortcomings, it assures that the Senate will be able to influence any contemplated major changes within its precincts. It is also my hope that the work of the committee will have contributed toward making the Senate chamber a place worthy of the importance and dignity of Parliament for all Canadians.

Senator Rowe: I believe the honourable senator has answered the question I had in mind to ask. He mentioned an interdepartmental committee. I take it that he was referring to the Department of Public Works?

Senator Connolly (Ottawa West): Yes. That was mentioned by the officials who appeared before the committee from time to time. The interdepartmental committee would probably consist of representatives of the Department of Public Works,

the National Gallery and any other department of government that can contribute ideas and expertise with respect to the proposed changes.

Senator Macdonald: May I ask the honourable senator whether the committee considered the furnishings of the chamber? For example, was any consideration given to doing away with the old-fashioned desks, or to providing better and more attractive uniforms for our pages, Clerks and the Speaker?

Senator Connolly (Ottawa West): I must confess to Senator Macdonald that the committee did not consider that matter. The committee is speaking only tentatively about the walls of the Throne area. It was authorized only to report on the windows. However, it found that to study them in isolation might well result in serious mistakes. Therefore, the committee felt it should make a firm recommendation about the windows, and then provide guidelines as to further work after the windows had been completed.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, may I be permitted just a few words? First of all, I would like to say that we should be very grateful to our colleague, Senator Connolly, because the report we have before us today is the result of an original idea he had. The project he went into thoroughly and the studies that were made proved very important for the present and the future.

I just want to say that the windows in the House of Commons were redone just a few years ago. I must repeat what Senator Connolly said earlier, because I hope honourable senators will read this extremely interesting report carefully. Of course it should be realized that the work in the Parliament buildings is not over and might never be completed.

Amounts appear every year in the estimates of the Department of Public Works to allow the work to be continued in the original sense that architect Pearson had in mind, for example, so that I was very surprised one day to be told by a world renowned architect that our Parliament buildings are almost unique in the world because of the quality of the stone sculpture. I believe that apart from the windows one of the major recommendations of that committee is to have the stone sculpture in this house continued, which would surely make it an extremely rich object and would meet, I am sure, the wish of Canadians from all provinces who visit Parliament in increasing numbers every year.

So that orginal idea of Senator Connolly, which started with the improvement of the windows, is proving with the testimonies of the historians, sculptors and artists we heard, to be much more important than we thought at first. I know that this project is not imminent, that there is no question of approving this report today, but it is very important that all honourable senators acquaint themselves with the very thorough project of that committee, and that will, I am sure, provide good reading material for all.

Once again I must say that Senator Connolly already has several feathers in his cap but this report is for him a rather extraordinary thing, and in years to come we will always be grateful to him for it.

● (1500)

[*English*]

Hon. Josie D. Quart: Honourable senators, I was very surprised to observe in appendix "A" to the report of the committee that in the Gothic arch was a statue, not of Queen Victoria but of a crusader or a Norseman or some such person, and I thought, "What on earth are we doing in removing the statue of Queen Victoria?" Because our terms of reference did not include the area immediately behind the Throne. I was relieved, however, when Senator Connolly assured me that this was not going to happen, and I was further reassured today when he said that there will be an ongoing study and that the full Senate will have a voice in any final decision.

Now, it is no secret that I regret that the red canopy and drapes were removed from the Throne area and are no longer present in the Senate chamber. Someone told me that I am old fashioned. Sure I am, but I don't apologize to anyone for wanting to retain the traditional symbols of this august chamber. Many senators have spoken to me about the removal of the canopy, and I am sure that Senator Connolly himself will recall the disappointment voiced about this in committee by Miss Milne. I made certain inquiries at the time. I asked Major Vandelac, the Gentleman Usher of the Black Rod, why the drapes had been removed, thinking that perhaps they had been sent out to be cleaned. He informed me that Governor General and Madam Leger had agreed—I believe those were his words—that it would be proper to have the canopy and drapes removed.

I also spoke to Madam Speaker about it. Now, I would not do anything in the world to offend either Madam Speaker or Senator Connolly, both of whom have been extremely kind to me. I will never forget how kind Senator Connolly was following the death of my husband. But, honourable senators, I believe that I introduced a rather discordant note into the deliberations of the committee by inquiring how this change came about. I understand that some other senators have spoken to Madam Speaker about it, and perhaps a questionnaire should be sent to all members of the Senate, asking for their opinion.

Senator Benidickson: Hear, hear.

Senator Quart: By this means we could get a consensus of opinion. This is certainly not a political matter, but I feel strongly that we should retain some of the traditions that we have in this chamber and not let all our symbols disappear one by one.

I had not intended to speak today; in fact, when our Whip, Senator Macdonald, asked me if I was going to move the adjournment of the debate, I replied that I was upset and did not intend to speak to it at all. However, being a woman I changed my mind, and I have told you just how I feel.

On motion of Senator Macdonald, debate adjourned.

THE SENATE

APPOINTMENT OF SENATORS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Flynn, P.C., calling the attention of the Senate to the question of the appointment of Senators.—(*Honourable Senator Perrault, P.C.*).

Senator Perrault: Honourable senators, I had intended to proceed this afternoon, but in view of the fact that this is an inquiry of the Leader of the Opposition, I feel that he should be present when I respond. I would therefore ask that this order stand.

Order stands.

ST. JOHN THE BAPTIST DAY

Senator Perrault: Honourable senators, before I move the adjournment may I on behalf of all honourable senators extend to all Canadians of French descent our very best wishes on the occasion of St. John the Baptist Day.

[*Translation*]

On the occasion of the national day of all French-speaking Canadians, I want to take this opportunity to extend to them on my behalf and on behalf of the Senate of Canada our best wishes for a happy St. John The Baptist Day.

[*English*]

The Senate adjourned until Monday, June 27, at 8 p.m.

THE SENATE

Monday, June 27, 1977

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

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Gauthier (Ottawa-Vanier) had been substituted for that of Mr. Fleming on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-1001, to incorporate Continental Bank of Canada.

Bill read first time.

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

Senator Connolly (Ottawa-West) moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of document respecting Working Arrangement between the United States Internal Revenue Service and the Department of National Revenue, Taxation, under the terms of the Canada-U.S. Reciprocal Tax Convention, issued by the Department of National Revenue.

Copies of letter from the Minister of Energy, Mines and Resources to the Minister of Energy and Natural Resources of the Government of Alberta, dated June 17, 1977, and exchange of letters between the two ministers, dated June 20, 1977, respecting oil and natural gas pricing.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plan between M & T Chemicals Ltd. (formerly M & T Products of Canada Ltd.) Hamilton, Ontario and the group of its hourly-rated employees. Order dated June 22, 1977.

Report on proceedings under the Canada Labour Code, Part III (Labour Standards), for the fiscal year ended March 31, 1977, pursuant to section 75 of the said Code, Chapter L-1, R.S.C., 1970.

Report of the President of the National Research Council of Canada for the fiscal year ended March 31, 1977, pursuant to section 16 of the National Research Council Act, Chapter N-14, R.S.C., 1970.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, June 28, 1977, at 8 o'clock in the evening.

Motion agreed to.

CANADA-UNITED STATES RELATIONS

GREAT LAKES WATER QUALITY AGREEMENT—QUESTION ANSWERED

Senator Perrault: Honourable senators, Senator Robichaud asked a question on June 2 with respect to the Great Lakes Water Quality Agreement and implementation thereof. His question was:

> On April 15, 1972, the Governments of Canada and the United States signed a Great Lakes water quality agreement whereby the two countries agreed that programs and other measures to achieve the accepted water quality objectives for the lakes would be either completed or in the process of implementation by December 31, 1975. The two governments also agreed to conduct a comprehensive review of the operation and effectiveness of the agreement during the fifth year after its coming into force. I therefore ask:
>
> 1. Have the two governments lived up to their commitments in relationship to the December 31, 1975 date?
>
> 2. Will the two governments conduct a comprehensive review of the agreement, and, if so, what procedures are to be followed in order to accomplish this?

The answer to the first part of the question is:

1. The International Joint Commission's Great Lakes Water Quality Board observed, in its 1975 report, "Both Parties have substantially met the requirement under Article V to have

municipal sewage treatment programs either completed or in the process of implementation by December 31, 1975." The board went on to comment that it recognized this as one of the first major achievements towards restoration of water quality in the Great Lakes. The report also noted that by December 31, 1981, it is expected that all sewered population in the Great Lakes system will be provided with adequate treatment. Canada should achieve 100 per cent completion by the end of 1977.

As for industrial pollution abatement programs, the Water Quality Board report stated that, with a few exceptions, the requirements under the agreement had been met by governments and that the program emphasis had shifted from development of guidelines and related administrative requirements to monitoring, surveillance and enforcement.

Similar satisfactory progress has been made on the other programs and measures under the agreement.

The answer to the second part of Senator Robichaud's question is:

Work on the comprehensive fifth year review of the operation and effectiveness of the agreement commenced last fall in the Canadian government. On April 13, 1977, the first Canada-U.S. meeting on the review took place in Washington. At that meeting it was agreed that since 1972 substantial progress had been made under the agreement but that much remained to be done. It was further agreed that the review should entail an in-depth assessment of all of the measures undertaken by the two countries to restore the Lakes and keep them healthy. The April 13 meeting established a bilateral steering group to coordinate Canadian and U.S. activities in the review. This steering group has subsequently agreed to establish bilateral working groups to examine the various technical aspects of the agreement. The Department of Fisheries and the Environment in cooperation with the Province of Ontario will be holding public meetings in Toronto and Thunder Bay in mid-July to allow opportunities for the public to express views on the operation of the agreement to date. Similar meetings were held in the United States during the month of June. It is anticipated that the review will be completed by the end of the year.

KINGSMERE

RESIDENCE OF SPEAKER OF THE HOUSE OF COMMONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked on June 23 by Senator Ewasew with respect to Kingsmere as the residence of the Speaker of the House of Commons.

I have been advised that the late Prime Minister Mackenzie King left his estates in the Gatineau Park to the people of Canada. They have been, effectively, under the good offices of the National Capital Commission since that time.

On January 1, 1970, the Official Residences Act came into force, whereby a certain parcel of land, 4.31 acres, with one farm house thereon was set aside for maintenance as a residence for the Speaker of the House of Commons.

CANADIAN ARMED FORCES

RETIREMENT OF PERSONNEL—QUESTION ANSWERED

Senator Perrault: Honourable senators, finally, I have a reply to the following question asked by Senator Smith (Colchester) on June 22:

> Honourable senators, I wonder if I might ask the Leader of the Government whether the government has currently under consideration measures designed to alleviate the hardships suffered by members of the armed forces, especially other ranks, required to retire from the forces because of age?

I am able to tell the house that the matter is currently under consideration. The question of removing the age and service qualifications for the receipt of escalation payments has been raised in the other place on a number of occasions since these provisions came into effect. However, up to the present time the government could not see its way clear to changing the basis on which the benefits for retired members of the armed forces and the RCMP were escalated. Assurance has been given that consideration would be given to the matter, and I can repeat that assurance at this time.

Honourable senators may be aware that comprehensive studies of pensions have been initiated by the government and are now under way. First, there is a comprehensive review of all aspects of the government's pension policy and the pension situation in the private sector which is being carried out jointly by the Department of National Health and Welfare and the Department of Finance. Secondly, the government has engaged an outside actuarial study of the pension issues of the plans covering its employees. As the President of the Treasury Board, the Honourable Mr. Andras, has explained in the other place, the results of these studies will assist the government in determining what the various alternatives respecting the pension plans will be.

● (2010)

THE CROWN

REVENUES—QUESTION

Senator Forsey: Honourable senators, I wonder if I might ask the Leader of the Government when I may expect an answer to a question I asked so long ago I have forgotten the date. It had to do with the casual revenues of the Crown, and other revenues available to the government, apart from money voted by Parliament.

Senator Perrault: Honourable senators, I hate to use the word "search," but I shall attempt to determine where in the process of reply it happens to be at this time. Often answers requiring statistical data take longer to prepare than those dealing with general policy.

Senator Forsey: I think in this case perhaps the relevant officials may have borrowed the team of snails employed by the post office.

FARM IMPROVEMENT LOANS ACT
SMALL BUSINESSES LOANS ACT
FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

Senator Hayden moved the third reading of Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act.

Motion agreed to and bill read third time and passed.

AERONAUTICS ACT AND NATIONAL TRANSPORTATION ACT

BILL TO AMEND—THIRD READING

Senator Langlois moved the third reading of Bill C-46, to amend the Aeronautics Act and the National Transportation Act.

Motion agreed to and bill read third time and passed.

PETROLEUM CORPORATIONS MONITORING BILL

REPORT OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Rizzuto, for the adoption of the Report of the Standing Senate Committee on Banking, Trade and Commerce on the Bill S-4, intituled: "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada".—(*Honourable Senator Bell*).

Senator Barrow: I move the adoption of the report.

Senator Flynn: Is Senator Bell not here?

• (2020)

Senator Petten: Perhaps I could clarify the situation. Senator Bell cannot be with us this evening, but if any other senator wishes to take part in this debate she is perfectly agreeable. If, however, nobody else wishes to take part in the debate, she is prepared to have the matter proceed.

Senator Flynn: I am willing to take the word of Senator Petten.

Senator Petten: Thank you.

Hon. Daniel A. Lang: Honourable senators, I wish to speak on this report. I do with some reluctance, because I was remiss in not recognizing a serious flaw in this bill before the end of the committee proceedings. None of the witnesses who appeared before the committee made any reference to the point I wish to mention, and for that reason this legislative flaw was probably not dealt with by the committee.

This bill refers only to companies with an income and a capitalization over a certain amount. I cannot recall offhand what those amounts are. It is an income of $5 million, or something of that nature. The measure, therefore, applies only to companies above that limit.

In the next clause the bill provides that it will apply to companies referred to in Schedules I and II, and thereafter goes on to provide that the names of companies may be added to Schedules I and II, or companies named in Schedules I or II may be deleted, by order in council.

I do not think it takes any great cognition to recognize that this is a very dangerous piece of legislation. The generic definition of the companies to which this bill shall apply is included, but thereafter it applies to the companies named only in the two schedules. I cannot understand why any legislative draftsman would put those two matters side by side because, in a sense, if he wishes the bureaucracy to be able to administer the bill under the schedules he has delimited it by putting a generic threshold in the preceding clause. Basically, the draftsmanship leaves much to be desired.

Having made further inquiries into the reason for this anomaly after the committee meeting, and having received a reply—and an honest reply—from responsible officials to the effect that it was done for the purposes of administrative expediency, I should thereafter have asked that the bill be referred back to the committee. I did not do so because of the time frame in which we are now operating, and because of the fact that this bill is primarily an information-gathering bill. It is not one that imposes a tax, and it requires nothing other than the furnishing of information to the government.

I speak tonight merely to put on the record my opinion that the form of this legislation violates some very fundamental principles of draftsmanship, and offends in a very real sense the rule of law.

Senator Walker: Did the honourable senator examine any of the witnesses from the department to ascertain why there is this discrepancy?

Senator Lang: Yes, I did, and I gave you their reply that it was for purposes of administrative expediency.

Senator Walker: I thought that was your reply.

Senator Lang: No, that was out of the mouths of our friends.

Motion agreed to and report adopted.

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

Senator Flynn: Next sitting. We have no choice.

Senator Barrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C. calling the attention of the Senate

to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.—(*Honourable Senator Petten*).

Senator Petten: I yield to Senator Molson.

Hon. Hartland de M. Molson: I thank my friend, Senator Petten, for making it possible for me to continue this debate. I should like to make my remarks tonight because of certain other commitments.

Honourable senators, these days a dark cloud is hanging over our heads, and it is reflected in the sombre views of many Canadians when thinking of the future of their country. Bear in mind the fact that Canada has long emerged from being a frontier colony into the society of nations. It is respected, but not feared, for the part it has played in world affairs, and is the envy of many for the high economic standards it has achieved. This debate concerns itself with a crisis threatening the future of this country. Divisive forces are at work in different regions of Canada, to which we must respond vigorously. I suggest to you that the most serious situation is that posed by the announced objective of the Quebec government to separate from the rest of the country.

The speeches delivered so far in this debate have been truly excellent; they have lived up to the high standards which the Senate displays. I would like to add a few thoughts, as one who is an English-Canadian, whose family has become completely immersed in its homeland of Quebec. I am Québécois. I am in complete sympathy with the objective of preserving the French culture and language, and making the French language the prime language throughout Quebec. However, there is evidence of concern on the part of both Anglo- and Franco-Québécois over the means proposed to accomplish this goal.

As a Québécois, I have the right to express my feelings, and my comments are, therefore, of a personal nature.

[*Translation*]

Why do I claim to be Québécois? The answer is obvious. It is just on 200 years ago that my family gave up all other allegiance and made its home there. In the years since, six generations, with the seventh approaching maturity, have participated in the development of Quebec, including some of the original ventures in steam navigation, railways, banking, manufacturing, water and light services, schools, hospitals, universities, the arts and research. This recital is not to seek recognition, but to substantiate the claim that our roots are very deep indeed in the soil of Quebec.

In addition, two generations, with their contemporaries, have backed their faith and affection for this land with their lives. We too have some French blood in our veins, going back through the Taschereau, de la Bruère and de la Gorgendière families to Louis Jolliet. Today it seems that in spite of this history, we Anglophones are to be treated as strangers who have had all the privileges over the years, but are now to be deprived of fundamental rights.

• (2030)

[*English*]

This fear was only heightened by events of last week. The government paper entitled "A National Understanding—The Official Languages of Canada" was a well constructed, if somewhat verbose, statement which seemed to support the principles of human rights. However, first the Secretary of State, and then the Prime Minister, qualified the paper. One disturbing feature of that paper is the way in which statistics are used. I do not for a moment suggest that there was any attempt to mislead, but the effect is disquieting.

I refer to page 41 where a table of 1971 population figures is displayed under the heading "Official Language Minority Groups (Population by Mother Tongue)". The first line of this table shows the population of Canada as being 21,568,000-odd, with a minority population of 1,715,000-odd, being 8 per cent. The fifth line of the table shows Quebec with a population of 6,027,000-odd, and a minority population of 789,000-odd, or 13.1 per cent.

Those figures seem simple, but I draw attention to the heading, which is "Official Language Minority Groups"—it is not "language minorities." Those figures might lead the unwary to think that the number of people in Quebec who use, or might want to use, the minority language, English, is 789,000-odd. But what about the Italians, the Greeks, the Chinese, the Jews, the Germans, and others?

On page 17 of the paper, one paragraph gives the following figures: 13 million Canadians whose mother tongue is English, or 60 per cent; 5.8 million Canadians whose mother tongue is French, or 27 per cent; 2.7 million Canadians whose mother tongue is one of 20 languages, or 13 per cent. It further states on that page that 926,400 Canadians of French mother tongue live outside Quebec. By taking the figure of 5.8 million Francophones in total and substracting from it the 926,400 Francophones who live outside Quebec, we are left with 4,873,600 Francophones in Quebec. The Quebec population, according to the table on page 41, is 6,027,760, of which, as I just said, 4,873,600 are French-speaking, leaving 1,154,160 non-French—not 789,000, as may be suggested, but 1,154,160 people who may have an interest in English language rights. That is 19 per cent, a significant minority. Now, these, as I mentioned, are 1971 figures. If one might take a guess today, that figure is something like one and a quarter million people to whom English schooling is to be denied—19 per cent of the population.

Last week there were a number of headlines with the same indications, that the federal government was willing to abandon some of the Quebec Anglophones' rights. The first I have is as follows: "Ottawa drops 'a bombshell' on Bill One foes." The first paragraph reads:

> The Trudeau government has pulled the rug out from under Quebec parents fighting for the right to choose the language of instruction for their school-aged children.

It is a reasonably long article and I should just like to quote one other paragraph from it, the second to last which says:

> However, it is still a severe blow to the Québécers—mainly Anglophone and immigrant—who have been appearing before the National Assembly Committee fighting for a continuation of their 110-year right to choose schools for their children.

The second clipping I have, which appeared about the same day last week, is from an editorial which gave praise to the language paper under the heading "Encouraging language paper." Again the second to last paragraph said:

> No argument against Bill One's restrictive provisions would, we suspect, outweigh in Premier Lévesque's estimation this implied moral approval from Ottawa. Such approval may not be what Mr. Roberts and his colleagues have in mind; but this certainly is the effect created.

As I have said, there were many news items about that time, but I have no intention of reading more than just a few of them. The third clipping I have says: "PQ has right to restrict English: PM". The first paragraph reads:

> Prime Minister Pierre Trudeau suggested yesterday that Quebec has the right to limit enrolment in English schools until the other provinces build more French schools.

It is true that the Prime Minister said in Matane last week that the government was not abandoning the Anglo-Québécois. I accept his word, naturally, but how do you think Anglo-Québécois feel at this moment? How would you feel if some of your pre-Confederation rights—not new rights or greater freedom, but rights you had historically—were to be deferred?

I submit that the only policy which the federal government can declare is one which supports the provinces in all reasonable, beneficial acts, and which excepts any which reduce or withdraw any human freedoms.

Our concern stems from the moves to downgrade the Anglophone community and to reduce or restrict its numbers as a means to protect the French language and culture. Some of the legislative proposals are unnecessary and undesirable because in the long run the whole population of Quebec, French as well as English, will be the losers.

Over the last 15 years, significant progress has been made in the use of the French language. The proof is visible as Anglo-Québécois are at last learning French, as French is now commonly the language of work, and as the number of management positions occupied by Francophones has increased at a pronounced rate.

Back in 1856, Sir George Etienne Cartier saw our people thus:

[*Translation*]

> This is how I view the diversity of the races in British North America: we are of different races, not intending to fight one another but to struggle in rivalry for the common good.

[*English*]

● (2040)

However, my greatest concern is caused by the serious misunderstandings between the English and French communities. Neither group really understands the inner feelings of the other and, more importantly, neither wants to admit that there is any fault on its part. While it is true that it was difficult for us to learn French properly when I was young, because the school system under the laws of the province did not permit the exchange of teachers between French Catholic and English Protestant schools, nevertheless, Anglophones have been guilty, without doubt, of not trying very hard to become fluent in the French language. They have not shown the proper interest, sympathy or understanding for the normal and healthy aspirations of the French community. We should have done a lot more over the years and even today in some areas of Canada there seems to be little real effort at sympathy for, and involvement in, the problems which are of such great importance to Quebec. English Canadians should realize how serious the issues are to the Quebec population. If Anglophones want Francophones to remain as partners, they must understand how vital and deep-rooted are the feelings of Francophones over their right to full self-expression and acceptance. Many would rather be poorer in their own country than continue to feel like second-class citizens in a greater one. Somehow this message must be more widely and more clearly understood.

[*Translation*]

On the French side, there should be recognition of the fact that historically business was the least respected occupation in which their people wanted to become involved. The church, the professions, government and politics all took precedence, and the educational system was limited by this point of view until a few years ago, although the realization of essential economic facts had led to the founding of higher schools of commerce several years ago.

No matter what used to be true, the belief that Anglophone business want to protect the good jobs for themselves and do not welcome Francophone associates is no longer valid. The contrary is true. In recent times, good Francophone candidates are welcomed with open arms.

[*English*]

Although a lack of recognition of our problems has caused serious difficulties, one has to be blind not to recognize how far we have come in the last 20 years. The rate of progress is such that I believe most complaints could be minimal before the next generation is born.

One thing must be understood by the people of Quebec. Anglophones do believe in their identity, their destiny and their homeland, from sea to sea, including Quebec. It should be fully accepted that the reason Canadians of all backgrounds made such great sacrifices in two world wars was because of that proud loyalty.

Hon. Senators: Hear, hear.

Senator Molson: Thus it is quite clear that if Quebec shatters the country, there will be no possibilty of accommodation in currency, trade or other economic matters. The feelings after separation would be far too embittered.

[*Translation*]

Extreme measures, particularly those which may conflict with the Charter of Human Rights, such as the proposal to reduce the English language in the courts, in legislation, in Anglo schools and other bodies will only harm the whole fabric of Quebec. We are intelligent people and the present government is gifted with exceptionally high intellectual capacity and background. We cannot, therefore, fail to observe the serious damage which has already been caused by Bill 1 and by the determination to separate Canada as a country. Already national and international companies are finding it nearly impossible to move employees into Quebec. This is also the case with our hospitals and universities, in spite of a world-wide reputation for excellence. They cannot attract outstanding people when there is no assurance of educational rights for their children, or of the terms of qualification for their own employment. These institutions are already losing valuable and irreplaceable people.

[*English*]

Under the present circumstances we would not have benefited from the enormous contributions of Penfield, Rutherford, Osler, Selye and many other outstanding figures. Even the fields of art and athletics would lose some of their brilliant personalities. Why pretend? The quality of life in Quebec is already suffering. Furthermore, if one looks back with an open mind it is obvious that the greatest achievements in our province have been as a result of the combination of the best talents from English and French stock. When we reflect on the exploration and development of our country, the great feats of construction, Expo '67, the Olympics, the Montreal Metro and other outstanding accomplishments, we realize that success has been due to the combination of qualities of our two cultures.

Hon. Senators: Hear, hear.

Senator Molson: There is nothing political in what I am saying. If the Parti Québécois provides good government for our province, it will have our support. As I said, we have lived there a long time and we have no intention of moving. We love Quebec; we respect and like its people, and we feel we have won our place in the province. We want our future generations to continue there.

Our participation in the business community which started on Notre Dame Street East, Montreal, in 1786, has seen good times and bad. It has survived through years of war and peace, political change, boom and depression. It took nothing away from others, but it created new opportunities and new prospects in Quebec in what was then an industrial vacuum. I am quite confident that it will still be playing a useful role a great many years from now.

May I quote Abraham Lincoln:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich.

Had he visited Quebec today he might have added: "You cannot improve the use of the French language by eliminating the English."

Sir Wilfrid Laurier did consider the question of the break-up of Canada in 1894, and I quote:

[*Translation*]

> Be there among you a man who would really want to see Canada torn asunder, who would remove one small part of the heritage that was our forefathers' country?

[*English*]

I want to end by telling a little true anecdote. Last winter while in the south we saw the simple wooden shack of a poor man. One day he found that it was being infested by thousands of ants. He had no insect bombs or sprays so he thought of a way to solve the problem of the ants. He lit a piece of newspaper and started to burn them. He got rid of the ants but unfortunately he burned his house down.

I pray that we Québécois may find a way to solve our problems in a spirit of goodwill and to live together in harmony without burning down our home.

On motion of Senator Petten, debate adjourned.

● (2050)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF THIRD REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Third Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was tabled Wednesday, May 11, 1977.

Hon. Eugene A. Forsey: Honourable senators, I shall speak very briefly on this subject, partly because of the pressure of time that we are under—although I may remark parenthetically that I share the view often expressed by many honourable senators that we ought not to be under such pressure of time with legislation of the importance that is now before us, and I can't help thinking that there is room for the application of the Hayden formula to a great many other kinds of legislation besides those to which it has already been applied. However, that is merely by the way.

It is not necessary to say very much about the third report of the Statutory Instruments Committee because it speaks for itself. Substantially what it does is to say that the raising of the postal rates, not by act of Parliament in the traditional way but by administrative order, is a grave invasion of the rights of Parliament.

I noticed that when the honourable deputy leader was discussing this matter—and I can't help feeling that perhaps he was a trifle out of order in discussing the third report in his speech on the second report; I am tempted to follow his somewhat dubious example in that respect by trying to answer his speech on the second report, but I think I had better refrain from any attempt to do so. I notice that he made some remark to the effect that we didn't really question the validity of this

particular document, this particular statutory instrument, but merely said it was an unusual and unexpected use of the power under the Financial Administration Act.

Well, I think, if honourable senators will examine carefully the report and the appendix to it, or the schedule, or whatever it is called—I have forgotten the exact title; statement of reasons, I think, is the proper title—they will find that, in fact, the committee had very grave doubts about the validity of the instrument, but thought it better to emphasize rather the matter of principle, the setting of these new postal rates, the raising of the postal rates, not as the Post Office Act requires, and as has been the custom, I think, from time immemorial, or certainly for a very long time, by this instrument and not by act of Parliament.

That is the sum and substance of this, and we felt in the committee that it was necessary to draw the attention of Parliament to the fact that suddenly this matter, which should have been dealt with, in our judgment, and always has been dealt with, by act of Parliament, should not be dealt with in this way by a somewhat dubious use of the Financial Administration Act.

We have seen a great many invasions of the rights of Parliament by officialdom, and we have drawn attention to a considerable number of them. I hope we shall not have to draw attention to very many more, but I am afraid this hope is perhaps the triumph of hope over experience, judging by our experience in the Statutory Instruments Committee.

I don't think I need to say very much more about this now, but I hope that the Senate is becoming more and more alert to the fact that officials—and, of course, they do it under the umbrella of the ministers, the cabinet—are becoming more and more inclined to ride roughshod over the rights of Parliament; that they are becoming more and more inclined to tenir le haut du pavé, if I have the French expression correct; that they are becoming more and more inclined to act as if, after all, Parliament was not really of very much account; and if you can serve administrative expediency, as quoted a little while ago by the Honourable Senator Lang, well, after all, that's it, that's the most important thing. We take leave, in the Committee on Statutory Instruments, to think that it is not the most important thing, that administrative efficiency should take second place to the rights of Parliament.

Years and years and years ago in England, I believe it was Lord Haldane—Mr. Haldane as he then was—was walking home from a sitting of the House of Commons with a very distinguished English civil servant, and this particular civil servant said to him, "Well, after all, Haldane, you people in Parliament are not really of very much account or importance. We could run the whole country very well without you. In fact, we could run it probably better than you do." Haldane said, "Yes, my dear fellow, I have no doubt you could, and in a fortnight there wouldn't be enough lamp posts in Whitehall to go around." I think that message, perhaps, ought to be heard in good, loud, ringing tones by some of the officials in this country now.

Senator Greene: Would the honourable senator permit a question? I wonder whether, taking to heart his very proper indictment of officialdom, he feels there are further powers that need to be enunciated within parliamentary enactment, or is it just a matter of those of us who sit in Parliament having the courage of our convictions and doing something more than report or complain when an occurrence such as this arises?

For instance, his own committee apparently has no teeth to do anything in a case such as this except report. In his view, should there be greater powers, either within his committee or, through his committee, within Parliament to prevent situations such as the encroachment of parliamentary powers by the bureaucracy from continuing as they have?

Senator Forsey: Honourable senators, in answer to the question, I think that both the courses suggested in the question by the Honourable Senator Greene have to be followed. I think we need changes in the legislation. We need, for example, a clear and not a notably obscure definition of what is a statutory instrument and is therefore subject to scrutiny by the Statutory Instruments Committee. The definition section or subsection or paragraph in that act is of an obscurity such that the late Mr. Mackenzie King, a master of ambiguity and obscurity, could have taken the draftsman's correspondence course.

That is one thing. Another thing is something that we suggested in our report, in section W of our second report, that we should have more in this country of the affirmative and negative procedure on statutory instruments which they have in the United Kingdom, where the great majority of statutory instruments either do not come into effect until they have been approved by the two houses of Parliament or else, having come into effect, can be removed, can be annulled, can be disallowed, by action of the two houses of Parliament within a period varying, I think, from 28 to 40 days.

We are convinced these changes in legislation are necessary. But meanwhile—and the chances of our getting action on either of these things, I think, are rather remote, in the short term at all events; I hope I am too pessimistic on that. I think one thing that we have to do in this house, and what I think we are increasingly doing in dealing with legislation which comes before us, is to scrutinize very carefully the details and see that inordinate powers are not granted to the executive and that vague terms, which may lead to the possibility of the executive driving a coach and four through the intention of the legislation itself, should be avoided.

I should perhaps add parenthetically what I ought to have said originally, that I am not actually intending to hold the officials responsible. I think probably in a good many cases the officials are, in fact, the initiators of this; but, of course, the ministers are responsible.

An Hon. Senator: Hear, hear.

Senator Forsey: The ministers cannot shove the responsibility off on to appointed officials. The appointed officials may be wrongly advising the ministers, but the ministers are respon-

sible. That is another thing. The ministers should wake up to the fact that they are responsible, and should try to maintain more control over the appointed officials in their departments and not be led around by the nose by some of these smart cookies who dream up these provisions in the legislation.

● (2100)

Hon. Senators: Hear, hear.

On motion of Senator Godfrey, debate adjourned.

THE SENATE

APPOINTMENT OF SENATORS—DEBATE CONTINUED

The Senate resumed from Tuesday, May 3, the debate on the inquiry of Senator Flynn, calling the attention of the Senate to the question of the appointment of senators.

Hon. Raymond J. Perrault: Honourable senators, on May 3 of this year the Leader of the Opposition set forth some of his views with respect to Senate appointments. At the outset I want to say that I join other senators in expressing sympathy concerning the problems that confront a small and hard-working opposition.

Some Hon. Senators: Hear, hear.

Senator Perrault: The condition is not unknown to me. As former leader of an opposition group in British Columbia, I know that the problems posed in manning committees alone are very substantial. There is, therefore, no disagreement about the need to strengthen the opposition in the Senate, and I feel sure that if we were to put the matter to a vote there would be unanimous support for that view.

Over the past two years a series of meetings has been held with government supporters in the Senate, and I can report to the chamber that the consensus has emerged that opposition forces in this chamber should never be permitted to decline below a certain percentage figure, such as 25 or 30 per cent. This is the result of many individual meetings and conversations, not only with senators in regional discussions but with many senators individually. There is a conviction that, like all parliamentary assemblies, the Senate operates at its best when there is a reasonable balance between opposition and government supporters not only in this chamber, but in committees as well. Indeed, we need only review the history of this nation to see the parliamentary difficulties which appear to occur when governments are elected with overwhelming majorities. Huge majorities appear to pose more problems for the parliamentary system than the system is able to cope with and these difficulties have occurred, not only federally but provincially as well, in a number of elections in fairly recent history.

The Leader of the Opposition has suggested that the Right Honourable the Prime Minister has been unresponsive to the needs of the opposition. Yet the record indicates that on more than one occasion the Prime Minister has indicated a willingness to appoint Progressive Conservatives to the Senate. One such occasion was October 2, 1974, when the Prime Minister made a speech from which the Leader of the Opposition has already quoted in part, but a section of which I would like to place on the record once again. On that date the Prime Minister said:

> Hon. members opposite talk about partisan appointments. This is a serious matter which I have already had the opportunity to discuss several years ago with the authorities of opposition parties, and I had then suggested, and I repeat my suggestion today, that if indeed the senators of the Progressive Conservative party, of the Tory party, who wish to retire from the Upper Chamber, refrain from doing so because they do not want to be replaced by Liberal senators, I repeat what I told several years ago to Senator Flynn who, if I am not mistaken, represents the opposition party in the Senate, that, for my part, I would readily appoint Progressive Conservatives to replace the Progressive Conservatives who voluntarily retire from the Upper Chamber. I am well aware, Mr. Speaker, that some of them accept my suggestion, but there were many more when I first made this offer several years ago, and if the official opposition party continues to act so speedily, they may be even fewer in four years.
>
> It is a humble start but the House will certainly recall that several years ago the government had proposed a much more thorough reform of the Senate which involved provincial participation. But I will not talk about this today. If, in the context of our constitutional reform, we must come back to this subject, the government always has an open mind to discuss this problem.

The Prime Minister, too, in recent correspondence dated January 19 of this year, addressed to certain premiers—and I think honourable senators are aware of this correspondence, addressed, for example, to the Honourable William Davis and the Honourable Peter Lougheed—said, in part:

> When we come to fundamental review of the Constitution, we will want to consider many things relating to the Senate. The federal government will have a number of proposals to make.

One proposal which has gone forth to the premiers is to increase the size of the Senate, the most recent figure that has been suggested being 124, ultimately. So the government is concerned with changes and reform in the Senate, including increased representation from some of the provinces. There is a lively interest in changes in the Senate.

I want to assure honourable senators that the Prime Minister and the government he leads remain actively concerned with the question of the Senate, the appointment of senators, and the possible restructuring of the methods by which appointments are made. Indeed, some honourable senators are aware that over recent weeks, in the area of Senate appointments from opposition ranks, there has been concerted effort to obtain additional proposed names from the opposition, and conversations have been held on this particular subject.

The other day, in his speech to this chamber, Senator Flynn made public the procedure outlined by the Prime Minister for appointment of senators from the ranks of the opposition. This procedure would involve, first of all, resignation of present

members of the opposition who, for one reason or another, may feel themselves unable to continue to serve as effectively as they would wish. The procedure would also guarantee replacement by Progressive Conservative senators to be selected from a list of potential appointees provided by the opposition.

The opposition may feel that this system seems to guarantee only maintenance of the present opposition strength in the Senate, and is therefore unsatisfactory. Well, honourable senators, at least this is an opportunity for the opposition to re-invigorate their ranks. It is a starting point, a guaranteed minimum, perhaps, with certainly a good possibility of appointments above this minimum. Meanwhile, I can assure honourable senators that I have communicated to the Prime Minister the desire of the opposition to achieve somewhat greater flexibility than is possible under the present formula, and certainly some persuasive arguments have been advanced by the Leader of the Opposition.

While there has been criticism by the Leader of the Opposition of Senate appointments by the Prime Minister, one needs only to recall the period between 1957 and 1963, when the party which the opposition leader represents had the responsibilities of government. While admittedly opposition ranks in the Senate had been reduced to a small number by the time the new government assumed power in 1957, unlike the present Prime Minister who has appointed some distinguished senators from opposition ranks to this chamber, the Prime Minister of that day showed no inclination whatsoever to appoint any senators outside of his party ranks—or opposition party members to any position.

Senator Walker: You would not expect him to, surely. We were down to five, at that time, and by the time we got through we were—

Senator Flynn: Thirty-four to 60-odd.

Senator Perrault: But, honourable senators, I did state in my speech—and I might just remind you of it again—that I admitted that opposition ranks in the Senate had been reduced to a small number. I understand the condition that prevailed then, but I can recall no speeches by the Prime Minister of that day in which he stated—

• (2110)

Senator Flynn: He did not have to.

Senator Perrault: —he believed that there should be a balance from not only the Conservative Party and the Liberal Party, but other parties in this country as well.

At this time in our history I think we all agree that the Senate can play an increasingly important role, not only in its traditional role as a legislative body of second thought but also as a body well equipped to study in a dispassionate and non-partisan way many of the problems which afflict this nation, a body to protect provincial or minority rights, a body which can undertake investigations of many, many matters, just as we are doing at the present time. To perform effectively the tasks with which the Senate will be vested will require the appointment of many men and women to our ranks in the years to come—men and women, I suggest, from all parties, and some who may have no formal party affiliation whatsoever. The ability to serve and the dedication to Canada and to our parliamentary institutions are not exclusive to any one party, group or region.

The Prime Minister wrote to the Leader of the Progressive Conservative Party on March 18, 1977. This letter is not personal and confidential, and excerpts from it have been presented to this house by the Leader of the Opposition. But may I remind honourable senators of some of its contents. To Mr. Clark the Prime Minister said:

> You will note that in the speech [page 44], I indicated my willingness to appoint Progressive Conservatives to the Senate to replace Progressive Conservatives who voluntarily retire from the Upper Chamber. The offer applies to voluntary retirement, that is retirement before it is forced by the mandatory age limit of 75, or by death.
>
> The second requirement for the appointment of Progressive Conservatives to the Senate is that notice be given prior to the actual resignation.

Well, it is obviously impossible to give notice prior to the actual death.

> This condition is clearly indicated in the letters exchanged by Senators Perrault and Flynn on this topic, copies of which are attached for your interest.
>
> The above two requirements are the same ones that I had conveyed orally to both Mr. Stanfield, then Leader of the Opposition, and to Mr. Flynn, during the life of the 1968-1972 Parliament, sometime around 1969 or 1970, I think.
>
> I trust this information will be helpful to you.

These are excerpts from the letter of the Right Honourable the Prime Minister to the Leader of the Progressive Conservative Party of Canada, who leads the official opposition in the other place. This is an offer from the Prime Minister which I think really requires a response from the Progressive Conservative Party. I know of no lists of names which have been submitted to fill any of the Senate vacancies which the Progressive Conservative Party may feel should be filled with Conservative appointments. I am not saying this in a critical fashion, but I suggest there should now be specific initiatives by the party opposite in terms of names submitted for appointments to Senate vacancies which honourable senators in the opposition may believe are rightfully Progressive Conservative Senate vacancies.

In closing, may I suggest to the Honourable Leader of the Opposition that he meet with his leader and develop a list of suggested names for those Senate vacancies where, in their view, a valid case exists for Progressive Conservative appointments. As well, may I suggest to the honourable leader that he review the ranks of his present supporters, and canvass opinions as to whether there are some senators who may wish to exercise the option of taking retirement now and thereby be assured that Progressive Conservatives replacements will be made.

Senator Flynn: Senator Greene suggested that I should consider my own case first.

Senator Langlois: That is not a bad idea.

Senator Perrault: Senator Greene is a very original and inventive thinker. He also has great faith in human nature.

While I can offer no personal guarantees and promises with regard to the matter of appointments, because this is the prerogative of the Prime Minister, I can assure you that the Prime Minister and his supporters in this chamber are mindful of the need to have Parliament operate as effectively as possible, and this, without any question, requires a strengthening of the opposition here. But again I urge the Leader of the Opposition to undertake initiatives to discuss the matter thoroughly with his own supporters here, to review the list of senators who may wish to retire—to review the list of Progressive Conservative senators who have retired or passed on in recent months and years—and draw up a list of names. I want to assure the honourable leader that I am prepared to work very closely with him. Certainly, I will support any valid claims for opposition replacements.

Senator Smith (Colchester): Senator Blois retired in the full belief that all conditions necessary for carrying out the program of appointing Conservatives to replace Conservatives had been met. May I ask what condition exists that prevents the appointment of a Conservative to replace Senator Blois?

Senator Perrault: I want to inform the house that I have taken to the Prime Minister the arguments that have been presented to me by the opposition with respect to the retirement of Senator Blois and others. At the same time, may I suggest again that there is an initiative clearly required by the opposition to submit a list of five names for any proposed replacement of that kind. Let us take it from there. I do not want to mention specific names of senators here because I think it would be unfair, but I have talked to certain senators asking them for suggested opposition Senate appointments which I could take to the Prime Minister. I regret to say that I have not had very much of a response.

Senator Smith (Colchester): May I persist a little further to see if I can ascertain what the exact reason for this non-appointment is. Is it because a sufficient list of names has not been submitted from which that replacement may be selected?

Senator Perrault: A list of names would be a good starting point. However, I would not purport to speak on behalf of the Prime Minister and endeavour to give you any or all of the reasons why there may have been a delay or a difference of opinion with respect to this replacement.

Senator Smith (Colchester): With respect, may I ask the leader if he is not prepared to be frank in this particular instance and agree that it might be very difficult for those who are interested in the kind of replacement we have been talking about to know what to do?

Senator Perrault: Honourable senators, the honourable senator himself is a living example of the generosity of the Right Honourable the Prime Minister with respect to appointments, and may I say that I think the senator has been an excellent appointment to this chamber.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): I thank the Leader of the Government for his kindly reference to myself. I have some other explanations as to how I got here, which perhaps he would not consider so satisfactory. In any event, to display the excellence which he alleged that I have exhibited, I would pursue him a little further to tell us if there is another reason for the fact that a replacement of the appropriate political affiliation has not been made to succeed Senator Blois, who certainly resigned when he did not have to, and in my belief—and I think I have the very best grounds for that belief—he resigned in the full faith that he would be so replaced and replaced promptly.

Senator Perrault: Honourable senators, since Confederation appointments to the Senate have been shrouded in a certain degree of mystery and enigma, and there are many supporters of all parties who may not understand the process completely. Certainly, there are even said to be supporters of the government who ask themselves why certain Liberals were not appointed.

• (2120)

Senator Flynn: Or why they were appointed.

Senator Perrault: This "mystery," if, as the honourable senator suggests, a "mystery" exists, is not confined to the Progressive Conservative Party. However, I cannot give information beyond that which I have offered this evening.

Senator Smith (Colchester): At the risk of making the Leader of the Government revise his opinion of my usefulness here, I do have to persist in saying that, so far as I am aware, he has not yet given any reason in answer to my question. I asked what conditions had not been met as a result of which the kind of appointment we are talking about had not been made. If the Leader of the Government relies upon his undoubted right not to answer questions, then I accept that, and that will be the end of it. However, so long as he does not rely on his right not to answer questions, and since he himself raised the point of complying with conditions, I think it would only be fair and reasonable for him to say what conditions have not been met.

Senator Perrault: It is impossible to discuss the specifics of certain vacancies and appointments in this particular setting. If the honourable senator would care to discuss the matter of appointments with me in my office, I would be prepared to do so, or perhaps we could have an exchange of correspondance. I think those routes could be pursued more usefully. I have given all of the information that I am able to give this evening on the question of opposition appointments, and I do not really think—as I have said—that it is of much advantage to discuss in this chamber specific vacancies that may exist at this time.

Senator Asselin: It is the kind of mystery you are talking about.

Senator Langlois: You should talk.

Senator Smith (Colchester): I only—

Senator Ewasew: Honourable senator, if I may, I think I was on my feet first. Being on the government side, and without any heckling from the opposition, perhaps I might ask the Leader of the Government—

Senator Smith (Colchester): You have not been here long enough to attract heckling.

Senator Grosart: Senator Smith has the floor.

Senator Smith (Colchester): I only want to say to the Leader of the Government that I, subject, of course, to the approval of my leader and my colleagues, will be glad to accept his invitation to repeat my request for information in the manner he has indicated.

Senator Ewasew: Honourable senators, I think this issue—and I trust I have some more support on the government side—is far more fundamental than is evident to us. The tenure of a senator should never be subject to any partisan condition whatever. I do not endorse a condition that requires resignation for the appointment of further senators to the opposition. As I recall reading Senator Flynn's speech of May 3, he said there are something like 75 Liberals and 15 Progressive Conservatives. If such is the case, there is no rhyme or reason why the government should adopt a policy that any further increase in the opposition be conditional on the resignation of the already small number of existing opposition senators. I want to go on record as saying that I wholeheartedly refuse to endorse such a policy. I believe it is contrary to the constitutional set-up of the Senate. The tenure of a senator should never, in any instance, be subject to that form of pressure, partisan or otherwise.

Senator Forsey: Honourable senators, I feel compelled to intervene briefly in this debate, first of all to say that I do not think it is very relevant for the Leader of the Government to say that when the Conservative Party came into office in 1957 the then Prime Minister did not make any effort to appoint Liberal senators, and did not express any philosophic convictions on the desirability of appointing senators from both major political parties, or indeed from other parties.

After all, if I recall correctly, the Conservative Party in the Senate at that time had been reduced to a very small number indeed. I cannot remember how many; Senator Asselin confirms my impression that it was five, and there was a very large Liberal majority in the Senate. In those circumstances, it seems to me that the situation was very different then from what it is when you have an enormous Liberal majority in the Senate and a mere corporal's guard of Conservative senators. I do not wish in any way to depreciate the value of the Conservative senators in this house, for whom I have great respect, as I think they are aware, but the fact remains that there are very few of them.

The circumstances that confront the present Prime Minister and the present government are very different from the circumstances that confronted Mr. Diefenbaker in 1957, and I think it is wholly unreasonable to suggest that because Mr. Diefenbaker did not take the plunge and appoint a lot of Liberal senators—which would, of course, have meant increasing the majority against his government—it is very improper, unfair and unsuitable to suggest that the present government should behave in the same way under totally different circumstances.

I must express also my strong disappointment that all the substance we seem to have got tonight from the Leader of the Government on this subject is that, subject to certain conditions, into which I do not propose to enter, the government is prepared to see that the Conservative Party in this house does not suffer any further diminution. Frankly, I don't really think that is quite good enough, because it seems to me that, even if the Conservative senators are of the high quality that they are, and even if they work as hard as they undoubtedly do, at any rate those of them who are not prevented by ill health from time to time, it seems to me they are dreadfully handicapped by being so few. True, in our committees partisan lines are not very strongly drawn, and that is, of course, right and desirable. On the other hand, it does seem to me desirable that there should be some nearer approach to some kind of balance, both in the house itself and in the committees, than is made possible by the extraordinary fewness of Conservative senators at this time.

I want to express my great disappointment that we did not get something more substantial tonight in the way of a reply from the Leader of the Government to the speech of the Leader of the Opposition earlier in the session. I want also to say that, not only does this seem to me very unsatisfactory, but the attempt to bolster it by attacking a previous government, or reflecting on a previous government, for not behaving very differently in totally different circumstances seems to me a very weak argument.

I don't suppose I shall improve my standing with the members of the government party by what I have said tonight. But I can bear with a certain degree of equanimity the reproaches which may be addressed to me, because I think it is important for the proper functioning of the Senate that some of these things should be said, and should be said by somebody who cannot be accused of being merely a Conservative Party hack.

Senator Perrault: I am rather disappointed in the statement made by the Honourable Senator Forsey. I had expected something more constructive.

Senator Flynn: On a point of order.

Senator Perrault: Honourable senator, I am on my feet now.

Senator Flynn: On a point of order.

Senator Perrault: I suggest that you don't have a valid point of order.

Senator Flynn: On a point of order.

Senator Perrault: What is your point of order?

Senator Flynn: On a point of order. A senator cannot speak twice on a question.

Senator Perrault: I am not speaking twice on a question.

Senator Flynn: If Senator Perrault speaks now he will be speaking for the second time. Unless he says that he has been misquoted he cannot intervene at this time. If he does, I don't mind. If the Senate approves I am willing for him to do that, but anyone will be entitled to do the same thing.

Senator Perrault: The honourable senator should know more about procedure in this chamber than to make specious observations of that kind.

Senator Flynn: It is not a specious observation. It is a point of order.

Senator Perrault: It is not a point of order.

Senator Flynn: It is.

Senator Perrault: I have a right—

Senator Flynn: I will ask Madam Speaker to rule on it.

Senator Perrault: I have a right to explain portions of my speech which were obviously badly misconstrued.

Senator Flynn: No.

Senator Perrault: I think I have the support of honourable senators when I seek the opportunity to clarify certain portions of my speech.

Honourable senators, at no time was a suggestion made that there was an arbitrary lid being imposed on Progressive Conservative appointments to this chamber. Indeed, I suggested very clearly, I think, that in effect the Prime Minister had established an opposition "minimum"—a very welcome development as far as democracy in this chamber is concerned. I did not rule out the possibility of appointments above that minimum.

Secondly, I want to tell honourable senators that over recent weeks and months concerted efforts have been made to find certain suitable candidates for appointment from the Progressive Conservative Party—consideration has been given to certain notable figures, who I hope ultimately may be persuaded to accept appointments.

Thirdly, I carefully delineated in my speech that in 1957 conditions were substantially different from those at the present time. Honourable senator, I said it not only once but twice, and I would have thought the honourable senator might have understood the meaning of my remarks after that kind of repetition.

Senator Ewasew: May I direct this to the leader of the house?

The Hon. the Speaker: Order.

Senator Flynn: Since the debate has been going on this way I don't know why Senator Ewasew should not be entitled to speak now.

● (2130)

Senator Ewasew: I should like to direct a question to the Leader of the Government. I don't think you are misconstrued, but I might have misunderstood you. I should like to have a possible misunderstanding cleared up, and that is: Did you state that there can be no further appointments to the opposition side, from the Conservative Party, unless there are prior resignations? I think this is really the issue that prompted, and quite rightly so, Senator Forsey to take the position he just did.

However, Senator Perrault, I think we all understood you to say that additional appointments to the opposition side of the Senate were conditional providing there were further resignations. Did I understand you correctly? Is that the minimum to which you referred? If not, what do you mean by "the minimum"? Are there to be conditions of resignation attached to further appointments applicable only to the opposition side in the Senate? If so, I think it is totally unacceptable. Not only is it unacceptable, but it strikes at the very core of the independence of a senator from partisan politics individually, and, in the long term, collectively for the very existence of the Senate itself.

Senator Perrault: May I suggest that it may be appropriate for honourable senators to study the record of tonight's proceedings, and tomorrow they may wish to resume a line of questioning during question period on what I may or may not have said. Honourable senators, I do not think it would be constructive to go through my entire speech again, which I thought was fair and reasonably conciliatory.

Senator Flynn: I hope the honourable leader will do the same and read the remarks of the others and not become excited with respect to any criticism.

Senator Smith (Colchester): I rise on a point of order to draw the attention of the house to rule 37, which reads as follows:

> A senator called to order by the Speaker shall discontinue his remarks and may not speak further, except on the point of order, until the point of order has been decided.

I am not suggesting for a moment that Her Honour has an opportunity to rule on the point of order raised by the Leader of the Opposition, but I do suggest that the rule clearly indicates that once the point of order has been raised the person in respect of whom it has been raised ought properly to give the Speaker an opportunity to make a ruling, and, in the sense of the rule which I just read, discontinue until the Speaker has done so. In that regard, it is my opinion that the comments of the Leader of the Opposition with regard to the point of order were well taken.

Senator Perrault: Honourable senators, may I read you rule 28, from page 7:

> A senator shall not speak more than once to a question before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

I believe that I stood on grounds which are fully justified and supported by the rules of the Senate of Canada.

Senator Smith (Colchester): Honourable senators, I just wish to point out that we are well aware of the rule which the leader just read; indeed, that is the very rule to which the Leader of the Opposition referred. The point of order I am

raising is that once that point had been raised by the Leader of the Opposition the appropriate and orderly thing to have done was to have given the Speaker an opportunity to rule on the point before any further effort was made to continue the remarks which called forth the point of order. That is all I am saying. I cannot insist that I am right, naturally, but I insist that what I say will be borne out by even the most careful and minute examination of the parliamentary rules, not only *Beauchesne*, but the rules of the House of Commons in England.

Senator Perrault: Honourable senators, I do not know how they conduct the affairs of the Legislature of Nova Scotia, but in this particular assembly we have a right to reply to points of order which may be made, valid or otherwise.

Senator Smith (Colchester): You have a right to reply according to the rules and all the way. One thing of which I can inform the honourable gentleman about the conduct of business in the Legislature of Nova Scotia is that it is done according to order.

Senator Flynn: Who is calling order?

Senator Smith (Colchester): You see how easy it is when a senator does not pay any attention to the rules to have us all wander afield and consume a good deal of energy and effort which might be avoided by careful attention to the rules in the first place.

Having delivered myself of those great words of wisdom, I now move the adjournment of this debate.

Senator Grosart: If I may, before the adjournment, because I did rise while the point of order was being discussed: It was merely to remind the Leader of the Government that when the Leader of the Opposition rose on the point of order, Senator Perrault's immediate statement was: "That is not a point of order," which he repeated at least twice and I trust the record will show that. I would merely remind him that that is a decision of the Speaker and not a decision to be made by the Leader of the Government.

Hon. Senators: Question on the adjournment.

Senator Perrault: It is on your motion to adjourn.

On motion of Senator Smith (Colchester), debate adjourned.

BUSINESS OF THE SENATE

Senator Perrault: Before I move adjournment I wish to inform honourable senators that the Standing Senate Committee on Banking, Trade and Commerce will meet *in camera* in room 263-S at 9.30 tomorrow morning to consider the subject matter of Bill C-16, the Borrowers and Depositors Protection Act. The Standing Senate Committee on Transport and Communications will meet in room 356-S at 9.30 tomorrow morning and at 2.30 tomorrow afternoon to consider Bill C-41, the amendments to the Canada Shipping Act and other Acts in consequence thereof. The Standing Senate Committee on Legal and Constitutional Affairs will meet in room 256-S at 11 o'clock tomorrow morning to consider Bill C-25, the Canadian Human Rights Act. There will be witnesses from the Department of Justice. In the afternoon there will be a meeting in room 263-S at 2.30, at which will appear the Canadian Association of Chiefs of Police. The Standing Senate Committee on National Finance will meet *in camera* in room 256-S tomorrow afternoon. The Joint Committee on Regulations and other Statutory Instruments will meet in room 269 in the West Block at 2.30 tomorrow afternoon.

So honourable senators will look forward to a very busy day again tomorrow. I move that the Senate do now adjourn.

Senator Smith (Colchester): Before the question is put, may I just draw attention to the fact that the Leader of the Government in enumerating the committees which are to meet tomorrow morning has drawn the attention of the Senate to the immediacy of the debate with reference to membership and appointments to the Senate. What he said indicates that some senators on this side of the house are supposed to be in three places at the same time tomorrow morning. Although those of us in the opposition have developed a great facility for being in two places at once, this addition of a third place at the same time may create some trouble.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, June 28, 1977

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

Prayers.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Currency and Exchange Act and to amend other acts in consequence thereof.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-18, to amend the Bretton Woods Agreements Act.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—COMMONS AMENDMENTS—CONSIDERATION NEXT SITTING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act, and acquainting the Senate that they had passed the bill with the following amendments to which they desire the concurrence of the Senate:

Clause 3

1. *Page 3:* Strike out lines 32 to 36 inclusive, on page 3, and substitute the following therefor:

"Act, a company may, if its subscribed stock is fully paid, by a by-law made by the directors and confirmed by at least two-thirds of the votes cast by the shareholders and a majority of the total votes cast at a special general meeting duly called for considering the by-law, divide the portion of its capital stock represented by any existing class of shares into shares of larger or smaller par value.

(2.2) Where under this section any portion of the capital stock of a company is divided into shares having a par value of less than five dollars, such shares shall not entitle the holder thereof to a number of votes exceeding the quotient obtained by dividing the total par value of all such shares held by him by five.

(3) A by-law made under this section"

Clause 4

2. *Page 4:* Add immediately after subclause 4(1), on page 4, the following subclause:

"(1.1) Subparagraph 63(1)(*h*)(ii) of the said Act is repealed and the following substituted therefor:

"(ii) the plant or equipment of a corporation or partnership that is used in the transaction of the business of that corporation or partnership; or" "

3. *Pages 4 and 5:* Strike out lines 25 to 52 inclusive, on page 4, and lines 1 to 5 inclusive, on page 5, and substitute the following therefor:

"(A) the amount of the total indebtedness of the corporation on the date of the investment, and

(B) where the investment is to be made in a new issue of bonds, debentures or other evidences of indebtedness of the corporation, the amount of additional indebtedness to be incurred by the corporation as the result of that issue,

does not exceed three times the aggregate of the average amounts of paid-in capital, contributed surplus, retained earnings and total indebtedness of the corporation, each such average amount being calculated as one-fifth of the aggregate of the relevant amounts determined as at the end of each of the five financial years of the corporation immediately preceding the date of investment, and for the purposes of this subparagraph,

(C) where the corporation at the date of a proposed investment owns beneficially, directly or indirectly, more than fifty per cent of the common shares of one or more other corporations and the amounts of the corporation and those other corporations are normally presented to the shareholders of the corporation in consolidated form,

the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness at any relevant time may be determined on the basis of a consolidation of the accounts of the corporation and those other corporations, and

(D) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations, the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness at any relevant time prior to the amalgamation or merger shall be deemed to be identical with the corresponding amounts determined on the basis of a consolidation of the accounts of the amalgamated or merged corporations,"

4. *Page 5:* Strike out line 45, on page 5, and substitute the following therefor:

"(B.1) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations, it is deemed to have had earnings and annual interest requirements for any relevant period prior to the date of the amalgamation or merger, identical with the earnings and annual interest requirements of the amalgamated or merged corporations determined on the basis of a consolidation of their accounts, and"

5. *Page 6:* Strike out lines 10 to 19 inclusive, on page 6, and substitute the following therefor:

"five years that ended less than one year before the date of investment, the corporation

(i) paid in each of at least four of the five years, including the last year of that period, a dividend upon its common shares, or

(ii) earned in each of at least four of the five years, including the last year of that period, an amount available for the payment of a dividend upon its common shares,"

Clause 8

6. *Page 11:* Strike out line 31, on page 11, and substitute the following therefor:

"(2) Subsections 71(3) to (7) of the said"

Clause 13

7. *Page 19:* Strike out line 39, on page 19, and substitute the following therefor:

"ter, exceed the total liabilities of the company in that country including the amount of the reserves on"

Clause 16

8. *Page 22:* Strike out lines 3 to 8 inclusive, on page 22, and substitute the following therefor:

"a rate or rates of interest and a rate or rates of mortality, accident, sickness or other contingencies

(*a*) that, in the opinion of the valuation actuary, are appropriate to the circumstances of the company and the policies and claims being valued; and

(*b*) that are acceptable to the Superintendent."

New Clause 20.1

9. *Page 31:* Add immediately after clause 20, on page 31, the following new clause:

"20.1 The said Act is further amended by adding thereto, immediately after section 129 thereof, the following section:

"129.1 (1) Notwithstanding sections 57, 123 and 129, for the purposes of this Act, a British company shall not, except with the concurrence of the Minister and subject to such conditions as he may impose, deposit with the Receiver General or vest in trust

(*a*) bonds, debentures or other evidences of indebtedness that are payable only in a currency other than that of Canada; or

(*b*) shares that are redeemable or the dividends on which are payable only in a currency other than that of Canada.

(2) Where under subsection (1) the Minister concurs in a deposit or vesting in trust of bonds, debentures, other evidences of indebtedness or shares, he may determine the value at which the bonds, debentures, other evidences of indebtedness or shares so deposited or vested in trust shall be accepted, for the purposes of this Act." "

Clause 24

10. *Page 32:* Strike out line 39, on page 32, and substitute the following therefor:

" "139. (1) Subsections 81(1), (2), (3) and"

Clause 28

11. *Page 34:* Strike out lines 3 and 4 inclusive, on page 34, and substitute the following therefor:

"(ii) the country in which the"

12. *Page 34:* Add immediately after subclause 28(1), on page 34, the following new subclause:

"(1.1) Subparagraph 1(*h*)(ii) of Schedule II to the said Act is repealed and the following substituted therefor:

"(ii) the plant or equipment of a corporation or partnership that is used in the transaction of the business of that corporation or partnership; or" "

13. *Page 34:* Strike out lines 18 to 50 inclusive, on page 34, and substitute the following therefor:

"(A) the amount of the total indebtedness of the corporation on the date of vesting in trust, and

(B) where the bonds, debentures or other evidences of indebtedness to be vested in trust are part of a new issue by the corporation, the amount of additional indebtedness to be incurred by the corporation as the result of that issue,

does not exceed three times the aggregate of the average amounts of paid-in capital, contributed surplus, retained earnings, and total indebtedness of the corporation, each such average amount being calculated as one-fifth of the aggregate of the relevant amounts determined as at the

end of each of the five financial years of the corporation immediately preceding the date of vesting in trust, and for the purposes of this subparagraph,

(C) where the corporation at the date of a proposed vesting in trust owns beneficially, directly or indirectly, more than fifty per cent of the common shares of one or more other corporations and the accounts of the corporation and those other corporations are normally presented to the shareholders of the corporation in consolidated form, the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness at any relevant time may be determined on the basis of a consolidation of the accounts of the corporation and those other corporations, and

(D) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness for any relevant time prior to the amalgamation or merger shall be deemed to be identical with the corresponding amounts determined on the basis of a consolidation of the accounts of the amalgamated or merged corporations,"

14. *Page 35:* Strike out line 40, on page 35, and substitute the following therefor:

"ration,

(B.1) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations, it is deemed to have had earnings and annual interest requirements for any relevant period prior to the date of the amalgamation or merger, identical with the earnings and annual interest requirements of the amalgamated or merged corporations determined on the basis of a consolidation of their accounts, and"

15. *Page 36:* Strike out lines 12 to 20 inclusive, on page 36, and substitute the following therefor:

"(iv) of a Canadian corporation that are guaranteed by a corporation incorporated outside Canada

(A) where the guaranteeing corporation meets the requirements set out in subparagraph (*m*)(ii) and such bonds, debentures, or other evidences of indebtedness would be eligible for vesting in trust by the company under subparagraph (i) if they had been issued by the guaranteeing corporation and that corporation were a Canadian corporation, or

(B) where the bonds, debentures or other evidences of indebtedness of the guaranteeing corporation would, if it were a Canadian corporation, be eligible for vesting in trust under subparagraph (ii);"

16. *Page 36:* Strike out lines 26 to 35 inclusive, on page 36, and substitute the following therefor:

"period of five years that ended less than one year before the date of vesting thereof in trust, the corporation

(i) paid in each of at least four of the five years, including the last year of that period, a dividend upon its common shares, or

(ii) earned in each of at least four of the five years, including the last year of that period, an amount available for the payment of a dividend upon its common shares,"

New Clause 32.1

17. *Page 46:* Add immediately after Clause 32, on page 46, the following new clause:

"32.1 The said Act is further amended by adding thereto, immediately after section 20 thereof, the following section:

"20.1 (1) Notwithstanding sections 15 and 20, for the purposes of this Act, a company shall not, except with the concurrence of the Minister and subject to such conditions as he may impose, deposit with the Receiver General or vest in trust

(*a*) bonds, debentures or other evidences of indebtedness that are payable only in a currency other than that of Canada; or

(*b*) shares that are redeemable or the dividends on which are payable only in a currency other than that of Canada.

(2) Where under subsection (1) the Minister concurs in a deposit or vesting in trust of bonds, debentures, other evidences of indebtedness or shares, he may determine the value at which the bonds, debentures other evidences of indebtedness or shares so deposited or vested in trust shall be accepted for the purposes of this Act." "

Clause 36

18. *Page 52:* Strike out lines 38 to 43 inclusive, on page 52, and substitute the following therefor:

"a rate or rates of interest and a rate or rates of mortality, accident, sickness or other contingencies

(*a*) that, in the opinion of the valuation actuary, are appropriate to the circumstances of the company and the policies and claims being valued; and

(*b*) that are acceptable to the Superintendent."

Clause 38

19. *Page 53:* Strike out lines 45 and 46, on page 53, and substitute the following therefor:

"(ii) the country in which the"

20. *Page 53:* Add immediately after subclause 38(1), on page 53, the following new subclause:

"(1.1) Subparagraph 1 (*h*)(ii) of Schedule 1 to the said Act is repealed and the following substituted therefor:

"(ii) the plant or equipment of a corporation or partnership that is used in the transaction of the business of that corporation or partnership, or" "

21. *Page 54:* Strike out lines 12 to 44 inclusive, on page 54, and substitute the following therefor:

"(A) the amount of the total indebtedness of the corporation on the date of vesting in trust, and

(B) where the bonds, debentures or other evidences of indebtedness to be vested in trust are part of a new issue by the corporation, the amount of additional indebtedness to be incurred by the corporation as the result of that issue,

does not exceed three times the aggregate of the average amounts of paid-in capital, contributed surplus, retained earnings, and total indebtedness of the corporation, each such average amount being calculated as one-fifth of the aggregate of the relevant amounts determined as at the end of each of the five financial years of the corporation immediately preceding the date of vesting in trust, and for the purposes of this subparagraph,

(C) where the corporation of the date of a proposed vesting in trust owns beneficially, directly or indirectly, more than fifty per cent of the common shares of one or more other corporations and the accounts of the corporation and those other corporations are normally presented to the shareholders of the corporation in consolidated form, the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness at any relevant time kmkay be determined on the basis of a consolidation of the accounts of the corporation and those other corporations, and

(D) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations, the amount of paid-in capital, contributed surplus, retained earnings and total indebtedness for any relevant time prior to the amalgamation or merger shall be deemed to be identical with the corresponding amounts determined on the basis of a consolidation of the accounts of the amalgamated or merged corporations,"

22. *Page 55:* Strike out line 33, on page 55, and substitute the following therefor:

"ration,

(B.1) where the corporation is a corporation continuing or formed as a result of the amalgamation or merger of two or more corporations, it is deemed to have had earnings and annual interest requirements for any relevant period prior to the date of the amalgamation or merger, identical with the earnings and annual interest requirements of the amalgamated or merged corporations determined on the basis of a consolidation of their accounts, and"

23. *Page 56:* Strike out lines 3 to 11 inclusive, on page 56, and substitute the following therefor:

"(iv) of a Canadian corporation that are guaranteed by a corporation incorporated outside Canada

(A) where the guaranteeing corporation meets the requirements set out in subpargraph (m)(ii) and such bonds, debentures, or other evidences of indebtedness would be eligible for vesting in trust by the company under subparagraph (i) if they had been issued by the guaranteeing corporation and that corporation were a Canadian corporation, or

(B) where the bonds, debentures, or other evidences of indebtedness of the guaranteeing corporation would, if it were a Canadian corporation, be eligible for vesting in trust under subparagraph (ii)."

24. *Page 56:* Strike out lines 17 to 26 inclusive, on page 56, and substitute the following therefor:

"period of five years that ended less than one year before the date of vesting thereof in trust, the corporation

(i) paid in each of at least four of the five years, including the last year of that period, a dividend upon its common shares, or

(ii) earned in each of at least four of the five years, including the last year of that period, an amount available for the payment of a dividend upon its common shares,"

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

Senator Connolly (Ottawa West): I move that these amendments be taken into consideration at the next sitting of the Senate.

Motion agreed to.

GOVERNMENT ORGANIZATION (SCIENTIFIC ACTIVITIES) BILL, 1976

CONCURRENCE BY COMMONS IN SENATE AMENDMENT

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they have agreed to the amendment made by the Senate to Bill C-26, respecting the organization of certain scientific activities of the Government of Canada, without any amendment.

THE SENATE CHAMBER

MALFUNCTION OF AIR CONDITIONING SYSTEM

Senator Perrault: Honourable senators, may I say that there is a story around—probably apocryphal—that a former Prime Minister who served a record-shattering number of years in that office ordered each year that the fans and cooling systems be shut off in the buildings during June and July in order to expedite the work of Parliament before the summer recess.

I want to assure honourable senators that this was not done on this occasion; that the air conditioner has broken down and the technicians are now at work in an effort to restore the service; and that this is not psychological warfare by the government in order to bring about heat exhaustion.

● (2010)

Senator Grosart: Has it broken down in the House of Commons?

Senator Perrault: I understand it has broken down there as well, yes.

DOCUMENTS TABLED

Senator Perrault tabled:

Report respecting operations under the Health Resources Fund Act for the fiscal year ended March 31, 1976, pursuant to section 13 of the said Act, Chapter H-4, R.S.C., 1970.

Report on the Operation of Agreements with the Provinces under the Hospital Insurance and Diagnostic Services Act for the fiscal year ended March 31, 1976, pursuant to section 9 of the said Act, Chapter H-8, R.S.C., 1970.

Report respecting operations of the Medical Care Act for the fiscal year ended March 31, 1976, pursuant to section 9 of the said Act, Chapter M-8, R.S.C., 1970.

Report of the President of the Medical Research Council, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to section 17 of the Medical Research Council Act, Chapter M-9, R.S.C., 1970.

Report of Telesat Canada for the year ended December 31, 1976, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the Telesat Canada Act, Chapter T-4, R.S.C., 1970.

Copies of Report of the Automotive Task Force entitled "Review of the North American Automotive Industry", dated April 1977, issued by the Minister of Industry, Trade and Commerce.

BANKING LEGISLATION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Senator Hayden: Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce relating to the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976", tabled in the Senate on Thursday, 21st October, 1976.

I ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix to today's Hansard.*)

Senator Hayden: Honourable senators, with leave, I propose to explain some of the highlights of the report.

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

Hon. Senators: Agreed.

Senator Hayden: Honourable senators, your committee spent quite some time in studying the contents of the White Paper on Canadian Banking Legislation. We heard many witnesses and read many briefs, and did a great deal in the way of research. The work was not easy, but it is completed. I should like to indicate some of the highlights of the report, and the reasons therefor. In doing so, I shall bear in mind the fact that I face some competition this evening. It is supposed to be the essence of trade competition, according to what I read in the competition legislation, but the kind of competition this evening, where I am running in opposition to an unworkable air-conditioning system, makes it difficult for me to project as much as I should like in connection with this report, and for you to listen to me.

If I may enumerate what I regard as the highlights, they are as follows: first, the white paper provides for the creation of an association to be known as the Canadian Payments Association. It is intended to be companion legislation to the revised Bank Act, representing the decennial revision of Canadian banking legislation.

The second subject matter I should like to discuss briefly has to do with chartered banks' reserves under the provisions of the white paper, and also the extent to which your committee recommends changes. I should like also to discuss briefly the position proposed with reference to foreign banks, and the establishment of foreign bank subsidiaries in Canada as outlined in the White Paper on Canadian Banking Legislation, as well as the recommendations which we make, which may be said to be at variance in some particulars with what is contained in the white paper.

I should like also very briefly—and I mean very briefly—to discuss the creation of new banks in Canada under the revised Bank Act and the right which it is proposed to give to provincial governments to hold, own and vote shares in such Canadian banks.

There are many other things in the report. There is a great deal in connection with the extension of business powers and practices in the field of banking—in many cases adding additional powers, subject to certain restraints, to those now exercised by Canadian banks. Those banks, you must remember, will include the foreign banks' subsidiaries that may be incorporated in Canada following the enactment of the new Bank Act.

Touching first on the Canadian Payments Association, it will be made up of members from all the chartered banks and near-banks. The language of the white paper is that members will be banks and near-banks which make loans and accept deposits transferable on order. Another phrase we might use for that is "chequable deposits." The scheme is that the Canadian Payments Association will constitute the clearing house or the clearing system for the combination of chartered banks and near-banks.

In this connection I should first point out to you what the white paper says, then the recommendations we make. The near-banks, including the trust companies, the mortgage companies, the caisses populaires and the credit unions all appeared before our committee. They were quite happy to see

being created a payments association that would be the clearing house, or represent the clearing system, for all chequable deposits. Heretofore the Canadian Bankers Association did all the clearing. They incorporated an association in about 1903 which acted as the clearing house. By agreement with the Bank of Canada at a later date, the cash reserves and the secondary reserves required under the Bank Act to be provided by the banks since 1967 were deposited with the Bank of Canada. The Bank of Canada was the depository.

In the white paper the scheme proposed in connection with reserves would, in effect, subject near-banks that I have named to the provision of the same reserves based on a percentage of their demand deposits and their notice deposits at certain specific rates which were set up. When they made their position clear, it appeared to us and to our advisers that the net result was that this involved the provision of cash reserves in a very substantial amount. The near-banks felt that they had to qualify their position in reference to the Canadian Payments Association. They wish to be a member and they wish to enjoy the prestige and the privilege of being able to do their own clearing, since they have grown substantially in size and importance, but they complained bitterly about having to lay out so much of their accumulated deposits in cash reserves to the Bank of Canada, and they felt the justification mentioned in the white paper was not sufficient to support any such imposition. The white paper said that these reserves from the near-banks were needed as part of the exercise of the control of monetary policy.

We have examined this subject matter very carefully, and we have had the benefit of considering what I would call statements made by a number of persons who could be regarded as expert witnesses. One statement was by the present Governor of the Bank of Canada. He said that the control of monetary policy by the Bank of Canada is one of the subject matters with which it is directed by statute to concern itself. He said it is working well through the present cash reserve system provided by the chartered banks, and that the near-banks contribute indirectly to the working of that policy, because when the Bank of Canada sells or buys securities it affects the market up or down, and that is the way in which it secures a measure of control. This reacts indirectly on the near-banks, because in one situation the cost of money goes up and people may withdraw their savings to seek in other areas higher interest yields, while, in another direction, there is the opposite effect.

● (2020)

So the essence of having the near-banks join a clearing system appeared to us to be that there should be what we call "clearing settlement cash reserves." Then in the draw-downs that take place each day at clearing time, when the cheques are being cleared, if there is an excess in one direction the cash reserve may be down. We thought that situation should be protected and we recommended that there should also be what we called an "overdraft security reserve." That overdraft security reserve would consist of interest-bearing securities, government bonds and cash. The near-banks, of course, would not complain, because their great complaint has been over the question of cash reserve and the fact that that money does not earn any income for them.

So we would set up those two reserves, and they must be provided by the chartered banks and by the near-banks. But under the system which is proposed for the Canadian Payments Association there may be clearing members who have to provide their reserves and pay them to the association. We expect that there will be an agreement between the Canadian Payments Association and the Bank of Canada under which the cash reserves will be paid over to the Bank of Canada, and the Bank of Canada will manage, administer and invest the moneys.

The reason we have taken the course of having payments made in the first instance to the Canadian Payments Association, and then being transferred by the association to the Bank of Canada, is twofold. First of all, the Bank of Canada has acquired great experience in doing this kind of job, and I understand that regional offices of the Bank of Canada are used in connection with the daily clearings which go on at the present time. The way the near-banks clear at the present time is through an arrangement with a chartered bank under which they provide the chartered bank with certain cash reserves, and then if the bank requires additional security they provide additional security. The chartered bank does the clearing for the near-banks who are not, and who up to now have not been able to be, members of the clearing association. Only the chartered banks are members of the clearing association.

Secondly, there may be a group which does not desire to be directly a clearing member of the association. It may be of such small size, and have such a small dollar volume of business, that its becoming a clearing member and assuming the burden of the charges and the provision of reserves could not be justified. So, another category is provided in the white paper, to be known as non-clearing members. They have to provide the clearing member with the cash reserves required under the white paper proposal. Then the clearing member has to provide to the Bank of Canada the amount of such clearing cash reserve which is necessary by reason of their taking on this job of clearing for a non-clearing member. That is the essence of the situation.

We decided that all they need is a clearing settlement reserve, a cash reserve bolstered or supported by an overdraft security reserve to take care of the position of the ups and downs daily in clearing balances. As a result of that, we came to a conclusion—after gathering and compiling a great many figures and having them checked, double checked and again re-checked—as to what might be said to be adequate in the way of furnishing cash reserves. We concluded and we recommend that the clearing settlement cash reserve should be a minimum of 1 per cent on the chequable deposits, or the deposits transferable by order, or a maximum of 3 per cent.

We did have information which indicated that the chartered banks operate on a basis of approximately 3 per cent. The manner in which the 1 per cent and 3 per cent would work would be that there could not be a cash reserve provided of less

than 1 per cent of the chequable deposits. The daily average of clearing and clearing balances by the near-banks and banks over the period of the year 1976 is taken. Then a factor would be added to reflect anticipated growth, and on that basis a figure is reached which, when one per cent is applied, would be within the range of 1 per cent to 3 per cent, but a cash reserve of more than 3 per cent cannot be required.

If there is any overdrawn position, of course, the overdraft security reserve and the securities therein can be used by the Bank of Canada for the purpose of financing that overdraft for that day. So the real difference between the system proposed in the white paper and the system which we propose, if it were reflected in dollars, can be found at Appendix A of the report.

There we have calculated under the white paper proposal what the eligible deposits are for the chartered banks, the trust and mortgage loan companies, the credit unions, the caisses populaires and the Quebec savings banks. We have also calculated what the cash reserve requirements are under the white paper. Then we have figured out, in the outside column, what the clearing settlement cash reserve would be. You can see, for instance, that so far as the chartered banks were concerned, their cash reserve requirements would amount to about $4.4 billion under the white paper proposals. Under the clearing settlement cash reserve system, on a maximum basis, they would be $480 million. The caisses populaires, which under the white paper would be called on to pay $120 million in the way of cash reserves, even at the maximum of 3 per cent under the clearing settlement cash reserve proposed in this report, would pay $75 million. The representatives of the trust companies and other near-banks whose representatives appeared before your committee said that they would be perfectly satisfied to provide cash reserves on the basis of their chequable deposits, another description of which is, "deposits transferable by order," which, together with the clearing of them, is a real banking function. We have recommended that the primary cash reserves and secondary reserves remain in the Bank Act.

● (2030)

You can see that what we were aiming at was to solve these problems as far as the near-banks were concerned, and the caisses populaires and credit unions—particularly the caises populaires—represented that there was inherent in this a problem as far as they were concerned with regard to making payments directly to the Bank of Canada in the circumstances which exist now. In the course of their examination I did ask one of the witnesses, "Well, would you have any objection if you paid a cash reserve to the Payments Association, and the Payments Association paid it to the Bank of Canada?" and the answer was, "No".

It is a simple way out of this problem. It puts the picture, as far as the near-banks are concerned, where, in the opinion of your committee, it should be—that is, that they require clearing, and they figure that anything they must provide by way of cash reserves in order to be a member of the clearing association is something they must accept. But, in the circumstances, as far as their having to make cash reserve contributions for monetary policy is concerned, when the present Governor of the Bank of Canada says that that is not needed at this time, when we read the evidence of the former Governor, Mr. Rasminsky, to the Porter Commission to the same effect, and when we read an extract from the statement of the Economic Council saying the same thing, we felt we were among the people who had the ability and experience to think clearly and thoroughly about what the picture should be. We have therefore recommended this system of reserves, limiting only the amount of the cash clearing reserves and the overdraft security reserve.

I took a little longer with that than I expected, but let me now pass on to the bank reserves, which I will try to shorten a little bit.

Since 1967, the banks have been required to pay primary cash reserves to the Bank of Canada under the Bank Act, and the Bank of Canada, under its act, is authorized to accept these deposits. The section dealing with this matter further says that if the Bank of Canada is authorized to pay interest on these cash reserves, it may pay interest. Unfortunately, the Bank Act does not authorize the Bank of Canada to pay interest on these cash reserves. Therefore, the chartered banks were complaining because so much of their money was taken up in cash reserves which produced no income. But, when we looked at the operations of the Bank of Canada, we found that it was investing these cash reserves and taking the income into its operations and earnings. In 1975 its net earnings, not only from the handling of these cash reserves but from the other business it did, amounted to about $583 million. In 1976 this had increased to $703 million. That, according to the best calculations we could make, would mean that 30 per cent of that net income was earned on the cash reserves put up by the chartered banks. The chartered banks were saying to us, "We are entitled to receive income and earnings from that money."

We studied the situation in the United States and in England, and we concluded there was some legitimate basis for this complaint, and we recommended that interest should be paid. This would involve an amendment to the Bank Act to authorize the payment of interest, in which event the Bank of Canada would have to pay the interest. Otherwise, as the Economic Council said, this looks like an income tax or some other kind of tax. It is in fact a levy. If you put up cash, the person you put it up with earns income and then pays the income over to the Consolidated Revenue Fund of Canada, and that has all the earmarks of being a levy or a tax. So we have recommended that some part of the interest earnings should be paid to the banks who provide the money.

I should tell you one element that I omitted in connection with the Payments Association. We have recommended that the contributions and cash reserves by the chartered banks to the Payments Association and the Bank of Canada should be offset against the cash reserves which the chartered banks already have with the Bank of Canada. And because the chartered banks have something of the order of $4.5 billion in primary reserves, cash reserves, with the Bank of Canada, and another almost equal amount in interest-bearing securities by

way of secondary reserves with the Bank of Canada, we felt there was ample elbow room in the cash which the Bank of Canada already has, and had received from the chartered banks, that an offset or a credit should be given for the payment of the cash reserves for clearing settlement, and we have so provided and recommended.

Now there are a number of other things in connection with chartered banks that we have dealt with. I should tell you very briefly that there was a limitation in the Bank Act under which banks could invest up to 10 per cent of their deposit liabilities and debentures in residential mortgages. The white paper proposes that that ceiling be removed, and that such investment be unlimited. Instead of that, we have recommended that the 10 per cent ceiling should be increased to 15 per cent, because we feel there should be some limitation in the interest of liquidity providing some ceiling in respect of investment in residential mortgages.

Then there are many other items in connection with the chartered banks' reserves. However, time is moving along, and the only thing I can tell you is that, in connection with financial leasing and factoring, which of recent years has been entered into indirectly by the banks, the white paper proposes that the banks be given the authority directly to invest in financial leasing and in factoring. We have approved of that in our recommendations, but we have recommended that they should be able to do that either through the bank itself or through a subsidiary company incorporated for that purpose, because we conceive of difficulties in carrying out leasing transactions, security, paper work and so on, which might add difficulties if the bank were doing it directly. We have, therefore, approved of what the white paper says, but we have recommended that there is the option that the bank may do it itself or may do it through a subsidiary corporation.

● (2040)

I ignore many of the other beneficial effects in our recommendations. Honourable senators can read our recommendations in the summary on the first seven or eight pages.

The next thing is foreign banks, which presented some problems. The white paper proposes that foreign banks who wish to operate in Canada must incorporate a subsidiary company, and that subsidiary company has certain limitations. It may initially have authorized capital of $5 million, and there must be $2.5 million paid up. It may increase that, with the permission of the Minister of Finance and the Governor in Council, to $25 million, which would mean that the total assets they might hold would be twenty times $25 million or any part of $25 million which the capital reaches, and the top limit on their total assets would be $500 million.

The white paper also proposes that they have a limit of 15 per cent on their total commercial lending in Canada. We had a number of bankers before us. We had three or four bank firms from London, England, we had Citicorp, an American institution operating in a big way in Canada. They have certain problems. One of the problems is, first, that they want to incorporate a subsidiary in Canada. Whatever they have to do to get into Canada, they want to do it, but there are certain difficulites in the way. The white paper says that if a foreign bank which wishes to incorporate a subsidiary in Canada is carrying on business through other financial institutions that it owns or controls, then those operations that they have can be merged into the banking operation, like leasing and factoring. That is perfectly all right, but if there are non-banking transactions they cannot operate through such non-banking affiliates, and these banks have real difficulties in that regard. While they have some affiliates or financial institutions that are operating in Canada and can be merged with the foreign bank subsidiary that they incorporate, there are others that are carrying on non-banking operations.

We have, therefore, made several recommendations. We say that the 15 per cent limitation on total commercial lending should be indexed, and it should be subject to increase depending on the average of the growth of the Canadian chartered banks in the previous year. We have recommended that indexing. We have also recommended that if a foreign bank has reached its limit, or has a limit of 15 per cent of commercial lending in Canada, then that is its limit. We have recommended that if at June 30, 1977, the foreign bank in Canada is up to the 15 per cent or has exceeded the 15 per cent, it is frozen at that figure until it gets on side. It could get on side over a period of time by a system of indexing. Otherwise there is a period of time recommended for it to phase out the overage.

The other problem is one that we did not even attempt to resolve, although we do make some suggestions. That is the problem of affiliates, and it is a very serious problem. Wrapped up in that is the operation of consortia and the operations of joint ventures in which international banks carry on business nowadays. The international banks have adopted this course of operation because it limits their liability. If they take a 10 per cent interest in a group of banks, there are many financial operations carried on by international banks in Canada in natural resource development, and even in dealing with governments in Canada. It is the thing and the innovative practice of the moment, and the problem that develops is that of affiliates. If an international bank, a foreign bank, wants to have a subsidiary operation in Canada, the one thing it does not want to do is to carry on any of the consortium operations, or any of its large scale financing, through the subsidiary company, because this would be exposing the entire assets of the subsidiary in that regard.

A reading of the white paper would appear to show that in that kind of situation, unless some way is found to resolve it, they would be debarred from having a subsidiary operation in Canada, and also have this particular type of financing where they can limit their financial contribution to the particular enterprise. We have said, in effect, that the Department of Finance is in a better position than we are—it has more staff—to explore the potential, the possibilities and the seriousness of this.

We have suggested a way in which it might be done. It might be done by making such an operation through a consortium, where you have one bank, which is a consortium bank, and it is the key to the operation of a joint venture by a series

of international banks. However, if, under what the white paper says, they attempted to do that, they would appear to be in difficulty. We have said it may be possible to create an exception, but the exception would have to limit the operations of the consortium bank to that one enterprise of financing, and they could not carry on any other banking operations.

We have also asserted the principle that no favours must be granted. No favourable position must be given to the foreign banks that are seeking to operate in Canada which is not at least equally enjoyed by Canadian banks. We have said that that is a paramount consideration, and the position of Canadian banks must remain dominant in the field of the Canadian banking system.

On the question of incorporating banks in the future by letters patent, the white paper recommends incorporation by letters patent. We did point out that one advantage of the present system is that there is a public review, through Parliament, of such applications—as to the people behind the proposed incorporation; as to whether they are the kind of people who should be allowed to venture into the banking system. There should be something that would operate by way of a public review of any application that is made for letters patent and incorporation of a bank. If there is, then we recommend it. We say that it should be of the nature of an ad hoc committee. We do not need to set up a board, a tribunal, or anything of that nature. The ad hoc committee would hold public hearings where the parties, pro and con, can be heard, and where a recommendation could be made to the minister and the minister, in turn, could recommend to the Governor in Council. That is the position we have taken on the letters patent situation.

● (2050)

There are many other items in our report. However, I said that I was going to deal with only the highlights, and the highlights I have dealt with are two in number. There is the Canadian Payments Association, and I believe the solution we offer is a reasonable one and should resolve the problems that would develop.

Then there is the matter of bank reserves. We have proposed and there should be a reduction in the primary cash reserves of the banks. The present cash reserves under the Bank Act are 12 per cent on demand deposits, and 4 per cent on notice deposits. After studying all the figures and examining the bankers and others who appeared before the committee, we have recommended that the 12 per cent and 4 per cent be reduced to 10 per cent and 3 per cent respectively. In one of the appendices at the end of the report we indicate the effect in dollars of doing that. In other words, a substantial amount of money would remain in the hand of the bank, which would be available for its business operations, interest rates, and to meet competition. I believe the amount is slightly less than $1 billion.

At this time, and in view of the conditions under which we are labouring—and I can tell you that I am as close to being soaking wet, because of the humidity, as one could be without actually being soaking wet—I hope I have not exhausted honourable senators by the amount of detail I have given. There are areas which I have not touched upon, but honourable senators can read them or, in due course, can develop them in discussion. In the meantime, I believe that this is as far as I should take the matter tonight.

Senator Perrault: Honourable senators, I know I speak on behalf of all honourable senators when I extend our gratitude and commendations to the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for a very onerous assignment carried out, as usual, efficiently, thoroughly and conscientiously. And certainly all members of the committee deserve the same commendation of us all.

Hon. Senators: Hear, hear.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Senator Bonnell: Honourable senators, I should like, on behalf of Senator Forsey, to present the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments, as follows:

Tuesday, June 28, 1977.

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

In accordance with its permanent reference, section 26, The Statutory Instruments Act, 1970-71-72, c. 38, your Committee proposes to continue its review and scrutiny of statutory instruments during the adjournment of Parliament in the summer of 1977.

Your Committee therefore recommends that for this purpose and notwithstanding an Order of the Senate of Wednesday, November 3, 1976, respecting the quorum of the Committee, the Joint Chairman be authorized to hold meetings during the forthcoming summer recess to receive and authorize the printing of evidence when three members of the Committee are present, provided both Houses are represented.

Respectfully submitted,

Eugene A. Forsey,
Joint Chairman.

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

Senator Bonnell moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

FOREIGN AFFAIRS

HELSINKI DECLARATION—CANADIAN DELEGATION AT REVIEW CONFERENCE IN BELGRADE—QUESTION

Senator Yuzyk: Honourable senators, I should like the Leader of the Government in the Senate to provide us with the names of the chairman and members of the Canadian delega-

tion representing Canada at the Review Conference on the Helsinki Declaration in Belgrade? Can we expect parliamentarians from both chambers to be chosen to participate actively in the Canadian delegation?

Senator Perrault: Honourable senators, I must take that question as notice.

Senator Thompson: I am sure the Leader of the Government is aware that the European Parliamentary Council, which is very interested in the Helsinki Conference, has strongly recommended that there should be parliamentary representation from every country.

Senator van Roggen: As a comment, rather than a question, I understand that the United States Congress is following the same course, which may be something that the Leader of the Government might keep in mind when making his inquiry.

Senator Perrault: I thank honourable senators for drawing the matter to my attention. Inquiries will be made immediately.

CANADA WEEK

PROGRAM ON PARLIAMENT HILL—QUESTION

Senator Smith (Colchester): Honourable senators, can the Leader of the Government tell us whether the function which took place on Parliament Hill yesterday at about noon, to launch Canada Week, including the selection of the program and speakers, was arranged by a private organization; and, if so, what is the name of that organization, and under whose authority did it operate?

Senator Perrault: Honourable senators, I asked a similar question this morning of representatives of certain government departments. I understand that the body in question was the National Unity Council, a private organization. I understand that the agenda was established by this private organization. I know that some senators may be concerned about the lack of official representation and spokesmen and spokeswomen from some other Canadian parties at that function. It seems to me that it would have been appropriate to have had that kind of all-party representation at the official opening of Canada Week. That is my own personally held opinion. I understand, however, that the government did not set the agenda, and that the event was not the responsibility of any government department.

Senator Smith (Colchester): As a supplementary, could the Leader of the Government tell the house whether the operations of that committee in respect of that function were authorized by any minister or department of government?

• (2100)

Senator Perrault: Honourable senators, to the best of my understanding, the national unity group in question is made up of Canadians of all parties. Indeed, I understand that Mr. Dalton Camp is one of the very active organizers of Canada Week, as are other members of the party which forms the official opposition in this country.

I have been assured that there was no intervention by any government department. The agenda was arranged by the council itself. I shall be pleased to undertake further inquiries in an attempt to provide a more complete reply for honourable senators.

Senator Walker: Will the government be paying for it? Although this private organization will be doing all the work without any intervention on the part of the government, the bills will go to the government, I expect.

Senator Perrault: To the best of my knowledge, this organization, as is the case with many other organizations at the present time, is actively soliciting money from individuals, private corporations and trade unions, and other organizations from coast to coast. Again, I shall be pleased to undertake an inquiry into that aspect as well. I do know that the government, for its part, will have an active program of Canada Week observances and those programs will involve, at least in part, the expenditures of public funds.

No one political party has a monopoly on the desire to assure the success of Canada Week. National unity is not an issue which should be considered and debated on a partisan basis.

AGRICULTURE

INTERNATIONAL WHEAT AGREEMENT—QUESTION

Senator Olson: Honourable senators, I wonder if I might ask the Leader of the Government a question respecting the speculation about an international wheat agreement being entered into in view of the further deterioration of that market recently and the prospect of other wheat-producing countries being interested in entering into such an agreement.

My specific question is: Are negotiations taking place which could lead to an international wheat agreement being in place before the commencement of the crop year which begins on August 1?

Senator Perrault: Honourable senators, while I intend to take the question as notice, I can say I understand that there is an active concern with respect to the possibility of establishing such an agreement. Indeed, when I was in Argentina a few weeks ago I undertook to discuss with certain Argentine authorities their views with respect to such an agreement, and the response was very positive. I understand that a similar reaction has been received from certain other wheat-producing countries. As far as the timing of such an agreement, and the possibility of such an agreement being entered into, I shall have to make further inquiries.

NATIONAL UNITY

MEDIA COVERAGE OF SENATOR MOLSON'S ADDRESS IN SENATE—QUESTION OF PRIVILEGE

Senator Lang: Honourable senators, before the Orders of the Day are called, I should like to rise on a matter of

privilege. It is not a matter of personal privilege. Rather, it is a matter, I conceive, of Senate privilege.

Last evening Senator Molson spoke in this chamber on the debate on national unity. To my knowledge, as of now that speech has been reported in the Montreal *Gazette* and over radio station CJAD in Montreal and, undoubtedly, by other forms of the media of which I am unaware. With respect to the reports of Senator Molson's address that were carried in the Montreal *Gazette* and repeated on Montreal radio station CJAD, the pith of those reports was that Senator Molson will support the Parti Québécois government.

Senator Perrault: Oh heavens!

Senator Lang: If I hear laughter in the house, I can appreciate why. In fairness to both the newspaper and the radio station, I should say that they did add, in smaller print and with lesser voice, that he would do so as long as it provides good government for his province. However, the foremost impression left was that Senator Molson gives his support to the Parti Québécois.

I want to ask honourable senators whether the reporting in question was honest and fair when the context of Senator Molson's remarks included the following, and I quote:

> I suggest to you that the most serious situation is that posed by the announced objective of the Quebec government to separate from the rest of the country.

And again I quote:

> Thus it is quite clear that if Quebec shatters the country, there will be no possibility of accommodation in currency, trade or other economic matters.

Honourable senators, if by implication the media of Canada could impute separatist motives to Senator Molson, then I can conceive of almost unlimited opportunity for distortion in reporting events in Parliament. I can only assume that some members of the media today are either fools or knaves.

At some later date I intend to initiate an inquiry into which of those alternatives is the case. I hope at that time I might enlist the support of my colleagues in constituting and carrying out such an inquiry.

PETROLEUM CORPORATION MONITORING BILL

THIRD READING

Senator Barrow moved the third reading of Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

Motion agreed to and bill read third time and passed.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

> Third reading of the Bill C-9, intituled: "An Act to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party".—(*Honourable Senator Goldenberg*).

Senator Bourget moved the third reading of Bill C-9, the James Bay and Northern Quebec Native Claims Settlement bill.

Hon. Jacques Flynn: Honourable senators, I was hoping that the sponsor of the bill would offer a few words of explanation relating to the special wording of the report of the Legal and Constitutional Affairs Committee. It would have helped me had he done so. But, since he did not, I suppose I should draw the Senate's attention to the report.

The bill was reported without amendment. There are, however, three paragraphs in the report that I should like to read:

> Your committee was very much impressed with the evidence presented to it by spokesmen for native groups who were not parties to the James Bay Agreement and is seriously concerned that subclause 3(3) of Bill C-9 provides, in respect of the Territory referred to in the James Bay Agreement, for the extinguishment of all native claims, rights, title and interests of all Indians and all Inuit whether or not they were parties to, or represented by parties to, the Agreement.

● (2110)

> Your committee is also seriously concerned that the bill does not specifically provide for a right to compensation in favour of any person who was not a signatory to the Agreement and who has a valid claim relating to the Territory.
>
> Your committee has nevertheless decided to rely on the good faith of the Government of Quebec to negotiate with such third parties, under the terms of section 2.14 of the Agreement, in order to ensure that, in any case where a valid claim is established, compensation will be accorded on the same basis as it would have been accorded had such parties been entitled to participate in the compensation and benefits of the Agreement.

As you can see from this report, even though the bill was not amended, there were serious doubts expressed in committee, and I think it would have been very interesting for members of the Senate to be able to look at the minutes of the committee meetings and see how worried certain senators were. And they must still be worried about the problem that the report alludes to.

As you know, the James Bay Agreement is an agreement involving the James Bay Energy Corporation, the James Bay Development Corporation, the Quebec Hydro Electric Commission, the Government of Canada and the Government of

Quebec, on one side. On the other side one finds the Grand Council of the Crees of Quebec and the Northern Quebec Inuit Association. By this agreement there is a transfer of the territory described in the agreement to the Government of Quebec and the agencies I have just mentioned as against some compensation to the associations of Indians and Inuit represented in the agreement. The question is whether by this agreement and by the legislation that Parliament is called upon to pass, we are extinguishing completely and without compensation the rights of persons or groups of persons that were not parties to the agreement or represented in the agreement to which the bill refers.

The first question before the committee was: Can third parties have some title or valid claim to the territory? This question was answered in the affirmative in committee. It is a question of fact. But it is not easy to define what a native claim or title is, nor to define interests in a territory. But it seems that the committee came to the conclusion that these could exist. There is no doubt that the agreement itself suggested that there might be titles belonging to persons or groups of persons that were not parties to the agreement because in clause 2.14, which I quoted before, it says:

> Québec undertakes to negotiate with other Indians or Inuit who are not entitled to participate in the compensation and benefits of the present Agreement, in respect to any claims which such Indians or Inuit may have with respect to the Territory.

Therefore, I think this question of whether third parties have interests, rights or claims to the territories, has to be answered in the affirmative; at least the possibility exists. There is no doubt about that.

Then, the second question is whether by this legislation we are extinguishing all the rights of these third parties, even their right to compensation. I suggest that the evidence to date indicates that is exactly what Parliament is called upon to do. I refer you to subclause 3(3), which says:

> All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit, wherever they may be, are hereby extinguished—

There is another part of the clause which I will not quote because I suggest it has no relevancy to the question, and it would only confuse the argument that I wish to make. "Are hereby extinguished." There is no reference to compensation. But the right to compensation could be among the rights that are mentioned in this text. "All native claims, rights, title and interests"—it is quite clear that the interpretation could be made under this text that the right to compensation of persons who are not party to the agreement are extingushed. And evidence has been adduced in committee that there are some Indians and some Inuit who were not parties to the agreement. They came before us and they went to Quebec on several occasions to claim that they have claims, rights, interests and title to parts of the territory. Therefore, the second question of whether we may be extinguishing the right to compensation by giving a valid and complete title of territory to the Government of Quebec and its agencies has to be answered in the affirmative; that is, that this right to compensation because of this expropriation—the normal rights of compensation—would be extinguished.

The argument was made in committee that since the agreement and the bill are silent, the right to compensation does not disappear, that the formula that one must rely upon is common sense and the normal right of compensation for people who are expropriated. We tested that formula. The committee decided to submit to the Government of Quebec a text in which we said that notwithstanding the extinguishment of all the rights—in other words, notwithstanding the transfer of a valid title—to the Province of Quebec and its agencies, the right to compensation of Indians and Inuit who were not a party to, or were not represented by a party to, the agreement would continue to exist, and they would continue to be entitled to compensation.

● (2120)

We asked, in effect, whether they agreed that this was the interpretation we should give to subclause 3(3). The reply came from the Minister of Natural Resources, Mr. Bérubé, that, no, he could not agree to any amendment which would have the effect of changing the agreement. Therefore, he was admitting that his own interpretation was that there was no right to compensation. Because, had he replied, "We are prepared and we give our undertaking that this is the interpretation we will put on this text," then, obviously, we would have been in a position to say, "Well, if this is the official interpretation of this section, then we can have faith that the government will act according to the interpretation the minister is giving us now."

But, no, he said, "No; this amendment would have the effect of changing the agreement." And this amendment was not creating any right or title except to the extent that if you had a right, title or claim which was valid, then you would be entitled to compensation.

By saying no, the minister admitted that to his mind we were creating something new by adding this amendment, this subclause 3(3). It is therefore quite clear that in the mind of the Government of Quebec, if persons or groups of persons not party to the agreement have rights to the territory, the effect of the bill's becoming law would be to deprive them of those rights, and not only of their rights to the territory but also of their rights to fair compensation in lieu of the territory. There would be no adequate compensation, even supposing they were able to establish such rights and such title.

As a consequence of this reply from the Minister of Natural Resources of the Government of Quebec, I am convinced that the federal Parliament, in being invited to pass this bill without an amendment of the nature proposed to the minister by the committee, is being enticed into making an act of spoliation of the possible, if not clear, rights of persons or groups of persons in the said territory.

After we had heard the minister's reply in committee suggesting we quash the amendment, the argument we heard

proposed was that, in the first place, the right to compensation was not being excluded. But, as I have said, it is being excluded, and the minister himself has said so, because he has said it would be a change in the agreement. He said, "You are going farther than we want to go." That was his own interpretation. Do not forget that they will be the ones to enforce the act, and we know precisely what attitude they will adopt.

Another argument we were given was, "We have to rely on the good faith of the Government of Quebec." Well, how can we rely on the good faith of the Government of Quebec, when the minister himself has admitted that in his mind such an amendment would go completely contrary to the agreement. In my mind there is a large question mark there. I can do nothing more than state what I said before, namely, that it is obvious that in the mind of the Government of Quebec the claims of other persons or groups of persons, non-signatories, will not be recognized in any way. That is the position the Government of Quebec intends to take, and it intends to use this pretext as a means of extinguishing their rights. The minister has told us that if we adopt this amendment we might well hurt the two groups who have signed the agreement with the Government of Quebec, the Inuit and the Cree Indians.

Well, if we adopt this amendment and the Government of Quebec uses that fact to renege on its word in the agreement, then I can only say that it will have demonstrated its bad faith. We cannot speak on the one hand of good faith while on the other hand worrying that the Government of Quebec may act in bad faith if we act according to our consciences. I suggest to honourable senators that this is an important question of justice. I have never heard of any expropriation without compensation, but that is precisely what we are being invited to sanction by passing the bill in its present form.

For those reasons, honourable senators, I intend to move an amendment along the lines of the amendment we discussed in committee. Again, I repeat that this amendment will not create rights but will simply say, if certain valid rights are established, then those who have those rights should be compensated for them on the same basis as those whose rights are covered by the agreement. That is quite obvious. Indeed, if I may refer again to the report of the committee, it states:

> Your committee has nevertheless decided to rely on the good faith of the Government of Quebec to negotiate with such third parties, under the terms of section 2.14 of the Agreement, in order to ensure that, in any case where a valid claim is established, compensation will be accorded on the same basis as it would have been accorded had such parties been entitled to participate in the compensation and benefits of the Agreement.

Before I move the amendment I have referred to, honourable senators, may I just say a word about section 2.14 by which the Government of Quebec plans to undertake its negotiations. It is quite clear that this is only an undertaking to negotiate, and not an undertaking to compensate. Once the bill is passed in its present form, if the rights are extinguished, the obligation to negotiate with people who have no rights at all will mean absolutely nothing.

Senator Grosart: It would be meaningless.

Senator Flynn: I move, therefore, seconded by Senator Grosart, that Bill C-9 be not now read the third time, but that it be amended by adding immediately after subclause 3(3) on page 3 the following:

> (3.1) Notwithstanding the extinguishment under subsection (3) of the native claims, rights, title and interests referred to therein, nothing in that subsection affects the right of any person or group of persons in Canada who was not a party to, or who was not represented by a party to, the Agreement to receive, in respect of any valid claim relating to the Territory, compensation on the same basis as it would have been accorded had such person or group of persons been entitled to participate in the compensation and benefits of the Agreement.

Senator Laird: Honourable senators, perhaps in view of the fact that I am the member of the committee who moved the report in its present form—

Senator Grosart: The motion has not been put.

Senator Laird: I am sorry. I did not give Her Honour the Speaker an opportunity to read the amendment. I apologize.

Senator Grosart: Let the motion be put.

The Hon. the Speaker: It is moved by the Honourable Senator Bourget, P.C., seconded by the Honourable Senator Goldenberg, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that Bill C-9 be not now read the third time, but that it be amended by adding immediately after subclause 3(3) on page 3 the following:

> (3.1) Notwithstanding the extinguishment under subsection (3) of the native claims, rights, title and interests referred to therein, nothing in that subsection affects the right of any person or group of persons in Canada who was not a party to, or who was not represented by a party to, the Agreement to receive, in respects of any valid claim relating to the Territory, compensation on the same basis as it would have been accorded had such person or group of persons been entitled to participate in the compensation and benefits of the Agreement.

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

• (2130)

Hon. Keith Laird: Honourable senators, as the member of the Committee who proposed the report in its present form, perhaps I should at least say why I opposed in committee the type of amendment now proposed here by Senator Flynn. Allow me to say at the outset that I do not consider this to be a frivolous proposal by Senator Flynn at all. I believe that every person in committee was deeply concerned about the rights of so-called third parties. What happened was that negotiations with all the parties mentioned by Senator Flynn were carried on over a long period of time—my recollection of the evidence

is that it was five years. Then it was signed. The agreement included those Crees and Inuit who live in the territory affected. Apparently, beyond that, there were very small groups who were offered a right to bargain but did not exercise that right. However, one of the witnesses alleged that there were outsiders who do not live in that territory but who, nevertheless, have hunting and fishing rights there. In the agreement itself, which is approved by this bill and must be sent back to the National Assembly in Quebec City, there is a clause which, as Senator Flynn has pointed out, only goes so far as to compel the Government of Quebec to negotiate with third parties. It does not lay down any provision to the effect that a settlement must be paid. I admit that there is that weakness, and I went along with the move to see if we could reach agreement to make it 100 per cent sure because, as a lawyer, I am not 100 per cent sure of the interpretation based upon extinguishment of rights by Senator Flynn. I wish I were sure one way or the other, but I admit that it is a matter of some doubt.

The only reason I moved that the bill be reported without amendment, but subject to a strong recommendation regarding third parties, was that I felt if we amended the legislation it would have to be returned to the House of Commons, and I was just afraid that it would end up being lost in the shuffle or dying on the order paper, and there is a deadline of November 1, 1977, involved. That is the one reason that with reluctance I had to oppose Senator Flynn's proposal and subsequent amendment. It is for those very reasons that I am afraid I must oppose the amendment now, I am afraid that if the bill does become lost in the shuffle in the other place, or dies on the order paper, the Inuit and the Crees who live in this area will not be compensated.

Senator Flynn: Why?

Senator Asselin: Why?

Senator Laird: In accordance with the terms of the agreement, and it will have to start all over again.

Senator Flynn: Why?

Senator Laird: Because there simply will not be time to negotiate everything all over again.

Senator Grosart: Why?

Senator Laird: That is my sole reason for—

Senator Flynn: They are not concerned about this amendment.

Senator Laird: If it is amended it must go back to the House of Commons, and I am afraid of what would happen to it there.

Senator Grosart: If it is wrong, why should it not go back?

Senator Laird: I must say that I am in entire sympathy with the desire of the committee to protect the rights of third parties. However, I am afraid that if we do it legislatively we will run into the difficulty of the bill, as amended, not making the grade in the other place. And there is this time limit. It is for that reason, and that reason alone, I must vote against the amendment.

Senator McElman: May I ask a question of Senator Laird? You said that this bill has to go back to the National Assembly in Quebec City?

Senator Laird: Yes.

Senator McElman: What do you mean by that?

Senator Laird: All I know is that I have heard through hearsay that the National Assembly must deal with it again and confirm it, after we confirm it here. Senator Bourget, the sponsor of the bill, is actually my authority for that. If he has anything to add on the subject, he may do so.

Senator McElman: Do you not find it inconceivable that a bill passed in this house would have to be approved by any provincial legislature?

Senator Laird: Of course, they are parties to the agreement.

Senator McElman: Oh, it is the agreement to which you are referring, not the bill?

Senator Laird: You see, the agreement is part of the whole deal.

Senator McElman: I understand now.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I wish to say a few words about the amendment moved by Senator Flynn.

You will recall that when I rose during the debate on second reading of this bill, I said an important principle was at stake. I must say from the outset that I am very disappointed by the reasons which Senator Laird has just given us to explain why he is opposed to the amendment moved by the opposition leader and to ask honourable senators to reject it. Senator Laird says it will delay future negotiations with the Inuit and the Crees. Not so. It has already been decided, they have their arrangements. The amendment moved by Senator Flynn will not delay in any way arrangements already made with the Inuit and the Crees.

One must fully understand the issue. When Senator Laird says that if the amendment is accepted it will delay settlement between the Crees and the Inuit, I suggest he has misinterpreted or misunderstood the agreement. He adds that if the bill is referred to committee with Senator Flynn's proposed amendment, by doing so we shall cause this bill to die on the order paper at the end of the session. But if Senator Laird were to study the report of the committee of the other place, he will see that several members of the Commons have also put this matter before the minister with an amendment similar to that proposed by the opposition leader. What has been the answer of the minister? As Senator Flynn said earlier, he thought the amendment moved in the committee of the other place should not be accepted because there was, he said, a guarantee in the agreement, under subsection 2.14 regarding Quebec's commitment to negotiate, not to recognize the extinguishment of rights, because rights are being extinguished—not to recognize

a compensation, but to negotiate with third parties who did not take part in the agreement.

If my information is correct, I do not think the minister would look unfavourably upon the amendment moved by the opposition.

Furthermore, I think the Senate should for once not create a precedent but impress on the Government of Quebec that it should correct an injustice and say the same things it was saying when it was in the opposition. But now that he is in power, the Minister of Natural Resources is telling a different story. I would remind honourable senators that when the Parti Québécois was in the opposition, through its parliamentary leader, Mr. Jacques-Yvan Morin, it had expressed on behalf of the Parti Québécois certain reservations about the passage of the bill before the National Assembly precisely on that matter which is under consideration and which we are discussing tonight. Just recently, Mr. Morin told reporters that he had not changed his mind on the positions he had taken when he was the Leader of the Official Opposition.

I regret to say, also, that the reasons given by Senator Laird for not supporting the amendment disappoint me greatly because we have before us a most important principle to stand for.

Senator Perrault suggested yesterday that the Senate should pursue its goals which are to protect the rights of minorities, regions and provinces. Well, honourable senators, we are faced with a case of minority rights, and they are being denied rights they have under certain titles they will be able to prove. I am not impressed, as I say, by the suggestion that certain inconveniences could arise if the bill were passed as amended by the Leader of the Opposition, that it could create problems for certain parties. But at least the Senate would have played its role as a protector of minorities. It would be extremely disappointing in face of such a clear and patent case, as the Leader of the Opposition explained, that the Senate should again make up reasons for suggesting it cannot play its role because inconveniences might arise if the amendment were accepted.

Honourable senators, we have to correct a grave injustice that third parties who are not party to the agreements will have to suffer if the Senate does not intervene by passing the amendment that is now before us. I regret to say that I would not be very proud of the Senate if for subordinate reasons it were to let the opportunity go by to stand for the principle of protecting minority rights. I hope, honourable senators, that before you vote against the amendment you will think about it twice because it is our duty, as I said, to carry out our responsibilities, and particularly to safeguard a principle that is dear, that is important to third parties who are not party to the agreement. So, obviously, I wholeheartedly support the amendment put forward by Senator Flynn.

• (2140)

[*English*]

Hon. H. Carl Goldenberg: Honourable senators, I do not propose to debate this issue. I merely rise in fairness to the committee of which I have the honour to be chairman.

The point raised by Senator Flynn was that the term in the clause to which he objects, namely, "All native claims, rights, title and interests, whatever they may be," covers everything. He said that at the committee meeting. I was asked to invite someone who could give us a legal opinion on that, and therefore contacted the Minister of Justice. I was told that Mr. Paul Ollivier, the Acting Deputy Minister, would be in a position to answer questions in this regard since he was, in one way or another, involved in the drafting of the bill. I just want to report to the Senate what Mr. Ollivier said, and I quote from the proceedings of the Standing Senate Committee on Legal and Constitutional Affairs of June 21, 1977.

> SENATOR FLYNN: No; the clause provides: "all native claims, rights, title and interests, whatever they may be . . ." That covers everything.
>
> MR. OLLIVIER: I would say that it does not cover the right to compensation, but that right only arises following the extinguishment, so we do not extinguish the right to compensation.

Senator Flynn: On a point of order. Senator Goldenberg seems to indicate that I said that there was unanimous agreement with my interpretation of that. If you want to say that some people disagreed, I accept that. I know that full well.

Senator Goldenberg: I certainly did not say that everyone was in agreement. I said most distinctly that this was the point made by Senator Flynn in committee, and it was a proper point. In answer to a request by the committee I called upon someone who could give us a legal opinion, and this person was the Acting Deputy Minister of Justice who was involved in this.

I will repeat what I have said. I am quoting Mr. Ollivier's reply to Senator Flynn.

> MR. OLLIVIER: I would say that it does not cover the right to compensation, but that right only arises following the extinguishment, so we do not extinguish the right to compensation.

Again, Mr. Ollivier, in answer to further questions, said:

> I must say that I do not see how we can extinguish a right to compensation before the right arises and it only arises as a result of extinguishment.

I repeat, honourable senators, in fairness to the committee—and Senator Flynn may laugh, although I do not think it is a laughing matter—that the committee did get this opinion from the Acting Deputy Minister of Justice.

Senator Flynn: May I put a question, Senator Goldenberg? How does he interpret the reason given by Mr. Bérubé for refusing the amendment? He said that the agreement would be changed if we were to say that their right of compensation does not disappear. How can you reconcile the view of Mr. Ollivier with that of Mr. Bérubé, who is the Minister of National Resources of Quebec and who said that if we adopt this amendment we are going to change the agreement?

Hon. Raymond J. Perrault: In making a brief statement on this bill I want to assure honourable senators that I have been

in active contact with the minister responsible in the other place, the Honourable Warren Allmand, who has made a very concerted effort to try to accommodate differences of opinion, and has attempted to negotiate the best possible arrangement with the Province of Quebec, as did his predecessors in that office.

Like all agreements, this one represents, inevitably, a meeting of minds. It may not represent perfection, either for the federal government or for the Province of Quebec, but it is the kind of compromise agreement which will undoubtedly confer substantial benefits upon the indigenous peoples of one of our important Canadian provinces.

I would like to review chronologically some of the considerations which have arisen during the process of negotiating this agreement. The extinguishment of native title in the territory covered by the James Bay and Northern Quebec Agreement was a fundamental issue between the Governments of Canada and Quebec throughout the negotiations on the James Bay and Northern Quebec Agreement. This is well known to all honourable senators. It is well known not only to members of the Senate committee but to members of both houses of Parliament. Quebec has held to its position that the extinguishment of all native interests in the territory was a pre-condition to its negotiating and signing an agreement with the Crees and Inuit. Canada recognized that other groups might have some interest in the territory, and, therefore, it was the federal government which insisted, after hard bargaining, on the inclusion of section 2.14, to protect the rights of native non-signatories, as a condition of extinguishment. There was a major challenge to the federal negotiating team to make certain that other groups who might have an interest in the territory be protected.

● (2150)

Upon the signature of the agreement, Canada and Quebec undertook to pass the necessary legislation to bring the agreement into effect. The agreement provides that such legislation must not impair the substance of the rights, undertakings and obligations provided for in the agreement, the obligation to compensate people who may not be formally within the terms of the agreement at this point. The proposed amendment goes beyond the agreement in purporting to impose additional obligations on one of the parties, namely, the Province of Quebec.

At the request of the Chairman of the Legal and Constitutional Affairs Committee, our distinguished colleague, Senator Goldenberg, and after a personal discussion which I had with the Honourable the Minister of Indian and Northern Affairs, the minister wrote to the Honourable Yves Bérubé in the Province of Quebec to determine whether Quebec would accept an amendment to Bill C-9 as proposed in the committee. By letter dated June 14, Mr. Bérubé wrote the minister indicating that the proposed amendment, or any other amendment along the same lines, would not be acceptable to Quebec.

Senator Asselin: Did he say why? Did he explain the reason?

Senator Perrault: This position was taken by Mr. Bérubé, and I will—

Senator Asselin: Did he say why?

Senator Perrault: Please allow me to finish my statement, senator, and I may be able to answer some of your questions. I understand the complete text of this letter was tabled in the committee.

It is clear that if the bill were amended as proposed, or along similar lines, the Government of Quebec would consider the federal government in breach of the agreement. This could have the effect of delaying or even endangering the benefits to which the Crees and the Inuit of Northern Quebec are entitled under the agreement. It must be remembered that these two groups comprise about 90 per cent of the native population in the territory.

Another potentially dangerous consequence of any amendment is the effect on the current negotiations with the Naskapis of Schefferville who are not party to the agreement, but who are negotiating a settlement pursuant to section 2.14 of the agreement. They are now negotiating as a group under the terms of this compromise agreement including the condition—this protection of native rights—insisted upon by the federal negotiators. In the negotiations thus far Quebec and Canada have offered to the Naskapis substantially the same benefits as the Crees and Inuit will enjoy under the agreement. This is an indication that this section does have substance and is meaningful, and is going to result in benefits for those who may not be formally within the terms of the agreement. These benefits go far beyond any compensation which Quebec could be obliged by federal legislation to give the Naskapis. This point is extremely important. We have one group whose benefits are now under negotiation as a result of the federally-negotiated section 2.14, and negotiations are proceeding extremely well.

I have been advised by the minister that there remain approximately 1,200 natives, although that number could be higher—it is an approximate figure—living in the territory who are not parties to the agreement. While they may have some rights in the territory, most of the land traditionally used and occupied by them is outside of the territory and is not affected in any way by the extinguishment provisions of the bill. Quebec is obliged to negotiate with these natives, as well as any native groups living outside of the territory, if they can establish rights therein. Canada has agreed, both in section 2.14 of the agreement and in the 1973 policy statement on native claims, to participte in the settlement of any valid claims in the area. So the federal government has not adopted the attitude of some sort of Pontius Pilate. It is not right to say that the Canadian government is not concerned about the rights of these native groups. The Canadian government, the federal government, remains very much concerned that justice be done to all of these groups both within and outside the formal terms of the agreement.

In summary, what is the situation that we have before us tonight? Quebec has made its position very clear. Any amendment that compels, or has the effect of compelling, the Prov-

ince of Quebec to enlarge its undertakings is not acceptable. The minister, I understand, has gone to the Quebec government four times now suggesting how we would like additional strengthening of this proposed agreement. The Government of Quebec has not been receptive to the idea of moving beyond the present negotiated point.

Senator Flynn: That proves that we are right.

Senator Perrault: Honourable senators, I have yet to see any bill come before Parliament which represents absolute perfection, or any agreement which represents perfection. We can review many negotiated agreements, settlements and treaties—for example, the Columbia River Treaty where both Canada and the United States, each side, felt that somehow a better agreement could have been achieved and the right of their citizens could have been more fully protected. But compromise is the very essence of negotiated agreements.

Senator Grosart: But here we are dealing with the human rights of native peoples.

Senator Perrault: If the amendment is approved, and the bill returned to the Commons, Quebec will undoubtedly claim breach of contract and stop all action on ancillary legislation flowing from the agreement. There is serious doubt, in view of the late date, that there is even sufficient time to review all of the problems before November 11, and therefore it is very possible that the agreement, which is a good agreement, could fall. This accord, this agreement, may not meet all of the conditions which some honourable senators or some members of the other place may like to see. But it certainly does not meet all of the negotiating conditions originally established by the Province of Quebec. We have, in fact, a good agreement after tough negotiation.

Honourable senators, in all candour I must say additionally that the willingness of the Province of Quebec to negotiate a settlement of claims with those native peoples within the agreement and those outside the agreement goes beyond the actions of almost any other provincial government in this country, and I suggest that honourable senators check the status of Indian rights and native land claims in the other Canadian provinces. I would like to see evidence from any other province where the kind of agreement we are discussing tonight has been placed on paper, and where there has been an expressed willingness by that provincial government to settle claims such as these on terms such as these with their indigenous peoples.

Senator Asselin: They have no hydro project.

Senator Perrault: Honourable senators, we have to be realistic and frank about this. Like all agreements, this one represents a meeting of minds. It does not aspire to perfection. It is a compromise as a result of five years of tough bargaining between provincial and federal authorities. The negotiations began, indeed, with the previous provincial Government of Quebec, so this is not a position evolved solely by the present Government of Quebec. Indeed, the negotiations began when there was a different Premier and Government of Quebec in office.

I repeat, the agreement does not represent perfection for either side, but it is a compromise agreement which offers substantial benefits for indigenous peoples in one of our provinces. If this agreement falls to the ground, those indigenous peoples will find their possible benefits placed in great jeopardy. This is not a callous washing of hands, a denial of human rights by the federal government; it is not an attitude that disregards the rights, the needs and the claims of indigenous peoples who may be outside the agreement. Indeed, the opposite position is held by the federal government. There is no such attitude of abandonment of these native peoples by the federal government at all. And there never has been by the present Minister of Indian Affairs, who has pledged that, if necessary, federal resources and powers will be brought into play to protect the rights of all those affected by this agreement.

● (2200)

On motion of Senator Grosart, debate adjourned.

APPROPRIATION BILL NO. 3, 1977

SECOND READING

The Senate resumed from Thursday, June 23, the debate on the motion of Senator Langlois for the second reading of Bill C-58, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

Hon. Allister Grosart: Honourable senators, I do not know whether I am in order in rising after 10 o'clock. Perhaps I should rise with leave.

We are dealing, of course, with an appropriation act, badly named, I might say, Appropriation Act No. 3 for 1977. I repeat the criticism I made once before. This is, of course, only the second appropriation act referring to the estimates of expenditures for the year 1976-77. I am wondering if the Leader of the Government or the deputy leader has taken any steps to bring to the attention—I am making suggestions that the Leader of the Government may be interested in if he cares to listen.

Senator Perrault: I am listening with rapt attention.

Senator Grosart: I am wondering if either the leader or the deputy leader has taken any steps to bring to the attention of those responsible, the draftsmen, Treasury Board, or whoever it might be, the absurdity of this situation where Appropriation Bill No. 1 for this year dealt with supplementary estimates (D) for last year. Surely it is time we caught up with the fact that we are now working in terms of the federal government fiscal year, not on the calendar year. We have changed it. Surely it is about time we changed this absurdity. Perhaps in due course the leader or the deputy leader will let us know if any steps are being taken to remedy this situation. It is very simple. All it means is that the next bill will be properly numbered, and that is the end of it. It does not require legislation. It requires nothing but a common sense decision on the part of somebody to number these bills in a sensible way.

This bill deals, of course, with only $14 billion. Perhaps I should apologize for using the adjective "only" in connection with it, but in terms of the kind of expenditures we are faced with and the decisions of the present government $14 billion is an "only." This is only a portion of the total of $44 billion, which are the estimates for the current year. The $14 billion is an essential part of the $19 billion of the total of $44 billion which requires endorsation by vote of Parliament. The expenditure of the other $5 billion was endorsed when we had Appropriation Bill No. 2, so-called, before us.

As the deputy leader, in introducing the bill, made it clear, the estimates this year have had a more thorough examination by our Standing Senate Committee on National Finance than at any time in many years. I compliment the chairman of our National Finance Committee, who I see is in his seat, on that great improvement in the examination of the estimates by the Senate. I understand it is his intention, and the intention of the committee, to extend that examination. I will refer to that in a moment. The committee has held three long sessions, examining the minister and the officials of the department, in considerable detail about these estimates.

However, one of the most interesting things that I think all of us who have been involved in the estimates have discovered is that they are a tremendous mine of information and a source of questions. I see Senator Benidickson here, who I think has the same reaction as I have. Every time he looks at them he finds a new question. The same applies to myself and to other members of the committee.

I think there is now general agreement in the committee, and in the Senate, that the way the National Finance Committee is proceeding makes good sense; that is, we are dealing with government expenditures in two ways, one in a general overview, which is what has taken the three sessions so far against usually one session in the past, and, secondly, the examination of individual departments or programs of departments. I think nothing indicates more clearly the absolute necessity of Parliament examining in more detail the estimates put before it than the results of the work of the National Finance Committee.

In the case of the Department of Manpower, the minister has told us that 52 of 56 recommendations of the committee have been implemented, or will be implemented, by the department, meaning that up to the time our committee looked at the procedures and programs of that department in depth there were these many things that needed to be changed. Only today, with respect to the examination of another program, the Accommodation Program of the Department of Public Works, the minister came before the committee and, in a long statement, said in effect, "You have shown us things that should be corrected, and we are relying on you to back us up to get support for these kinds of changes."

I merely say that these things indicate the depth of probing that needs to be done if Parliament as a whole—I am not just speaking of this chamber, but Parliament as a whole—is to get the kind of control of spending that Parliament is always asking. There is always a good deal of criticism of the government, that the government seems to resist any attempt by Parliament to get control of spending. On the other hand, it seems to me there is some reason to believe that Parliament itself could have done, and could do, a great deal more to get control, even if it had to be faced with majority votes against any proposal that was made. And that would apply, of course, to the committee.

Looking over the estimates again, and recalling some of the comments I have heard from honourable senators, I find many questions still unanswered. I am not saying the answers are not available. Let us start with the introductory clauses, subclause 3(2), where there is a provision that, no matter what we do here, the spending authority is in reality retroactive to the start of the fiscal year. Obviously commitments have been made. Of the vote, a total of $5 billion of $19 billion has been authorized. I suppose the departments and the Treasury Board will say, "We haven't actually spent any money that has not been authorized," although I doubt if that would stand up. Certainly they have committed it, and those commitments have the effect of spending, of course; they are commitments of the Government of Canada that will be honoured, and therefore we are in this absurd position, on almost July 1, of authorizing expenditures retroactively back to April 1.

It may be said that none of this money has been spent. Well, if it has not been spent, or if it is not the intention to spend it, what is the sense of the retroactive clause? It is either meaningful or meaningless, and it is obviously meaningful.

There is provision, for example, for $800 million, which is under the estimate of the Department of Energy, Mines and Resources, which provides for a well-known recent situation; namely, vote 15 under the Department of Energy, Mines and Resources, which deals with the Energy Supplies Allocation Board. It provides for payments—I will not go into them in detail—to persons importing crude oil or petroleum products. The purpose of such payments is to restrain prices of petroleum products to consumers, particularly in the Atlantic provinces, Quebec and that part of Ontario east of the Ottawa Valley line. That amount is $800 million. I am sure honourable senators will be interested in knowing the net expenditure by the department, because we are aware that funds to match some of this are provided by the surtax on exports of crude oil and petroleum products.

● (2210)

It seems to me that the government is not very wise in including it in the estimates in this form. It increased by $800 million the total expenditures attributed to government planning when that is not actually the case, because the government in raising some of this money by another tax, and the tax is being paid by the Americans. That is the kind of thing about which we do not hear, and often it is not raised before the ministers or officials. Only the other day I was asked a question about this by an honourable senator.

For example, we have some $400 million now provided for the research activities of Atomic Energy of Canada Limited. Again, the question that honourable senators have asked me—and I am sure they have asked it of others—is: Where are we

going on this? What is the end result of these fantastic expenditures? I am not opposing them. I am not saying there is anything wrong with them. But we should know what these expenditures are going to provide in the future in the way of necessary energy sources in the electrical field, because there are those who say that it is not all that significant.

We have had some evidence that atomic reactors, as a source of energy, are not anything like as important as they were once thought to be. That is not my view, because I think that we are going to be in a position before long where we will rely almost entirely on coal or atomic reactors, and the evidence seems to be that energy from atomic reactors will in the long run be cheaper and less likely to pollute than coal.

However, that is the kind of thing that I suggest comes out of any kind of study of the estimates. Yet we do not seem, in any of the discussions in the other place or here, to get these broad overview reactions.

I am not suggesting that these kinds of questions should be answered now by the Deputy Leader of the Government, although he usually responds very well to any questions that we raise.

I could mention many other items that raise the same kind of questions. For example, there is provision for the federal government to acquire further land at the Pickering site. One wonders if they are going to go ahead still acquiring land after the problems which arose, but the provision is there for the government to acquire more land in Pickering when obviously they have more land than they know what to do with, as at Mirabel. There are such questions also as to the provision made in the estimates for the Treasury Board to acquire—I hope not as an investment—4.5 per cent CNR preferred stock. I do not think anyone here would recommend that as an investment.

I am merely raising these points to indicate the kind of study that these estimates seem to require. Another item, of course, would be the Treasury Board contingency fund, which is now up to $180 million. It was originally funded at high levels to provide an undisclosed cushion of available funds for negotiations with government employees. It seems to me, under the present AIB regulations, that it might not be needed. But again, I have not seen a full explanation, although the question was raised in committee.

I mention these items merely to suggest the justification for the announcement by the chairman that the National Finance Committee is engaged at the moment in the study of the factors involved in the committee's enlarging its activities. It is not an easy problem to solve. Again I compliment the chairman on the fact that he has tackled the problem and has come up with some suggested solutions which are under discussion in committee.

One announcement that was made in this chamber was that these estimates, and particularly bills arising out of the estimates, should automatically be referred to the committee of the whole. This has been discussed. Honourable senators will recall that for the first time in a very long time Appropriation Bill No. 2 was referred to the Committee of the Whole for a particular reason, that the bill was a different bill, different in substance, from the interim supply bill that had been referred to committee. There was a difference, so there was reason on that occasion.

The Deputy Leader of the Government was good enough to tell me that he was prepared to move, if it was felt necessary, that this bill go to the Committee of the Whole. I am authorized to say to him that we do not regard it as necessary in this case, largely because of the time factor, and so on. We do so, as my learned friends of the law would say, without prejudice. We are glad that the government has accepted the principle that a bill such as this, an appropriation bill, even though the estimates on which it has been based have been discussed by our committee, can still go to the Committee of the Whole if there appears to be reason why it should. However, I say to the Deputy Leader of the Government in this chamber, as I have said to him privately, that we on this side of the house do not consider it necessary in this particular case.

Hon. Léopold Langlois: Honourable senators, due to the lateness of the hour, I shall be as brief as possible in my remarks—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Langlois: My honourable friend opposite referred to this request which was made to the numbering of the appropriation bills on the basis of a fiscal year instead of a calendar year. The request was again made in March last when we had Appropriation Bill No. 2 before us, and which covered interim supply for the three months from April to June.

At that time I gave the assurance that this matter was going to receive consideration, and it did. It is still under active consideration. However, I understand that we shall have to wait at least until we have disposed of the estimates for 1977-78 before we can decide on the matter, otherwise this year we would have two bills entitled "Appropriation Bill No. 2."

• (2220)

I am confident that when we deal with the estimates for 1978-79 we will be able to adopt the practice of basing the numbering of supply bills on a fiscal year basis as opposed to a calendar year basis.

Dealing with my honourable friend's remarks concerning the funds necessary to pay the contributions to importers of crude into the area east of the Ottawa River, which was known at one time as the Borden line—and as he so indicated this evening—these expenditures are offset in part only by moneys collected from American importers of crude from western Canada. These exports of crude to the U.S. are being phased out, with the result that the funds derived from that source are declining. As we proceed with the phasing out of our exports to the U.S. on account of the shortage of reserves on this side of

the border, the offsetting of expenditures to cover imports of crude for the area east of the Ottawa River will diminish.

If my honourable friend wishes to know the net result, I would be pleased to provide that information to him, either publicly or privately. I can undertake this evening to endeavour to obtain the net result at this time. That might not, however, be the net result in two or three months from now because of the fact that the offsetting of these expenditures diminishes as our exports to the U.S. diminish.

Coming back to his remarks regarding the acquisition of lands for the Pickering Airport Project, that is another area where, if my honourable friend would give me the time, I could secure the information for him. That could be done in a matter of a day or so.

As far as the purchase of CNR bonds is concerned, I think that information has been supplied to the house already. I would only be repetitive were I to provide that information again. I am at the disposal of my honourable friend to inform him to the best of my knowledge of that situation.

As far as the matter of interim supply bills being committed to the Committee of the Whole, as my honourable friend acknowledged when Appropriation Bill No. 2 was before us, I agreed that that bill be referred to the Committee of the Whole, which it was, and I think it was a very good experience. I have had the occasion since to tell my honourable friends opposite, and particularly my honourable friend the Deputy Leader of the Opposition, that I would be ready to accept other such experiments in the future, provided I am given sufficient notice of the wish of the opposition in that respect so that I may arrange to have the necessary officials in attendance. I should have liked to have done so on this occasion as it would have been the last occasion on which we would have had our good friend Mr. Bruce MacDonald, Deputy Secretary of the Program Branch of the Treasury Board, appear before us in that capacity. As honourable senators are no doubt aware, he is to assume the post of Deputy Minister, Department of National Revenue, effective July 1. I should like to take this opportunity to thank Mr. MacDonald for the splendid work he has done in the past in informing us about the estimates and explaining the expenditures to us. I want to thank him for the devotion he has given to his job over the past years and to wish him well in his new post.

Senator Benidickson: I think all members of the committee would want to join with you in expressing that vote of thanks.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

HELSINKI AGREEMENT—PRINTED INFORMATION—INQUIRY ANSWERED

Senator Thompson inquired of the government pursuant to notice of May 18, 1977:

1. What specific efforts has the Canadian government made to promote the export of Canadian printed information to Eastern European Communist countries in view of the Belgrade Conference to be held in June to examine the implementation of the Helsinki Agreement with respect to Basket III, section 2, headed "Printed Information"?

2. What Canadian newspapers, including Canadian ethnic publications, are distributed in Eastern European Communist countries?

3. What are the countries and in what number are these publications distributed in each of these countries?

Senator Perrault: The answer to the honourable senator's inquiry is as follows:

1. The provision on "Printed Information" in Basket III, section 2, as it applies to Canada, relates to the intention of Canada to facilitate the dissemination in Canada of printed information from other participating states. It does not deal with the export from Canada of printed information.

2. The Canadian government itself does not distribute Canadian newspapers. The Toronto *Globe and Mail* is the only Canadian newspaper on which we have information regarding commercial sales.

3. USSR: 50 copies of the *Globe and Mail* daily in 1976, now increased to 60 copies apparently for sale at certain newstands in Moscow, Leningrad and Kiev plus 4 subscriptions to two institutions in Moscow. Czechoslovakia: 11 subscriptions of the *Globe and Mail* apparently for sale in Prague.

The Senate adjourned until tomorrow at 2 p.m.

(See p. 1000)

REPORT

ON

THE WHITE PAPER

ON

CANADIAN BANKING LEGISLATION

THE STANDING SENATE COMMITTEE ON
BANKING, TRADE AND COMMERCE

CONTENTS

Summary

I GENERAL INTRODUCTION

II CANADIAN PAYMENTS ASSOCIATION
- (a) Introduction
- (b) Constitutional Aspect
- (c) Reserves
- (d) Quebec Savings Banks Act
- (e) Responsiveness of near-banks to monetary control
- (f) Membership
- (g) Recommendations

III RESERVES FOR CHARTERED BANKS
- (a) Introduction
- (b) Amount and form of reserves
- (c) Primary Reserve
- (d) Secondary Reserve
- (e) Payment of Interest on Primary Reserve
- (f) Reserves on Term Deposits
- (g) Reserves on Foreign Currency Deposits used Domestically
- (h) Recommendations

IV ENTRY INTO BANKING
- (a) Incorporation of new banks
- (b) Ownership of bank shares by Provincial Governments

V FOREIGN BANKS
- (a) General considerations
- (b) Restrictions (1) as to size
  (2) number of offices
  (3) share of commercial lending
- (c) Reciprocity and foreign ownership
- (d) Banking Consortiums and affiliated interests in other banks
- (e) Other proposals
- (f) Transitional provisions
- (g) Constitutional aspect
- (h) Limitations on borrowing on guarantee of parent
- (i) Recommendations

VI BANK BUSINESS POWERS
- (a) Financial Leasing
- (b) Factoring
- (c) Residential Mortgages
- (d) Data Processing
- (e) Securities
- (f) Trust and Quasi-Trust Activities
  - (1) Mutual Funds
  - (2) Registered Retirement Savings Plans
  - (3) Registered Home Ownership Plans
  - (4) Real Estate Investment Companies
  - (5) Portfolio Management
- (g) Bank Investments in Canadian Corporations
  - (1) Banking Operations
  - (2) Non-Financial Business
- (h) Extension of Credit against Security
- (i) Non-banking Activities of Special Social or Economic Benefit

VII BANK CORPORATE POWERS

Canada Business Corporations Act
- (a) Methods of financing
- (b) Financial disclosures
- (c) Loans to Directors
- (d) Appointment of Bank Auditors
- (e) Limitation on Holding of Bank Shares
- (f) Adequacy of Capital and Liquidity

VIII INTENDED SUBJECT MATTER OF REGULATIONS

APPENDIX A

Comparison of White Paper Proposals for cash reserves with Senate Committee's suggestion

APPENDIX B

Chartered bank reserves Schedule I
Schedule II

SUMMARY

The following is a summary of the major points and recommendations reported upon by the Standing Senate Committee on Banking, Trade and Commerce in respect of the White Paper on Canadian Banking Legislation, August 1976.

Canadian Payments Association

• The White Paper proposes that a Canadian Payments Association be established by companion legislation to the Bank Act. All institutions accepting deposits transferable by order, including near-banks such as trust companies, caisses populaires and credit unions, will have direct access to national clearing facilities on a cost-sharing basis and will have certain borrowing facilities at the central bank. The White Paper proposes to require members to provide cash reserves to the extent of 2 per cent on the first $500 million of notice deposits and term deposits with an original term of one year or less, or longer if encashable, and 4 per cent on the excess over $500 million. The White Paper proposes that these reserves would be provided not only for clearing purposes and would bear equitably on all institutions including banks and near-banks, but also would provide a framework for monetary control. While in favour of the general principle of forming a Canadian Payments Association in order to give near-banks direct access to the national clearing system, the Committee is not in agreement with the necessity of extending monetary control at this time to near-banks, does not agree with the magnitude of the cash reserves as proposed and recommends that clearing members be required to maintain cash reserves based on chequable deposits (deposits transferable by order), only, in an amount reasonably necessary for clearing settlement purposes.

• The Committee recommends that each clearing member should be required to maintain two reserves for clearing purposes

(a) A Clearing Settlement Cash Reserve calculated by estimating a member's clearing settlement requirement based on its clearing drawdown experience in the previous year plus an adjustment to provide for estimated growth in requirement; but in any case this reserve should not be less than 1 per cent or more than 3 per cent of the member's chequable deposits (deposits transferable by order).

(b) An Overdraft Security Reserve which would be equal in amount to the Clearing Settlement Cash Reserve. This reserve would consist of interest-bearing Government of Canada bonds and treasury bills. Temporary borrowings could be made by a member against its Overdraft Security Reserve to cover occasional overdrafts, if any, in its Clearing Settlement Cash Reserve.

• The cash and investments for the above recommended Clearing Settlement Cash Reserve and Overdraft Security Reserve would be deposited by clearing members with the proposed Canadian Payments Association and by it with the Bank of Canada.

• The Bank of Canada would act as the depository for the said cash and investments in the reserves of members of the proposed Association.

• The Committee recommends that the Bank of Canada pay to the proposed Canadian Payments Association a reasonable rate of interest on the amount of cash balance in the Clearing Settlement Cash Reserve on deposit with the Bank of Canada and that the proposed Association allocate to each member its proportionate share.

• The Committee recommends that membership in the proposed Canadian Payments Association either as a full clearing member or as a non-clearing member should be compulsory for all financial institutions which accept deposits transferable by order.

Further, the Committee recommends that near-banks above a certain size be clearing members unless they elect to be non-clearing members. A non-clearing member would elect to clear through a clearing member and would keep its clearing settlement reserve accounts with that clearing member. The clearing member would be required to match the non-clearing member's reserve accounts by equivalent amounts of cash and securities in its reserves with the Canadian Payments Association.

• The Committee also recommends that the reserves which would be provided by chartered banks under the proposed Canadian Payments Association be considered as part of and an offset against their primary cash reserve and secondary reserve for purposes of calculating their reserves under the Bank Act.

Reserves for Chartered Banks

• The White Paper proposes that the legislative requirement for the equivalent of the present primary reserves required by chartered banks under The Bank Act be transferred to the proposed Canadian Payments Association Act. The Committee, however, recommends that the statutory requirements for the primary and secondary reserves required from chartered banks remain in their present general form under The Bank Act and the Bank of Canada Act.

• The Committee recommends that mandatory primary cash reserves required of chartered banks under the Bank Act be reduced from the present 12 per cent of demand deposits and 4 per cent of notice deposits payable in Canadian currency to 10 per cent and 3 per cent respectively; that the secondary reserve rate be maintained unchanged within a range of 0 per cent to 12 per cent of Canadian dollar deposit liabilities as at present, and that a substantial proportion of such secondary reserve, such as 20 per cent, be permitted to be made up of a broad range of short-term federal and provincial government and government guaranteed securities.

• The primary cash reserve is intended for liquidity purposes, but the amount in the past has been greatly in excess of requirements; the Bank of Canada invests these excess reserves and earns interest on such investments. The Committee recom-

mends that the Bank of Canada pay interest to the chartered banks on the primary cash reserve required by the Bank Act (exclusive of the amount of cash required for clearing settlement purposes and subject to a deduction for expenses in connection with the handling of such reserve and the investment thereof.)

• The Committee is not in favour of the proposal to relieve banks of the requirement to maintain primary cash reserves against notice deposits of a term in excess of one year which are encashable, unless there is some requirement for banks to match the maturity of the increased amount of term deposits with investments in mortgage loans in order to maintain an adequate flow of funds into residential mortgages. A reduction of the primary reserve requirement from 4 per cent to 3 per cent of notice deposits as recommended above would narrow the rate differential between banks and near-banks.

• The White Paper proposes that reserve requirements with respect to foreign currency deposits used in Canada be at the 4 per cent rate. The Committee is of the opinion that this would put Canadian chartered banks at a rate disadvantage in competing with foreign controlled financial institutions in Canada which are not subject to reserve requirements under The Bank Act. The Committee recommends that this proposal not be implemented unless the Bank of Canada pays interest to the banks on such reserves.

Entry into Banking

• The Committee recommends that if the White Paper proposal to permit incorporation of new banks by letters patent is adopted, an appropriate committee be established to review applications for incorporation, to permit interested parties to make representations and to make recommendations to the Minister whether or not incorporation should be granted.

Ownership of Bank Shares by Provincial Governments

• The Committee is not in favour of the White Paper proposal to permit provincial governments to hold, own or vote, directly or indirectly, capital stock shares of banks.

Foreign Banks

• The White Paper proposes to provide a basis for Canadian affiliates of foreign-owned banks to operate under Canadian banking legislation with a view to achieving a balance between maximizing competition and ensuring that control of the financial institutions remain predominantly in Canadian hands.

• The Committee recommends the approval of the White Paper proposal, subject to modifications below, to place the following limits on the growth of foreign owned banks in Canada:

—restriction of the combined market share of such banks to 15 per cent of total commercial lending in Canada

—a limit in growth of an individual foreign bank's Canadian subsidiary to $500 million of assets or 20 times its authorized capital based on approved increases in its authorized capital to $25 million.

• The Committee recommends that any limitations on size be indexed to the growth of Canadian bank assets in Canada to permit such banks to grow reasonably after they reach the above limits on size.

Your Committee also recommends the approval of the White Paper proposals to restrict foreign bank subsidiaries to one place of business, or with the approval of the Minister of Finance a maximum of five branches, but that further increases be permitted as may be deemed advisable under reciprocity arrangements with other countries.

• The Committee is opposed to the proposed denial of the possibility of borrowing in the Canadian market on the guarantee of the foreign parent; the Committee recommends that such borrowing not be prohibited, but be limited to 50 per cent of the Canadian affiliates' total combined borrowing liabilities and shareholders' equity.

• The Committee recommends that "affiliate" and "foreign bank affiliate" be defined in any amending legislation in relation to the operations of a foreign bank subsidiary and its parent in a joint venture or consortium in Canada (in association with other banking interests either a foreign bank, a foreign bank subsidiary or a Canadian bank).

Financial Leasing

• The Committee recommends the approval of the White Paper proposal to permit banks specifically to engage in financial leasing of equipment on a non-operating full pay-out basis, but recommends that dependence on a residual value of the equipment should be limited to 10% of the acquisition cost and not 20% as proposed in the White Paper, and further that banks be permitted to engage in financial leasing operations through separate wholly-owned subsidiary companies.

Factoring

• The Committee recommends the approval of the White Paper proposal to permit banks specifically to engage in factoring, and that banks be permitted to conduct factoring through separate wholly-owned subsidiaries.

Residential Mortgages

• The Committee recommends that the present limit on a bank's mortgage portfolio be raised from 10% of Canadian dollar liabilities and debentures to 15%, instead of the limit being removed altogether as proposed in the White Paper.

Investment in Shares of Banks by Credit Unions and Caisses Populaires

• The Committee recommends that centrals, federation or regional unions be deemed to be associated with their member credit unions and caisses populaires, and the Committee recommends that their combined holdings of shares in a bank, directly or indirectly, be limited to 10% of the outstanding shares, and not 25% as proposed in the White Paper.

Investments in Canadian Corporations

• The Committee recommends that the time limit for banks to dispose of excess investments in Canadian corporations and

joint ventures be extended from two years as proposed by the White Paper to five years in order to permit an orderly divestiture.

Data Processing

• The Committee recommends that the proposal in the White Paper to place a restriction in the Bank Act concerning the limitation of banks to providing data processing services directly related to the making of payments not be approved, for the reason that sufficient restriction and protection against unfair competition is already embodied in the Combines Investigation Act and the proposed amending legislation (An Act to Amend the Combines Investigation Act—Bill C-42 presented for first reading on March 16, 1977).

Securities

• The Committee recommends the adoption of the White Paper proposals to specify areas for dealing in securities where banks will be permitted or excluded, such as, for example:

Excluded—underwriting corporate securities
—acting as agent in private placements.

Permitted—distributing corporate securities as members of a selling group; distributing federal securities
—underwriting and distributing securities of federal government agencies, securities of provincial and municipal governments as well as securities of international agencies of which Canada is a member.

Quasi-Trust Activities
Mutual Funds

• The Committee recommends the adoption of the White Paper proposal that banks be prohibited from the management of mutual funds in order to avoid potential conflicts between the bank as commercial lender and fund manager.

Registered Retirement Savings Plans and
Registered Home Ownership Savings Plans

The Committee recommends the approval of the White Paper proposal to restrict banks to offering registered retirement savings plans (RRSPs) and registered home ownership savings plans (RHOSPs) in the form of deposit plans only. Banks will also be permitted to offer bond and equity plans in respect of RRSPs and RHOSPs provided the proceeds are handed over for management to a fund operating at arm's length from the bank; this is to avoid possibilities of conflict of interest, the bank acting as a vendor of bond and equity RRSPs and RHOSPs, and acting as fund manager.

Real Estate Investment Trust and
Mortgage Investment Companies

• The Committee recommends the approval of the White Paper proposal that banks be permitted to continue to act as advisors for real estate investment trust (REITs) and mortgage investment companies (MICs) on the condition that the REITs and MICs have a board of trustees or directors, the majority of whom are independent of the bank.

Portfolio Management, Investment Counselling and Securities Advising

• The Committee recommends the approval of the White Paper proposals to restrict banks from portfolio management and investment counselling other than for real estate investment trusts and mortgage investment companies, and to permit advice on particular securities to small clients or infrequent investors with no other contracts in the financial community.

Other Financial Activities

• Except as authorized by the Bank Act for investments in such companies as mortgage loan companies and bank service corporations, the White Paper proposes that banks would not be permitted to acquire more than 10% of the voting shares of Canadian corporations engaged primarily in financial activities. Provision is made in the proposals of $5 million limit to be exceeded temporarily, for investments of $5 million or less and for ownership in venture capital corporations. Provision is also made for disposal of excess investments to be divested within two years; provisions for the limit on and disposal of venture capital investments are to be subject to regulations.

• The Committee recommends the approval of these White Paper proposals but recommends that the time limit for disposing of excess investments and mature venture capital investments be extended from two years to five years.

Extension of Credit Against Security

• The Committee recommends the approval of the White Paper proposal to modify the Bank Act to meet developing and changing needs such as extension of facilities to give security and borrow on mineral reserves, on feed for livestock and for the purpose of overhauling of agricultural equipment.

Non-Banking Activities of Special Social or Economic Benefit

• The Committee recommends the approval of the White Paper proposal to regularize the sale by banks of urban transit tickets, lottery tickets which are sponsored by federal, provincial and municipal governments and on a non-profit basis, tickets for projects of a non-commercial and public service nature. The Committee recommends however that banks should be permitted to sell tickets on a remunerative basis only for projects of a certain restricted and specified nature.

Bank Corporate Powers

• The Committee recommends the approval of the following White Paper proposals designed to improve and clarify the corporate powers of banks in the following areas:

Coordination with the Canada Business Corporations Act

Coordination with the Combines Investigation Act

Broadening of methods of financing by banks

Improvement in financial disclosures to shareholders and to the public

Extension of provisions concerning loans to directors

80014—25

• The White Paper notes that the appointment of individuals as auditors of banks has given rise to some difficulties where the individuals have been unavailable on short notice in connection with bank business. The White Paper proposes that banks be permitted the option of appointing either individuals or firms. The Committee recommends that firms of public accountants be appointed as auditors, but with the bank being required to designate the name of the partner it wishes to direct the audit work.

• Your Committee recommends that the government institute a study on the adequacy of capital of banks, embracing such matters as liquidity, leverage and capital structure, with a view to developing minimum standards for Canadian banks applicable to both domestic and foreign operations.

Regulations

• The Committee recommends that particular attention be given to the matter of attempting to administer the Bank Act through regulations.

The Committee further recommends that a draft of the proposed regulations be issued for public examination at the time the Bill to Amend the Bank Act is presented.

Report of the Standing Senate Committee on Banking, Trade and Commerce

Relating to the Subject Matter of the White Paper on the Revision of Canadian Banking Legislation—proposals issued on behalf of the Government of Canada by the

Honourable Donald S. Macdonald

Minister of Finance

August 1976

28 June, 1977

I

GENERAL INTRODUCTION

In August 1976 the Minister of Finance issued the White Paper on the Revision of Canadian Banking Legislation. This White Paper was tabled in the Senate on Thursday, 21st October, 1976.

On November 3, 1976 the Standing Senate Committee on Banking, Trade and Commerce was authorized by the Senate to examine and report upon this document and the subject matter of any bill arising therefrom, in advance of such bill coming before the Senate or any matter thereto.

In accordance with the Order of Reference, your Committee has given careful consideration to the said White Paper and in connection therewith had the benefit of the services and expert assistance of Mr. Charles Albert Poissant, C.A., and Mr. John F. Lewis, C.A., of Thorne Riddell & Co., Chartered Accountants, advisers to the committee and retained its legal counsel, Mr. David W. Scott, Q.C., of Scott & Aylen.

For purposes of brevity and identification "White Paper on the Revision of Canadian Banking Legislation—proposals issued on behalf of the Government of Canada by the Honourable Donald S. Macdonald, Minister of Finance, August 1976" will be referred to in this report as the "White Paper" and the Standing Senate Committee on Banking, Trade and Commerce will be referred to as "your Committee" or "the Committee".

Your Committee has studied carefully the contents of the White Paper and has in the course of such studies received and listened to representations from various organizations and other interested parties. In addition to the representations and submissions made during the hearings, your Committee received a considerable number of letters and other communications from companies and associations who did not appear before your Committee. Copies of many submissions made to the Minister of Finance, pertinent to the White Paper, were also made available to and were studied by your Committee.

Your Committee devoted several meetings to a study of the White Paper and held ten other meetings at which witnesses appeared before your Committee as follows:

December 1, 1976: Association of Canadian Financial Corporations

December 8, 1976: Trust Companies Association of Canada

December 15, 1976: The Canadian Bankers Association

February 15, 1977: La Fédération des Caisses Populaires Desjardins and other federations; National Association of Canadian Credit Unions

February 16, 1977: Federation of Automobile Dealers Associations of Canada

March 9, 1977: Montreal City and District Savings Bank

March 23, 1977: Citicorp Ltd.; Barclays Canada Limited

March 30, 1977: Toronto-Dominion Bank

April 27, 1977: Midland Financial Services Limited

May 18, 1977: British Bankers' Association; Grindlays Bank Limited

The proposals in the White Paper, as outlined in its Summary, are "based on the assumption that Canadians want a banking and financial system which is national in scope, controlled by Canadians and as competitive as possible", (*), which your Committee agrees reflects the views of Canadians.

However, it is your Committee's opinion that, as may be determined from this report, it is quite possible that some of the changes proposed in the name of "competition" may not result in lower prices to the consumer and may not be acceptable under the existing political and economic structure in Canada.

The proposals are divided into four main groups:

(1) establishment by a Special Act of Parliament of a Canadian Payments Association which would include banks and near-banks in the evolving national electronic payments system for clearing purposes,

(2) conditions of entry of new or existing Canadian-owned institutions to the banking system,

(3) recognition and control of subsidiaries and branches of foreign banks in the Canadian banking system, and

(4) changes in and additions to the business powers and structure of banks.

The White Paper deals with a number of matters affecting not only banks but also other financial institutions. Central and most significant recommendations, however, deal with the question of reserves deposited with the Bank of Canada and the establishment of the Canadian Payments Association. These two questions are interrelated and your Committee's response to them necessarily involves a balancing of competing interests in what, in its view, represents the best interests of the public.

The single most significant recommendation is that for the first time it is proposed, through the vehicle of federal legislation, that near-banks (i.e. credit unions, caisses populaires, mortgage loan companies and trust companies) will be required to deposit reserves with the Bank of Canada. Due to the fact that only chartered banks and savings banks pursuant to the provisions of The Bank Act and the Quebec Savings Banks Act have been required to do this historically, the significance of the departure will be apparent. Apart from the

---

* White Paper Page 47

80014—25½

constitutional question, (which is dealt with hereafter), which this raises, it also raises important philosophical questions from the standpoint of the role of the central bank.

The White Paper proposes that the Canadian Payments Association be the legal body which requires the deposit of reserves by banks and near-banks. This Association which would be established by companion legislation to the Bank Act is intended to provide a uniform clearing system which would be available to all institutions, banks and near-banks, which accept deposits transferable by order, in order to establish uniformity and equality in the clearing process. Clearing by definition requires the deposit of some form of security in order to ensure that cheques cleared will be honoured ultimately and thus basically to make the system work. Presently near-banks effect clearing by depositing funds with chartered banks as security to ensure that their cheques will be honoured. Any clearing system contemplates establishment of some form of clearing balance by deposit.

The White Paper suggests that in the proposed Canadian Payments Association clearing should be done directly by clearing banks and near-banks, and that both be subject to the same cash reserves to be deposited with the central bank.

This represents a radical departure because heretofore near-banks have not been required to deposit reserves with the central bank. Evidence has clearly established that it is unnecessary to deposit these reserves with the central bank in order to establish an effective clearing system. The White Paper, however, indicates that the reserves under the proposed Canadian Payments Association would not merely perform the clearing system function but also would, in the case of near-banks, put them on an equal footing with banks in terms of central bank reserves. This would enable the central bank to assert monetary control over all financial institutions if the deposit balance in the future, which is clearly weighted in favour of the chartered banks, changes from its present position. It is claimed monetary control could not be effected by central bank requirements applying to the chartered banks alone, if the deposit balance shifted materially.

This basic White Paper reasoning breaks down insofar as conditions in the financial community are concerned today. Not only is it agreed by everyone who appeared before your Committee that "reserves" are necessary for clearing purposes but further it appears to be agreed that at this time it is unnecessary to require the near-banks to put up reserves to enable the central bank to be able to assert its statutory role in the area of monetary control. The reason is that at the present time the chartered banks have such an overwhelming share of the overall cash deposits in the system that monetary control can be effected by requiring reserves from chartered banks alone.

Apart altogether from the question of legitimacy of imposing a monetary control type of reserve requirement on the near-banks, response to the White Paper has shown that the chartered banks feel strongly that the present level and nature of reserves in unnecessarily high and constitutes an undesirable drain on the money supply.

It has been concluded by your Committee that the public interest would be best served by attempting to extract from recommendations in the White Paper elements relating to clearing and reserves and at the same time introducing modifications in respect thereof which flow from the justified criticism advanced in some of the evidence submitted to your Committee.

Accordingly this report will recommend that the Canadian Payments Association contemplated by the White Paper be established by companion legislation but instead of imposing a "chartered bank-type reserve" upon the near-banks which would be members of the Association, both the chartered banks and the near-banks should be required to deposit with the central bank much more modest and realistic "clearing settlement cash reserves" the purpose of which would be for clearing settlement only. Your Committee's recommendations contemplate that these reserves be calculated as a percentage of deposits transferable by order only. These reserves would be for settlement purposes only and their restricted size would dictate that they would perform no role in the central bank's monetary control function. This control would continue to be effected through chartered bank reserves.

At the same time your Committee recommends in Sec. III(h) of this report, that while maintaining the same basic format in respect of fixed percentage primary cash reserves and variable percentage secondary reserves for chartered banks, the amount of Government of Canada treasury bills required in the secondary reserve should be decreased and at the same time a broader range of securities which might be held as part thereof should be permitted. Your Committee also has recommendations to make concerning the payment of interest on cash reserves.

The Canadian banking system is held in the highest regard in international banking circles from the point of view of stability and liquidity. Monetary control being efficient and effective, your Committee's recommendations retain the principle of the mandatory reserves in cash and securities adequate for the Bank of Canada to exercise its monetary control and at the same time increasing the scope of the chartered banks in the development of the economy.

II
CANADIAN PAYMENTS ASSOCIATION

(a) INTRODUCTION

The clearing system in Canada is operated by the chartered banks as of right and inter-bank deposits transferable by order are cleared through their own established clearing system which they control and operate. Near-banks that are deposit-taking institutions that accept deposits transferable by order have no direct facility through which they may clear such chequable transactions. It would be impractical for them to

establish such a clearing system in competition with chartered banks; neither can they compel the chartered banks to join in such clearing system as they might attempt to establish nor can they compel the chartered banks to permit them to use the existing clearing system. There is no existing legislative authority which they might invoke to achieve such end. Accordingly, the near-banks enter into agreements with a chartered bank, a member of the existing clearing system, to act as their agent in carrying out their clearing operations. These agreements are voluntary agreements with no impelling legislative authority to require the chartered banks to make such agreements. The required security by way of cash reserves and other charges to guarantee clearing obligations are provided by the near-banks.

In their brief and their submission made to your Committee, the Caisses Populaires approve of the creation of the proposed Canadian Payments Association and advise that they will become full members of that Association (Brief p. 44). Generally the near-banks approve of the creation of the Payments Association. One of the principal attractions of the association to these institutions is the trend now and for the future towards a national electronic payments system. Their attack and criticism is in relation to the reserves required to be put up by all members of the Association.

Thus the Caisses Populaires distinguish between reserves required for clearing purposes and Primary Cash Reserves required under the Bank Act (Brief p. 44) and are opposed to the White Paper requirement that near-banks must also pay to the Bank of Canada Primary (Cash) Reserves. The Caisses also want membership in the Payments Association to be voluntary. The White Paper contemplates that such Association will be established by separate federal legislation and all chartered banks and near-banks accepting deposits transferable by order are required to be members.

However, clearing members may elect to be non-clearing members, in which event those who so elect must clear through a clearing member. Your Committee approves this elective right. But your Committee proposes only the requirement, in the proposed Canadian Payments Association Act, of a Clearing Settlement Cash Reserve payable to the Association by every clearing member and by the Association to the Bank of Canada which shall act as a depository therefor (in accordance with agreements to be made between the parties, the terms of which are developed later in this report) calculated on a percentage basis of the deposits transferable by order of such member. A non-clearing member who must clear through a clearing member, the facilities for clearing through the Payments Association not being directly available to such non-clearing members, must pay such cash reserves to the clearing member who in turn must pay it to the Association for deposit with the Bank of Canada.

Your Committee recommends that the Primary (Cash) Reserves and Secondary Reserves presently in The Bank Act remain in such Act and apply only to Banks incorporated under The Bank Act.

All the near-banks wish to have the right to use the clearing system envisaged by the White Paper but object to other features, particularly the heavy burden of providing Primary (Cash) Reserves. Your Committee agrees that such Reserves are not required for purposes of liquidity or monetary policy. The Committee, however, recommends a clearing security interest-bearing reserve to be provided by near-banks (see Sec. II(h)) as a stand-by to their clearing settlement cash reserve based on the amount of their deposits transferable on order. This represents a substantial reduction in the amount of cash reserves proposed in the White Paper.

(b) CONSTITUTIONAL ASPECT

The proposals in the White Paper calling for the establishment of a Canadian Payments Association are appealing to near-banks including Caisses Populaires, credit unions and trust companies. The reasons for this are at least four in number:

1. Near-banks presently have no legislative right to participate in the clearing system operated by the Canadian Bankers Association. They must rely on co-operation from the chartered banks and their ability to negotiate such clearing arrangements with the chartered banks;

2. Near-banks obviously would find it impractical to establish a competing clearing system since effective clearing depends on a unitary structure which is national in scope;

3. Near-banks have recognized that if direct participation in the clearing process is desirable at the present time it will become imperative in the future as an electronic system of payments evolves; and

4. Near-banks, particularly the Caisses Populaires and Credit Unions, have developed such a large share of orders for the transfer of deposits in Canada that it is no longer realistic to continue to consider them as institutions dependent upon the services of a chartered bank to effect their clearing needs.

For the above reasons, the prospect of a new Canadian Payments Association to which the near-banks will have direct access is welcomed by them. The joint brief of les Caisses Populaires Desjardins to the Minister of Finance on this subject stated at Page 4:

> "At the present time, the clearing system is operated by the Canadian Bankers Association and only the chartered banks are allowed to participate directly in the clearing process. Near-banks wishing to have their instruments cleared have had to make special arrangements with a chartered bank. It has appeared increasingly desirable in recent years that near-banks be allowed to participate directly in the clearing mechanism . . . "

In addition, some of the near-banks have given approval to the proposed participation in the system of the Bank of Canada. In the same brief, Les Fédérations des Caisses Populaires observed on Page 4 of their brief:

> "We are equally pleased to see that the Bank of Canada would be a member of this new Association with a special

status. The presence of the Bank of Canada at the centre of this new corporation should assure an orderly and fair evolution of the clearing system in a manner that will take account of the characteristics of each member of the Association. If this is a new role for the Bank of Canada, we are nevertheless convinced that it is one which the Bank is fully capable of fulfilling competently and objectively . . . "

Notwithstanding their present disentitlement to participate directly in the clearing system and their anxiety to change this state of affairs in order to enable them to achieve full participation; and further, notwithstanding their acceptance of the role of the central bank in the management of the proposed Canadian Payments Association, some near-banks have raised questions as to the constitutional validity of the provisions of the White Paper respecting the Canadian Payments Association and the reserve requirements associated therewith. Their concern is particularly directed to the question of whether Parliament has jurisdiction to enact legislation which would have the effect of requiring these provincially incorporated institutions to deposit reserves with the central bank. Based on evidence adduced before your Committee it would appear that the objection is particularly directed to reserves which are intended to meet liquidity and monetary control considerations and are unrelated to the clearing function.

There is no clear and concise definition of banking in The Bank Act or in related statutes. From time to time, the banking community has invited the Government to provide such a definition. In response to the White Paper, the Canadian Bankers' Association has proposed to define the business of a bank as distinct from any other financial institution as "the receiving of deposits transferable by order to third parties".

If this represents a legitimate definition of the business of banks as distinct from other institutions, then legislation such as the proposed Canadian Payments Association Act which relates to this aspect of the business of banks would be a legitimate exercise of the Federal power under Section 91(15) or 91(18) of The British North America Act. Other institutions suggest other definitions of the business of banking in the direction of its commercial lending function; however, there are other financial institutions which do engage in commercial lending which are not engaged in the business of banking, at least as it is conventionally known.

The difficulty is that there are very few services offered by banks which are not, in one form or another, offered by other financial institutions, although there are no financial institutions which offer the composite service of a bank.

Those among the near-banks who question the authority of Parliament to propose legislation such as the Canadian Payments Association Act argue that the reserves associated therewith are not necessary for the effective control over monetary conditions in Canada by the central bank and that, in effect, the reserve requirement is a sham intended to establish a basis for the purported exercise of jurisdiction over provincially incorporated institutions which are currently developing a greater share of the deposit-taking function in the financial community.

The authority of Parliament in the area of currency, coinage, interest, banking and bills of exchange under Section 91 of The British North America Act is extremely broad. The payments and clearing system has an extra-provincial or national aspect at its root which militates in favour of Parliamentary authority in this area. It appears that your Committee should assume the validity of federal legislation in this area when the powers enumerated under Section 91 of The British North America Act are combined with the national character of the proposed Association and the desire of the near-banks to participate in a national clearing system to which access is not presently available to them except indirectly by agreement with a chartered bank.

(c) RESERVES

The Trust Companies Association of Canada points out that it estimated the total reserve requirements proposed by the White Paper on $5.1 billion of eligible deposits would amount to over $120 million at a net loss of revenue to Canadian trust companies of approximately $7 million per annum.

The Federations of Caisses Populaires Desjardins and similar groups estimated that the White Paper proposal would require the caisses to keep additional reserves of $60 millions unproductive at the Bank of Canada on which they would lose interest of more than $5 million per annum.

The National Association of Canadian Credit Unions estimated that the amount of reserves suggested would impose an additional burden on credit unions in the NACCU system of approximately $40 million in idle balances, at a cost of $3.6 million per annum.

From the evidence submitted by witnesses, as indicated by the above, your Committee has concluded that the magnitude of the reserves proposed in the White Paper would be disruptive and would create unjustifiable hardships on many institutions.

The reserves proposed by the White Paper are of the type and magnitude said to be required for monetary control and liquidity purposes. As developed later in this report, the proposed Canadian Payments Association should only need reserves to provide assurance to participants in the clearing system that cheques which they have cleared and which are drawn on other member institutions will be honoured.

The reserves proposed by the White Paper are greatly in excess of the amount required for clearing purposes and are based on the historic development of reserve requirements for chartered banks to provide adequate cash reserves for all three conceptual minimum requirements for clearing balances, liquidity requirements and monetary control.

From the representations made to your Committee it is apparent that chartered banks have many more cheques drawn on their current accounts than do the Credit Unions, Caisses Populaires, and the trust companies. For example, in the year

1975 the annual average amount of deposits in current accounts of chartered banks ($13.1 billion) had a turn-over rate of 158 times in that year, whereas by contrast in the Caisses Populaires Desjardins the turn-over ratio was only 2.25 in 1974.

The Caisses Populaires Desjardins in their brief indicated that "clearing is a response to functional needs which vary from one situation to another, from one type of users to another and from one region to another. The amount of deposit [reserve] for clearing purposes has no direct relationship with the level of deposit liabilities of an institution; it must rather be established from time to time, by agreement and in the light of experience."*

It is apparent from the evidence submitted to your Committee that the Credit Unions and the Caisses Populaires deposit and cash for their clients more cheques of chartered banks than vice versa, and that over-all on a yearly basis the Credit Unions and Caisses Populaires are in an over-all favourable position vis-à-vis chartered banks regarding clearing flow. However, there are periods during the year when they experience drawdowns against clearing balances. For example, the Canadian credit union system experienced drawdowns on 43 per cent of the business days in 1974 and 1975, that of 240 normal business days in a year the drawdowns were less than $18 million on 222 days and drawdowns exceeded $18 million on only 18 days. The largest single drawdown was $32,620,000.**

In the opinion of your Committee the above examples indicate that in establishing a formula for clearing settlement balances the range of differences in clearing requirements between near-banks and banks, and between one institution and another should be taken into account.

In these circumstances a fixed percentage is not justified, but a range of rates is needed to reflect these differences.

Your Committee suggests that the best way to arrive at a formula would be for a member's requirements for a clearing settlement balance to be based on such member's drawdown experience for the previous year, subject to a minimum-maximum range.

Your Committee, based on its studies and the representations made to it by witnesses, is of the opinion that the following method of establishing clearing balances would be workable and would not create undue hardship on members of the proposed Canadian Payments Association.

Your Committee suggests that the clearing settlement balances be maintained by members consisting of cash and securities as follows:

1. Clearing Settlement Cash Reserve—amount of projected requirement based on previous year's drawdown experience.
2. Overdraft Security Reserve—equal in amount to the Clearing Settlement Cash Reserve to cover unusual clearing settlements.

This suggestion is outlined more fully as follows:

1. (a) Clearing Settlement Cash Reserve

   A Clearing Settlement Cash Reserve calculated by estimating a member's settlement requirements based on the member's actual settlement drawdown experience in the previous year plus an adjustment to take care of estimated growth; but in any case this reserve should not be less than a minimum of 1 per cent or more than 3 per cent of the member's chequable deposits (deposits transferable by order).

   (b) This Clearing Settlement Cash Reserve would be required to be restored by daily deposit with the depository of the cash reserve as required in order to reinstate the deficiency caused by drawdowns.

   (c) The Clearing Settlement Cash Reserve requirement would be recalculated at least semi-annually.

   (d) New members who do not have a sufficient experience base would be required to maintain the maximum 3 per cent clearing settlement cash reserve until they have established a sufficient record of experience.

2. Overdraft Security Reserve

   Your Committee is of the opinion that in addition to a Clearing Settlement Cash Reserve which would be based on average clearing requirements, there should be an additional reserve to take care of unusual fluctuations in requirements or periodic overdrafts which might occur in a clearing member's account. Therefore, your Committee suggests that members also be required to maintain an Overdraft Security Reserve. This latter reserve would be equal in amount to the Clearing Settlement Cash Reserve and could consist of interest-bearing Government of Canada bonds or treasury bills. Since the securities in this Overdraft Security Reserve would earn income for the member, it should not create any undue hardship for a member. Temporary borrowings could be made by a member against the securities in the Overdrafts, Security Reserve to cover occasional overdrafts, if any, in its Clearing Settlement Cash Reserve.

3. The amount of reserves within the 1 per cent to 3 per cent range required by a member should be decided by the Board of Directors of the proposed Canadian Payments Association or upon its direction by the Bank of Canada, the amount to be based on the criteria outlined in Para. 1 above.

Your Committee suggests that the cash and investments required for the above suggested Clearing Settlement Cash Reserve and Overdraft Security Reserve should be deposited by members with the proposed Canadian Payments Association and by it with the Bank of Canada. The Bank of Canada

---

* Brief on "White Paper on the Revision of Canadian Banking Legislation"—submitted by Les Fédérations des Caisses Populaires—page 10.

** "Credit Union Clearing Settlement Accounts" prepared for National Association of Canadian Credit Unions by R. A. Eckert

would act as a depository for the reserves of the proposed Canadian Payments Association pursuant to agreement between the Canadian Payments Association and the central bank, the terms of the same to include the authority to receive, administer and manage the cash reserves and securities in accordance with the purposes for which such reserves were provided. If the Canadian Payments Association directs the Bank of Canada to set the clearing settlement cash reserves of the member institutions in accordance with the definitions above described, this agency function would be covered by agreement as well.

Your Committee also suggests that the Bank of Canada should continue to act by agreement with the proposed Canadian Payments Association as agent in the regional and national clearing system in very much the same manner as it functions at present in the clearing process with the Canadian Bankers' Association.

Your Committee has found that not all financial institutions place the same meaning or interpretation on such terms as "chequable deposits", "encashable on demand", "notice deposits", "demand deposits", "savings deposits" and "chequable personal savings deposits". The figures below for chartered banks include demand deposits and chequable personal savings deposits; it is unclear if the figures for trust companies are on a comparable basis. Therefore, it would be important to include in the legislation a clear definition of "chequable deposits".

Your Committee suggests that a study should be made to determine the past and present clearing requirements of all banks and near-banks in order that this information will be available for the purpose of establishing actual clearing requirements and arriving at a reasonable reserve ratio for each prospective participant in the proposed Canadian Payments Association.

Your Committee is of the opinion that the reserve requirements would probably result from time to time in there being considerably larger cash balances on deposit with the depository than would be necessary for clearing purposes. In this respect, your Committee believes that arrangements should be made for the Bank of Canada to pay to the proposed Canadian Payments Association a reasonable rate of interest on such excess cash balances. This would result in the optimum utilization of members' resources and would also emphasize that the primary purpose for requiring the reserve deposits is to meet estimated clearing requirements, and not to provide reserves for other purposes.

Since the amount of these proposed clearing cash reserves would be based on the past experience and projected requirements of members, some members would be putting up relatively greater reserves than others. In order to maintain equity in this matter, your Committee suggests that members should be credited with their respective share of the net interest revenue earned by the proposed Canadian Payments Association on the amount of Clearing Settlement Cash Reserves in excess of clearing requirements; such interest, we suggest, should be allocated in proportion to members' undrawn balances calculated on a daily basis.

The recommendations of your Committee with respect to the Canadian Payments Association may be found in Sec. II(h) of this report.

In the opinion of your Committee any reserves recommended by your Committee which would be applicable to chartered banks under the proposed Canadian Payments Association Act, i.e. Clearing Settlement Cash Reserve and Overdraft Security Reserve, should be considered as part of and an offset against their primary cash reserve and secondary reserve respectively for purposes of calculating their reserves under the Bank Act. This is because the Chartered Banks at the present time already carry in excess of $3.4 billion on deposit with the Bank of Canada as part of the primary reserve requirement and in excess of $4 billion in securities carried with the Bank of Canada as part of the secondary reserve requirement which is probably six or seven times the maximum average amount required for clearing purposes.

COMPARISON OF WHITE PAPER PROPOSALS FOR CASH RESERVES WITH SENATE COMMITTEE'S SUGGESTION

Your Committee has prepared the following comparison based on the estimated requirements for cash reserves to be provided by groups under the proposed Canadian Payments Association and those suggested by your Committee.

(MILLIONS $)

	WHITE PAPER PROPOSAL		SENATE COMMITTEE'S SUGGESTION		
	Eligible Deposits	Cash Reserve	Chequable Deposits	Clearing Settlement Cash Reserve Min. 1%	Max. 3%
Chartered banks	$81,000	$4,420	$16,000	$160	$480
Trust and Mortgage Loan Companies	5,100	120	800	8	24
Credit Unions	5,700	119	1,900	19	57
Caisses Populaires	6,000	120	2,500	25	75
Quebec Savings Banks	1,100	32	300	3	9

Details and sources are shown on Appendix A attached to this report.

(d) QUEBEC SAVINGS BANKS ACT

No particular consideration appears to have been given to the Quebec Savings Banks Act which governs the Montreal City and District Savings Bank. So far as reserves are concerned, it is the opinion of your Committee that the reserves required of this bank under that Act appear to be adequate and for this reason we do not see the necessity for any changes. The proposed Canadian Payments Association Act would apply to the Montreal City and District Savings Bank.

However, if the recommendation of the Committee concerning clearing balances under the proposed Canadian Payments Association Act are accepted, your Committee suggests that any reserves provided by the Montreal City and District Savings Bank as clearing settlement balances should be considered as part of and an offset against such bank's reserves required under the Quebec Savings Banks Act.

(e) RESPONSIVENESS OF NEAR-BANKS TO MONETARY CONTROL

As has been mentioned in the introduction, the White Paper indicates that one of the purposes of the Canadian Payments Association and of the reserve requirements for near-banks is to provide a framework for monetary control;

"It provides a framework that will ensure for the future that the central bank will continue to have effective control over monetary conditions in Canada, even should substantial shifts in the relative importance of deposit-accepting institutions occur." (Page 20, White Paper)

Representations have been made to your Committee that the combined size of chartered banks is so dominant that monetary control can be maintained through the chartered banks without involving the near-banks directly and that, in any event, near-banks are responsive to monetary control through the mechanism and influence of the banking system.

The reserve requirements that apply to chartered banks are different from those that apply to other deposit institutions. Only chartered banks are required to hold primary cash reserves in notes of or deposits with the Bank of Canada which do not yield any return.

Under the recommendations of your Committee, in this report, Clearing Settlement Cash Reserves and Overdraft Security Reserves are all that near-banks would be required to carry under the proposed Canadian Payments Association Act. They already are subject to liquidity requirements under provincial legislation. True, they do not lose possession of their securities required as liquidity reserves and can earn income on these investments. It is said that any changes made in chartered banks' reserve requirements under the Bank Act indirectly affect the near-banks and this responsiveness by near-banks contributes to the implementation of monetary control in Canada without requiring near-banks to provide chartered-bank type reserves.

Your Committee considers that the key question is the degree of responsiveness of financial institutions other than banks to changes in monetary action by the Bank of Canada which are applied directly upon the banks and thus indirectly on the other financial institutions.

In the opinion of your Committee the question of the responsiveness of the near-banks to the implementation of monetary policy is well supported by the following extracts from a statement of Mr. Gerald K. Bouey, Governor of the Bank of Canada, at the Canadian Conference of Banking in Montreal, September 15 and 17, 1974.

"The technical powers given to the Bank of Canada have in fact proven broadly adequate for the Bank's purposes. Largely through its control over the supply of cash reserves to the chartered banking system, the Bank of Canada has unquestionably been able to exert sufficient influence over the process of monetary expansion to have a major impact on the degree of ease or tightness in financial markets. So much is evident from the record. It is clear that the effects of Bank of Canada operations on the growth of money and credit and on the level of interest rates have not been confined to the chartered banks but have been felt pervasively throughout the financial system.

"As I need hardly tell this group, the Bank of Canada can, by varying the supply of chartered bank cash reserves, influence the operations not only of the banks but of near-bank financial institutions as well. Changes in the supply of cash reserves relative to the banking system's demand for them have the immediate consequence of putting downward pressure on short-term money market and institutional interest rates when reserves are run at relatively high levels, and upward pressure on these rates when the central bank is less generous in providing cash reserves. If the central bank is a reluctant provider of cash to the banking system so that heightened competition for money balances is pushing short-term interest rates upward, the near-banks must meet these rates or else suffer pressure on their own cash positions. These pressures would result from a tendency for funds to slip away as depositors sought the higher returns available elsewhere and as borrowers tried to take advantage of relatively cheap near-bank sources of credit."

"These conditions for the reasonably effective implementation of monetary policy are met in Canada as things stand at present. The chartered banks are dominant enough in the relevant areas of deposit-taking and short-term credit extension to give the Bank of Canada, through its management of their cash reserves, an adequate degree of leverage and precision for monetary control purposes."

"Up to the present, then, I am afraid that I cannot blame any short-comings in monetary policy on deficiencies in the technical arrangements that link the Bank of Canada to the rest of the financial system. The absence of cash reserve requirements applicable to depository institutions other than the chartered banks has never, to my knowledge, frustrated the efforts of the Bank of Canada to bring about as sharp a curtailment of the pace of monetary expansion and as large an associated rise in short-term interest rates as we were prepared to contemplate in the circumstances of the time."

This conclusion is shared by Professor A. K. Kelly, Associate professor of Economics, University of Regina, in a study prepared for the National Association of Canadian Credit Unions, February 1976 in which he states: "On the assumption that the chartered banks do not frustrate monetary policy, we

80014—26

conclude that the operations of the credit union system are consistent with the objectives of the Bank of Canada, a conclusion voiced by Governor Bouey".

Apparently this responsiveness of the near-banks to the monetary policy has been consistent for many years, as evidenced by the following testimony in 1963 of Louis Rasminsky, then governor of the Bank of Canada before the Royal Commission on Banking and Finance (The Porter Commission):

"It is true that a contraction of the cash base of the credit system brought about by the central bank must directly or indirectly affect a significant proportion of the institutions engaged in the business of extending credit if it is to be effective. My own reading of the evidence is, however, that the effects on financial institutions and markets have been in fact quite pervasive even though membership in the reserve system has been limited to the chartered banks and even though there has been a good deal of rigidity in chartered bank lending and deposit rates."

The following statement of The Trust Companies Association indicates very distinctly the view of the near-banks in general concerning monetary policy: "Policy places the emphasis on controlling the money variables, not legislating financial institutions. Thus, since central bank action aims to act directly on the money stocks and flows with the purpose of affecting circumstances indirectly, the most effective type of monetary policy is the kind which is targeted directly on institutions handling monetary instruments only. For the sake of effective monetary policy it is considered more efficient to have immediate and direct control over narrowly defined monetary assets contained within an accessible set of financial institutions".*

Your Committee as a result of its studies concluded that near-banks are responsive to the monetary control policy which is implemented by the Bank of Canada working through the chartered bank system and that it is not necessary at this time for near-banks to provide cash reserves to effect monetary control.

(f) MEMBERSHIP

The White Paper proposes that all institutions in Canada accepting deposits transferable by order be required to join the Association, either as full clearing members or as non-clearing members.

Generally your Committee is in agreement with this proposal, but is of the opinion that full clearing membership should be required of banks incorporated under the Bank Act and the Quebec Savings Banks Act and all financial institutions which accept deposits transferable by order and which meet certain minimum criteria as to size and volume. If advisable, there could be elective provisions for financial institutions, other than banks, which might find the terms of full membership too onerous and might prefer to transfer to non-clearing membership.

Institutions which do not qualify as to size and volume would become non-clearing associate members. They would have their clearing operations performed by a clearing member, very much in the same manner as chartered banks handle the clearings at the present time for trust companies, credit unions and caisses.

A tentative evaluation of data which is presently available indicates that the amount of "chequable savings deposit accounts" carried by some trust companies is very small, and therefore such institutions would not need to be full clearing members. This would probably also apply to most of the mortgage loan companies.

Your Committee suggests that definite criteria as to dollar and unit volume of interbank or inter-member clearings and the amount of deposits transferable by order (chequable savings deposits and demand deposits) be used in applying minimum standards for admission to full clearing membership. Such criteria should be established by the terms of the Canadian Payments Association Act subject to variation by resolution of the Board of Directors of the Association.

(g) RECOMMENDATIONS

As a result of its study of the White Paper proposals, and of representations made, your Committee has the following recommendations to make concerning the proposed Canadian Payments Association Act.

1. Your Committee recommends the establishment of a Canadian Payments Association as proposed in the White Paper which would provide direct access by near-banks to the national clearing system under certain terms and conditions.
2. Your Committee is not in favour of requiring near-banks to maintain cash reserves of the magnitude proposed in the White Paper for monetary control purposes, but recommends that reserves be required of members of the Canadian Payments Association for clearing settlement purposes only.
3. Your Committee recommends that each clearing member should be required to maintain two reserves for clearing purposes:

   (a) A Clearing Settlement Cash Reserve

   A Clearing Settlement Cash Reserve calculated by estimating a member's actual clearing settlement requirement or drawdown experience in the previous year plus an adjustment to provide for estimated growth in requirement; but in any case this reserve should not be less than a minimum of 1% or more than 3% of the member's chequable deposits (deposits transferable by order).

   (b) An Overdraft Security Reserve

   The Overdraft Security Reserve would be equal in amount to the Clearing Settlement Cash Reserve. This could consist of interest-bearing Government of Canada

* Brief submitted by The Trust Companies Association of Canada—"Review of the Bank Act (1977)" page 43.

bonds or treasury bills. Temporary borrowings could be made by a member against its Overdraft Security Reserve to cover occasional overdrafts, if any, in its Clearing Settlement Cash Reserve.

4. Your Committee further recommends:

   (a) That the cash and investments required for the above recommended Clearing Settlement Cash Reserve and Overdraft Security Reserve be deposited by members with the proposed Canadian Payments Association and by it with the Bank of Canada. The Bank of Canada would act as depository for the cash and securities in the reserves of members of the proposed Canadian Payments Association.

   (b) That the Bank of Canada pay a reasonable rate of interest to the proposed Canadian Payments Association on such cash deposits and that the proposed Association allocate to each member its proportionate share of such interest.

5. Your Committee recommends that the reserves which would be provided by chartered banks under the proposed Canadian Payments Association Act, i.e. Clearing Settlement Cash Reserve and Overdraft Security Reserve, should be considered as part of and an offset against their primary cash reserve and secondary reserve respectively for purposes of calculating their reserves under the Bank Act. (This recommendation is repeated under Reserves for Chartered Banks in Sec. IV(a).

6. Near-banks above a certain size would be clearing members unless they elect to be non-clearing members. A non-clearing member would elect to clear through a clearing member and must keep its clearing settlement reserve accounts with that clearing member. The clearing member would be required to match the non-clearing member's reserve accounts by equivalent amounts of cash and securities in its reserves with the Canadian Payments Association.

7. Your Committee recommends membership in the Canadian Payments Association should be made compulsory as follows:

   Full clearing membership

   (a) banks chartered under the Bank Act

   (b) banks incorporated under the Quebec Savings Banks Act

   (c) financial institutions which accept deposits transferable by order, which meet stipulated criteria as to volume and size and which do not elect to be non-clearing members.

   Non-clearing membership

   All other near-banks which accept deposits transferable by order and which do not meet the criteria as to volume and size and others which have elected to be non-clearing members.

   Special Member—The Bank of Canada

8. Your Committee recommends that all other requirements for reserves applicable to chartered banks remain in the Bank Act and not be transferred to the proposed Canadian Payments Association Act.

III
RESERVES FOR CHARTERED BANKS

(a) INTRODUCTION

The White Paper proposes that the present primary cash reserve which applies to chartered banks would be removed from the Bank Act; banks chartered under the Bank Act and the Quebec Savings Banks Act along with near-banks, as discussed earlier, would be subject to cash reserves under the proposed Canadian Payments Association Act.

What is referred to in banking circles as the "primary reserve" is entitled "cash reserve" in the Bank Act; in this report your Committee refers to this reserve as either the "primary reserve", "primary cash reserve" or "cash reserve".

Primary Reserve

The following comparison illustrates the changes in rates of primary cash reserves as proposed by the White Paper:

	PRESENT RATE	PROPOSED RATE
(a) DEMAND DEPOSITS	12%	12%
(b) NOTICE DEPOSITS		
(1) including: Can. $ notice deposits, term deposits 1 year or less;	4%	2% on 1st $500 million
		4% on excess
term deposits over 1 year encashable		
(2) term deposits over 1 year, not encashable	4%	nil
(c) FOREIGN CURRENCY DEPOSITS USED IN CANADA	nil	4%

It will be noted from the above that the main changes proposed by the White Paper are (a) to omit any reserve requirement on term deposits with an original term in excess of one year which are not encashable, and (b) to require a 4% cash reserve on foreign currency deposits used in Canada.

Cash reserves consist of Bank of Canada notes (currency) and deposits with the Bank of Canada.

Secondary Reserve

The White Paper proposes that the present secondary reserve requirement, which applies only to chartered banks, should remain in the Bank Act, and no changes are proposed by the White Paper in this secondary reserve.

The secondary reserve would continue to apply to banks chartered under the Bank Act and would consist of cash, Government of Canada treasury bills and approved day loans to investment dealers, as at present. The amount of the secondary reserve is fixed by the Bank of Canada under the

80014—26½

provisions of the Bank of Canada Act as a percentage of Canadian dollar deposit liabilities and may be in a range of 0% to 12%.

The secondary reserves at the present time, for Canadian chartered banks, are fixed at 5% of their total deposit liabilities.

It is your Committee's opinion that, as indicated earlier in this report, the proposed Canadian Payments Association should only deal with clearing settlement balances for banks and near-banks, based on deposits transferable by order. Your Committee believes that the present primary cash reserve and secondary reserve requirements are workable in both principle and in practice, that they should apply only to chartered banks and that both requirements should remain in the Bank Act and the Bank of Canada Act.

Your Committee has studied the proposed changes in the reserve requirements as they might apply to chartered banks. The main aspects of these reserves are dealt with under the following headings:

(a) Amount and form of reserves
(b) Primary reserve
(c) Secondary reserve
(d) Payment of interest on primary cash reserves
(e) Reserve on term deposits
(f) Reserve on foreign currency deposits used domestically

(b) AMOUNT AND FORM OF RESERVES

The primary reserve requirements (12% on demand deposits and 4% on notice deposits) has, in the past, appeared to be effective and adequate both for settlement and other purposes. These primary reserves compare favourably with the primary reserve requirements in other countries. However, for purposes of comparison with other countries it is necessary to take into account the secondary reserve for Canadian chartered banks.

In the United Kingdom the primary reserve is set at 12½% of all eligible liabilities. For the most part eligible liabilities include deposits of a maturity of two years or under. The assets in the reserve consist of cash on deposit with the Bank of England, government treasury bills, secured call loans and other interest-bearing short-term investments. London clearing banks, (which represent 60% of total assets and liabilities of all U.K. banks) maintain 1½ per cent of their eligible liabilities in cash on deposit with the Bank of England. *

In the United States the Federal Reserve System reserve requirements for national and state member banks vary according to the account type and maturity of a bank's liabilities and are graduated in the case of demand and time deposits. The over-all reserve requirement on notice deposits ranges from 3% to 10% and on demand deposits it ranges from 10% to 22% for Reserve City Banks and from 7% to 14% for other banks*. This flexibility provided by scaled reserve requirements takes into account the amount, volatility, and maturity of deposits.

On the other hand it is difficult to compare the effectiveness of the reserve requirements in Canada and the United States because of the different structure and regulatory requirements. By comparison in Canada the chartered banks are fewer and mostly relatively large in size and have a broad national base built on the multi-branch system. This tends to provide a more stable base geographically and in the mix of industrial clients. In the United States, U.S. commercial banks fall into four main categories: National Banks, State Member Banks, Insured Non-member Banks and Non-insured Banks; these banks are subject to reserve requirements of Federal Reserve and State Bank supervisory authorities. In addition there are Bank Holding Companies whose activities appear to have been outside the traditional scope of bank regulation.

In the United States, a change in the reserve requirement does not have the same dramatic effect as a change in the rate of secondary reserve requirements for Canadian chartered banks. Because of the separate reserve requirements of State Banks and Federal Reserve banks and because reserve requirements are changed to a great extent individually on a regional basis, reserves are not all changed simultaneously; the effect therefore of reserve changes does not hit the financial system on a national basis at the same time. By contrast, the Canadian banking system is much more sensitive to small changes in reserve requirements.

Studies submitted by witnesses indicate that the structure of U.S. reserve requirements for various institutions and jurisdictions does seem to have three consistent elements:

(1) the more volatile the deposits, (e.g., a demand deposit compared to a time deposit), the higher the reserve.
(2) somewhat similar to the above, the closer the maturity date on a fixed term time deposit, the higher the reserve.
(3) the larger the deposit, the higher the reserve.(**)

The advisability of having larger cash reserves available as the amount of demand deposits increases and as term deposits increase and as term deposits approach their maturity date has some merit. Similarly, in the interests of equity, a lower reserve on time deposits in excess of one year might be fairer for those banks which have a relatively greater proportion of their deposits in term deposits.

In Canada, the reserve structure has been built up historically as a result of gradual developments in the Canadian financial system.

---

* Bank of England quarterly Bulletin, December 1971, "Reserve ratios: further definitions" pages 22-26.

* Study submitted by National Association of Credit Unions, prepared by Chasney Financial Consulting Ltd.—"Reserve Requirements of U.S. Financial Institutions."

** Reference: "Reserve Requirements of U.S. Financial Institutions"—see previous page

As part of the decennial review of banking legislation for 1967, in his testimony before the Commons Committee of Finance, Trade and Economic Affairs in connection with the proposed amendments to the Bank of Canada Act, October 31, 1966, Mr. Louis Rasminsky, the then Governor of the Bank of Canada, gave the following reasons for creating the present format of the primary cash reserves and the secondary reserves:

(1) The previous 8 per cent minimum cash reserve would be replaced by requirements of 4 per cent applying to term and notice deposits and 12 per cent applying to demand deposits. The reason given for this change was to enable banks to compete more actively with other financial institutions for term deposits.

(2) Because the above rates for the primary cash reserve would be fixed and not variable, to replace this power to vary the required level of cash reserves it was then proposed that the Bank of Canada should have the power to impose and vary a secondary reserve requirement. This was to provide an alternative means of impounding chartered bank liquidity as a part of monetary policy.

This secondary reserve requirement was set at a range of 0% to 12% and commenced initially in 1967 with a maximum of 6% of total deposit liabilities. The maximum rate which it reached was 9% in 1970 and gradually has been reduced to the present rate of 5%.

Your Committee is of the opinion that the principle of having both a fixed primary cash reserve and variable secondary reserve should remain unchanged, subject, however, to changes in the percentages, amount and format as discussed in Sec. III(h) of this report.

(c) PRIMARY RESERVE

As already pointed out, the White Paper proposes that chartered banks continue to maintain primary cash reserves. The proposed reduction from 4% to 2% on the first $500 million of notice deposits would represent a reduction of only $10 million per bank, or approximately $100 million reduction in primary reserves for all banks out of a combined total primary cash reserves of approximately $4.5 billion.

The purpose of this lower rate on the first $500 million was to make it easier on the smaller near-banks and new banks; it would not result in a relatively large reduction for chartered banks.

In its hearings and as a result of its studies your Committee has considered arguments in favour of a reduction in primary cash reserve requirements as well as a reduction in secondary reserves.

For example, the following statements in the study by the Economic Council of Canada: "Efficiency and Regulation" pages 68 & 69, are pertinent:

"At present, the Bank Act requires 12 per cent of demand deposits and 4 per cent of notice deposits be held as primary reserves. It is very difficult, however, to justify these levels for purposes of monetary policy. To the extent that reserve requirements contribute to the workings of monetary policy, this contribution could be offset by the present difference between reserve ratios levied against demand deposits and term deposits because any change in the composition of deposits alters the required reserve holdings. In addition, the difference between these types of deposits is, in many cases, more apparent than real; cheques can be issued against notice deposits and, to our knowledge, notice is seldom required for withdrawal."

Improvements in money management, information systems, technology and the reliance on the Bank of Canada as a lender of last resort have, in recent years, permitted the chartered banks to maintain their cash reserves very close to the statutory minimum.

For example, on June 8, 1977, the chartered banks carried cash assets of $4,500 million against a minimum primary reserve requirement of $4,334 million.

This was made up as follows:

Bank of Canada notes (currency on hand in the system)	$1,130 million
Deposits with the Bank of Canada	3,370 million
	$4,500 million

Your Committee has recommended earlier in this report that the Clearing Settlement Cash Reserve be set at a maximum of 3% of deposits transferable by order. Based on the aggregate amount of demand deposits held by all chartered banks on June 8, 1977, of $15,480 million, on the above recommended basis, the maximum Clearing Settlement Cash Reserve would amount to only $480 million. It is obvious that the amount of the primary cash reserve carried by chartered banks is greatly in excess of the suggested Clearing Settlement Cash Reserve which would be required for clearing purposes only.

Based on its studies, your Committee has concluded that a reduction in the percentage of primary cash reserve requirements would improve the efficiency and effectiveness of the Canadian banking system by leaving more cash in the banks for investment and loans, thereby increasing their earnings.

At June 8, 1977, the primary reserve requirement was as follows:

	RATE	(BILLIONS) DEPOSITS	(BILLIONS) RESERVE
Demand deposits	12%	$ 15.5	$ 1.86
Notice deposits	4%	65.2	2.60
		$ 80.7	$ 4.46

(Source: Bank of Canada Weekly Financial Statistics, June 16, 1977)

Your Committee suggests that a reduction of approximately 20% in the amount of the primary reserve would appear reasonable in the circumstances.

For instance, a reduction of the above reserve percentages from 12% to 10% on demand deposits and from 4% to 3% on notice deposits would result in a reduction in the statutory minimum reserve requirement of $963 million or approximately 20% in amount.

Such reduction could be translated into a proportionately higher amount of deposit liabilities, subject to the rate of growth which might be permitted by the Bank of Canada within its policy for monetary control from time to time.

The main beneficial results of a lowering of the reserve percentages as suggested above, in the opinion of your Committee, would be to make the chartered banks more competitive with near-banks due to the narrowing of the rate differential disadvantage caused by the primary cash reserve requirement.

Your Committee is also of the opinion that a reduction of the primary reserve percentage requirements along the lines indicated above would permit a reduction in interest rates on loans which could be passed along to the consumer, or an increase in the rate of interest which could be paid on deposits. Any changes in rates would have to be made on a gradual basis so as not to disturb financial markets.

Your Committee is aware, of course, that the Bank of Canada could offset these benefits by reducing the excess cash of banks through either selling treasury bills and other securities in the market or by shifting the percentage requirement for secondary reserves.

(d) SECONDARY RESERVE

The secondary reserve requirement under Section 72(4) of the Bank Act and its related section 18(2) of the Bank of Canada Act is in a range of 0% to 12% of total Canadian dollar deposit liabilities. The secondary reserve is presently set by the Bank of Canada at 5%. Combined with the primary reserve which presently averages around 5.5%, this results in overall reserve requirement of 10.5% of total deposit liabilities.

Since the maximum utilization of the secondary reserve requirement was 9% (reached in 1970), which was 3 percentage points below the maximum, there would appear, on first examination, to be sufficient range in the present secondary reserve requirement of 0% to 12%.

The types of securities presently permitted to be carried with the Bank of Canada under the Secondary Reserve are as follows:

(a) notes of, and deposits in Canadian currency with the Bank of Canada

(b) treasury bills of Canada payable in Canadian currency issued for a term of one year or less

(c) day loans to investment dealers with whom the Bank of Canada is prepared to enter into purchase and resale agreements.

As a result of its studies your Committee is of the opinion that the amount of treasury bills presently carried in secondary reserves is in excess of the amount necessary for monetary control and that this could be replaced to a certain extent by other liquid and easily marketable short term investments.

Your Committee is of the opinion that the Secondary Reserve requirement should be broadened to permit the inclusion of the following additional types of short-term investments:

Provincial treasury bills

Short term bonds of Canada

Short term bonds of the provinces

Short term municipal bonds guaranteed by the provinces

Export paper guaranteed by the Export Development Corporation

This would permit the banks to improve the rate of return on investments carried in the secondary reserve.

The inclusion of the above types of investments would provide a broader scope for investment which could, such as in the case of government guaranteed export paper, assist materially in developing the Canadian economy.

If this broadening of the type of securities permitted in the secondary reserve is accepted, it is probable that the Bank of Canada would require some provision that there would be at all times a sufficient amount of Government of Canada treasury bills held by banks which would be readily available for monetary control purposes. So, for this reason your Committee is of the opinion that at least 80% of the content of the secondary reserve be made up of securities provided for in Section 72(4) of the Bank Act (i.e. cash, treasury bills and day loans) and the remaining balance up to a maximum of 20% be made up of the type of short-term investments mentioned above.

(e) PAYMENT OF INTEREST ON PRIMARY CASH RESERVE

The White Paper does not propose that interest be paid on the primary cash reserve. The banking community has suggested that, because the primary cash reserve is in excess of requirements, interest be paid on such excess.

Your Committee has examined the question of payment of interest on cash reserves held by the central bank.

While most, if not all, the central banks of other countries do not pay interest on primary reserves, on the face of it there does not appear to be any compelling reason for not paying interest other than to create additional income to the exchequer of the country; this might be deemed by some to be an additional tax on chartered banks. However, there are some compensating factors which tend to equalize competition for deposits with other financial institutions when banks are

required to provide interest-free reserves on certain types of deposits.

Also, if normal competitive interest rates were paid on primary reserves there might well be a tendency on the part of the banks not to be as aggressive in using their surplus cash to develop the economy. It is generally accepted in all banking circles, both in Canada and in other countries, that cash balances required for clearing settlement purposes do not receive interest from the depository. However, there do not appear to be any compelling arguments that excess cash reserves, over and above a reasonable amount required for clearing purposes, should not earn interest. In the opinion of your Committee the payment of interest on the difference between the amount required for clearing purposes and the total cash reserve required for general liquidity purposes should not offend or be detrimental to monetary policy in maintaining the most efficient and productive use of funds within the economic milieu of the moment and the liquidity policy of the particular bank.

In the United States, the State banks in most states may hold at least some portion of their reserves in interest bearing U.S. Treasury or municipal securities or demand deposits in correspondent banks. This would seem to conform with the Secondary Reserve for Canadian banks.

As has been mentioned earlier in Sec. III(b) of this report the large majority of reserve assets maintained by U.K. banks are in interest-bearing securities. The London clearing banks which represent approximately 60% of the total assets and liabilities of banks in U.K. keep a minimum of 1½% of their eligible liabilities in cash reserves on deposit with the Bank of England. This is apart from notes of the Bank of England and coin held in banks' tills which do not count as reserves. The rest of the reserves are held in qualified short-term interest bearing investments. Interest is also paid on special deposits which are called from time to time by the Bank of England.*

In addition there is a type of interest bearing secondary reserve that may be called for from time to time; this consists of a special cash deposit with the Bank of England on which a low rate of interest is paid related to the current short-term lending rate.

Canadian chartered banks, in recent years, have tended to keep their primary cash reserves and their secondary reserves down to the minimum level.

However, even if there were no minimum cash reserve requirements, banks would require substantial cash assets for clearing purposes, for working capital and for their daily float throughout their branch system. It is possible that the amount of cash reserves which they would carry, which would not be earning interest would be considerably higher than their minimum requirements. It is even possible, as has been shown in past years, that without minimum reserves requirements, banks would keep from time to time for functional and policy purposes cash reserves considerably higher than the legal minimum.

For example, as pointed out by a Canadian economist: "It is significant that from 1934 to 1954, when banks were required to hold 5% of their note and deposit liabilities in the form of non-interest-earning bank cash, they in fact held about 10% in that form".*

The Economic Council of Canada makes the following comment on the matter of payment of interest on primary cash reserves:

"Reserve requirements, as well as many other regulations, can be viewed as a form of tax on deposit institutions."* *

Your Committee notes that the Bank of Canada's net income, all of which was paid to the Receiver General of Canada for the Consolidated Revenue Fund of Canada amounted to $583 million in 1975 and $703 million in 1976. Obviously, a large part of this net income results from the investment by the Bank of Canada of the interest-free primary cash reserve deposits put up by the chartered banks.

It appears from the Statement of Income of the Bank of Canada for 1976 that of the net income earned probably as much as approximately 30% of such net income was earned from the investment of the primary cash reserves on deposit with the Bank of Canada.

A special advisory committee of bankers was formed by the Federal Reserve Bank of New York to study "The Problem of Membership." Your Committee was impressed by the comments and recommended solutions to the problem made in the report of that Committee issued in April 1977. The following are extracts from this report indicating the references to the question of interest as a solution to the problem.

"The present structure and form of System reserve requirements imposed on member banks constitutes a major burden on these banks and is primarily responsible for the increasing withdrawals from membership witnessed in recent years. These withdrawals, and the tendency for newly formed banks not to join the Federal Reserve, have resulted in an erosion of the percentage of deposits in the banking system subject to reserve requirements set by the central bank and, therefore, in the portion of the money supply under the direct control of the monetary authority. In a strongly competitive banking climate, these adverse trends are likely to accelerate."

"Stated as they are, these principles leave open a number of important questions concerning the manner in which they might practically be implemented. This report does not attempt to address all these questions, since a full and fair consideration can only be undertaken within the framework of a legislative proposal dealing with the membership problem

* Bank of England quarterly Bulletin, December 1971, "Reserve ratios: further definitions" pages 22-26.

* E. P. Neufeld, "The Financial System of Canada" (MacMillan of Canada, 1972) pp. 106-7

* * "Efficiency and Regulation"—(Economic Council of Canada) p. 68

and related issues. It does, however, discuss two broad alternatives that have been identified as promising approaches. One is the direct payment of interest, at rates comparable to alternative uses of funds, on all or some portion of member banks' balances held as required reserves. The second is to permit holdings of U.S. Treasury securities to count toward a portion of required reserves. Either alternative could, and should, be accompanied by some adjustment in the present level and distribution of reserve requirements."

"In considering the two alternatives specified above (payment of interest on the required reserve balances of member banks and counting holdings of U.S. Treasury securities as required reserves) certain observations are appropriate. Many bankers have expressed a preference for the second alternative as a way to avoid possible public controversy over the appropriate interest rate on reserve balances. While this concern merits consideration, a practical approach to the problem is an interest rate formula linked to market rates. With this approach, the direct payment of interest on reserve balances appears to hold greater potential for eliminating the reserve burden, without adverse implications for monetary policy."

Your Committee is of the opinion that the conclusion expressed above is relevant to the subject of paying interest on the primary cash reserve of Canadian chartered banks. Furthermore, it would promote the objectives stated in the White Paper to encourage foreign banks to apply for a charter under the Bank Act.

The payment of interest on the primary cash reserve would nullify the advantage which foreign banks presently have over Canadian banks because the former are not required to put up non-interest-bearing reserves for their Canadian operations, which are required of Canadian banks under the Bank Act.

As a result of its studies your Committee is of the opinion that the Bank of Canada should pay interest on the deposits with the Bank of Canada provided by the chartered banks under the statutory primary cash reserve requirement, exclusive of the amount of cash required for clearing settlement purposes and subject to a deduction for the expenses in connection with the handling of such reserve and the investment thereof.

(f) RESERVES ON TERM DEPOSITS

The White Paper proposals concerning the primary cash reserves required by chartered banks under the Bank Act appear to relieve banks from maintaining reserves on time deposits having an original term to maturity in excess of one year that are not encashable on demand.

There is a body of opinion that banks have been able to hold on to their market share in one-year-plus deposits, despite offering lower interest rates than the near-banks; this is probably due to their relative accessibility and safety.(*)

If banks have held on to their share of this term deposit flow while offering a lower interest rate than the near-banks, one can easily project that their share of the market will greatly increase if they can offer the same rates as trust companies and mortgage loan companies.

The same writer predicts that by 1987, banks will have increased their share of the consumer loan market from 58.3 per cent in 1976 to 80 per cent, and their share of the mortgage loan market in Canada from 21% in 1976 also to 80 per cent by 1987.

A reduction of the reserve requirement on term deposits from 4% to 3% as suggested by your Committee in addition to the present 5% secondary reserve requirement would result in a decrease of the rate differential disadvantage for banks from approximately 50 or 55 basis points (0.5%) at present to approximately 40 basis points (0.4%). This differential should still provide a sufficient competitive edge for trust companies, caisses and other near-banks to prevent a substantial disruption of their established market.

In comparing the position of the trust companies and mortgage loan companies with the position of chartered banks it must be appreciated that trust and loan companies are limited in expansion of their deposit borrowings to between 20 and 25 times their capital base, whereas chartered banks have no such limitation. Also, many of the larger banks have their own subsidiary mortgage loan companies which are not required to put up interest-free cash reserves.

Naturally, mortgage loan companies owned or controlled by chartered banks are subject to the limitation of the above ratio of deposit borrowings to capital.

It is your Committee's opinion that the proven ability of trust and mortgage companies to channel a steady flow of 5 year term deposit funds into residential mortgages could be substantially hampered if banks were permitted to attract such term deposits without reserve requirements. The term market has been the trust and mortgage loan industry's chief source of funds for the mortgage market. The banks' rebuttal is that they would find it difficult to have any large proportion of their customers switch to term deposits without a call or encashable feature; however, in the opinion of your Committee the lifting of the 4% reserve requirement completely would probably permit the banks to attract a substantial share of the five year term deposit market away from the trust and mortgage loan companies on which the trust and mortgage companies depend.

It has been suggested by witnesses that this could restrict the supply of mortgage funds and might result in higher mortgage rates, if banks channelled a large part of these funds into commercial lending.

If the requirement for banks to maintain reserves on non-cashable deposits for a term over one year is lifted, banks would be able to compete with near-banks on an equal basis as

* "Ottawa looks for Tighter Control" by André Marsan, vice-president of Research Securities of Canada, Ltd., in the November-December 1976 issue of The Canadian Banker Vol. 83, No. 6, 1976—adapted from an article in the October 1976 issue of Le Banquier et Revue IBC.

far as rates are concerned. The branch system of the larger banks and their built-in banking-customer market would lead your Committee to conclude that the banks would increase substantially their share of the term deposit cash flow and of the mortgage loan market in Canada.

Your Committee is of the opinion that the complete removal of reserve requirements for chartered banks on term deposits over one year which are not encashable on demand could disturb the competitive position of trust and mortgage companies for term deposits to an extent sufficient not only to disrupt their flow of such funds into the residential mortgage market but might even seriously jeopardize the future existence of many institutions in this field.

Your Committee's recommendation in this matter may be found in Sec.III(h) of this report.

(g) RESERVES ON FOREIGN CURRENCY DEPOSITS USED DOMESTICALLY

The White Paper proposes that cash reserve requirements with respect to foreign currency deposits used domestically be set at 4%.

The White Paper does not offer any reasons for proposing this new reserve requirement, nor does it explain the meaning of the concept of the use of such deposits in financing transactions in Canada. Also, apparently there would be technical difficulties in trying to determine the actual use to which banks' borrowing clients allocate the proceeds of such loans.

It has been pointed out to your Committee that a considerable amount of competition for this type of deposit comes from foreign-controlled financial institutions which are not subject to the control of the Bank Act and are not required to provide reserves with the Bank of Canada. The banking community has pointed out to your Committee that the imposition of this proposed reserve requirement on Canadian chartered banks would put them at a rate differential disadvantage of almost ½ of 1% (38 basis points) in the interest rate they would have to charge when competing with foreign-controlled near-banks (assuming the current interest was 9% per annum).

This means, for example, that a Canadian chartered bank which receives a foreign currency deposit of U.S. $100,000 would have only U.S. $96,000 to lend after deducting the proposed 4% reserve. To obtain the same net earnings as a competing near-bank, a chartered bank would have to charge an interest rate of 9.38% (38 basis points or 0.38% more) compared with 9% charged by a near-bank. As can be seen, the bank would be at a distinct disadvantage in competing with institutions which would not be required to maintain non-interest bearing cash reserves.

It has also been pointed out in representations made to your Committee that such a reserve requirement could create difficulties for the smaller banks because all deposits, whether in domestic or foreign currencies, are essential to growth.

A part of the reserves required of Canadian banks are based on Canadian currency deposits employed abroad which are received from non-residents. Your Committee, in the light of this requirement and based on the concerns of the banking community in representations made to your committee, finds it difficult to assess the reasons for adding this new reserve requirement in respect of foreign currency deposits used domestically.

In the opinion of your Committee, based on its studies, and the evidence submitted, it does not appear to be fair to place Canadian banks at a legislated disadvantage when competing with foreign-controlled competitors. The disadvantage results from the loss of revenue to the banks having to put up a non-interest earning cash reserve of 4% on foreign currency deposits used domestically. Your Committee suggests that if such a reserve is required, this rate differential might be overcome in large part by having the Bank of Canada pay over to the chartered banks the interest which would be earned by the central bank on the investment of such cash; an alternative, in your Committee's opinion, would be to exempt from reserves the following classes of foreign currency deposits used in Canada:

(a) Foreign currency deposits with an original term in excess of one year which are not encashable. This would be in line with the White Paper's proposal to exempt similar Canadian dollar deposits.

(b) Funds advanced in foreign currency to the federal, provincial and municipal governments. This would equalize competition from foreign banks because the latter can lend to governments in Canada without reserves and without withholding tax cost.

(c) Funds advanced in foreign currency where the term loan agreement calls for not more than 25% to be repaid in the first five years. This also would equalize competition from foreign banks who can lend to Canadian corporations without the reserve burden and without withholding tax cost.

(h) RECOMMENDATIONS

1. Your Committee recommends that the present primary and secondary reserves required of chartered banks under the Bank Act and Bank of Canada Act remain in such Acts, subject of course to the following recommendations.
2. Your Committee recommends that mandatory primary cash reserves under the Bank Act be reduced from the present 12% of Canadian dollar demand deposits and 4% of Canadian dollar notice deposits to 10% and 3% respectively; that the secondary reserve be maintained in a range of 0% to 12% of Canadian dollar deposit liabilities as at present, and that a substantial proportion, such as a maximum of 20% of such secondary reserve, be permitted to be made up of a broad range of short-term federal and provincial government and government-guaranteed securities, as follows:

Provincial treasury bills

Short term bonds of Canada

Short term bonds of the provinces

Short term municipal bonds guaranteed by the provinces

Export paper guaranteed by the Export Development Corporation

3. Your Committee recommends that the Bank of Canada pay interest to the chartered banks on the primary cash reserve required by the Bank Act (exclusive of the amount of cash required for clearing settlement purposes and subject to a deduction for expenses in connection with the handling of such reserves and the investment thereof). By reason of the provisions of Sec. 18(1)(o) of the Bank of Canada Act, this will require amendment to Section 72(1) of the Bank Act to authorize and direct the Bank of Canada to pay such interest.

4. Your Committee is not in favour of the proposal to relieve banks of the requirement to maintain primary cash reserves against notice deposits of a term in excess of one year which are not encashable, unless there is some requirement for banks to match maturity of term deposits with mortgage loans in order to maintain an adequate flow of funds into residential mortages up to the amount of the ceiling proposed in this report of 15% in respect of residential mortages.

5. Your Committee rejects the White Paper proposal to require that chartered banks maintain a 4% cash reserve with respect to foreign currency deposits used in Canada, unless the Bank Act either:

(a) provides for payment of interest on such reserve in order to relieve the rate differential disadvantage situation in which Canadian banks would be placed in competition with foreign-controlled near-banks, or

(b) exempts from the 4% reserve requirement foreign currency deposits with an original term in excess of one year which are not encashable

(c) exempts funds advanced in foreign currency to the federal, provincial and municipal governments

(d) exempts funds advanced in foreign currency where the term loan agreement calls for not more than 25% to be repaid in the first five years.

6. Your Committee recommends that the reserve requirements of the Montreal City and District Savings Bank as provided under the Quebec Savings Banks Act should remain under that Act and that no changes in the amount of reserves should be made.

7. Your Committee calls attention to its recommendation in Sec. II(g) of this report that any reserve requirement that would be applicable to a bank for Clearing Settlement Cash Reserve or Overdraft Security Reserve as a member of the proposed Canadian Payments Association Act should be considered as part of the bank's primary cash reserve and secondary reserve respectively for purposes of calculating its reserves under the Bank Act and Quebec Savings Banks Act.

IV
ENTRY INTO BANKING

(a) INCORPORATION OF NEW BANKS

One of the unique characteristics of the Canadian Banking system is that the establishment of new banks is rigorously controlled. The distinction between our system and systems elsewhere is not merely the establishment of concise and demanding criteria for entry but also, and perhaps more important, that each application for incorporation of a new bank is subjected to detailed public scrutiny by reason of the fact that banks must be incorporated by act of Parliament thus exposing the promoters to the salutory process of assessment by parliamentary committee. In the opinion of your Committee, this has not only tended to demonstrate the strengths of particular groups seeking a bank charter but has also provided an opportunity for exposing shortcomings which under other systems might well have gone undetected.

The White Paper proposes that incorporation of all new banks be by letters patent subject to the approval of the Governor-in-Council on the recommendation of the Minister of Finance. This is of course in line with the development of company law in the direction of incorporation of all bodies corporate by letters patent.

As a result of its study, your Committee is of the view that, provided some replacement for the public scrutiny afforded by the present parliamentary review system is found, no strong opposition to the incorporation of banks by letters patent exists. The importance of this public scrutiny, however, cannot be overemphasized and it is the opinion of your Committee that any system of incorporation of new banks by letters patent must have engrafted upon it a process for public assessment by some appropriate committee or tribunal in order to ensure that ease of entry into the banking system does not develop at the expense of the maintenance of the highest standard of quality in new banking institutions.

The choice of an appropriate vehicle for public assessment of applications for the incorporation of new banks will be to some extent dictated by the fact that, initially at least, a significant number of applications can be expected. On the other hand, this volume is likely to diminish to more manageable proportions with the passage of time. These circumstances may militate in favour of some form of ad hoc committee with representation from both the government and the banking community as an alternative to the establishment of an administrative tribunal of the conventional variety. The important point is that a move to the incorporation of banks by letters patent should not be effected without establishing a continuation, in some appropriate form, of the present process of public hearings.

RECOMMENDATION

Your Committee recommends that the White Paper proposal that banks be incorporated by letters patent be accepted

subject to the requirement that there be established some appropriate committee or other tribunal charged with the responsibility of conducting a public review of applications for incorporation of banks so that interested parties will have an opportunity to appear and make representations. The intention is that such committee or tribunal would report to the Minister with its recommendation on the question of the suitability of the applicant for incorporation as a bank after there has been an opportunity in such public forum to assess the support or criticism of other institutions or the public.

Your Committee suggests that a copy of the recommendation to the Minister be filed with the application for Letters Patent. The Minister of Finance would consider the recommendation of the committee or tribunal and thereafter make his recommendation to the Governor-in-Council before letters patent of incorporation may be issued.

(b) OWNERSHIP OF BANK SHARES BY PROVINCIAL GOVERNMENTS

There has been considerable opposition to the proposal in the White Paper that provincial governments be allowed to hold and vote capital stock of chartered banks. The White Paper states on page 22:

"The provisions of the present Act which preclude ownership of bank shares by governments will be altered to authorize one or more provincial governments to hold and vote up to 25 per cent of the shares of a new bank, but this percentage will have to be reduced to 10 per cent within ten years."

This prohibition against the acceptance of a subscription for and transfer of a share of the capital stock of a bank is contained in Section 53(3) and (4) of the Bank Act.

The White Paper claims that there might be some possible short term benefits from the financial assistance which a provincial government might render to a new bank in its initial organizing stage. However, your Committee is of the opinion that it is neither necessary nor advisable for a provincial government to acquire voting stock in return for financial assistance.

Several good reasons have been presented to your Committee for not permitting government shareholdings in banks, the main one being that the credit policy of a bank might be influenced or weakened.

Your Committee believes that if financial assistance from provincial governments is required or deemed desirable in the initial stages of development of a new bank, there are other ways of accomplishing this, such as by way of guarantees, loans and income debentures rather than through the acquisition by a province of voting shares.

RECOMMENDATION

Your Committee recommends that the government of a province not be permitted to hold, own or vote, either directly or indirectly, any shares of the capital stock of a bank.

V FOREIGN BANKS

(a) GENERAL CONSIDERATIONS

The objectives of the proposals in the White Paper with respect to the operations in Canada of foreign banks are summarized as follows: "to provide for more equitable and effective competition between Canadian and foreign-owned institutions, to provide opportunity for Canadian affiliates of foreign banks to operate under Canadian banking legislation, to provide economic and financial surveillance by Canadian authorities and to provide a basis for reciprocal treatment for Canadian financial institutions abroad, while ensuring that Canada's banking system remains predominantly in Canadian hands".*

These objectives appear to have been received and acknowledged with satisfaction by both Canadian and foreign-owned financial institutions.

Canadian chartered banks hold a dominant position among financial institutions in Canada with a total of approximately $110 billion in assets booked in Canada, including $20 billion foreign currency assets booked in Canada compared with approximately $2 billion in assets of foreign controlled financial institutions in Canada. According to the White Paper there are about 120 Canadian corporations in which foreign banks have an equity interest and which appear to be engaged in financial activities. About 60 foreign banks have an equity interest in these corporations. Approximately half are United States banks and the remainder, except for seven, are from countries which are members of the European Economic Community.

It is expected that many of the foreign banks will seek incorporation of bank subsidiaries under the Bank Act. This will provide a new and very strong competitive force in Canada.

The principle of requiring or encouraging foreign banks to incorporate their financial operations in Canada into a Canadian bank subsidiary which will be subject to the provisions of the Bank Act appears to meet with adequate acceptance.

The White Paper states that any foreign bank affiliate engaging in both the making of loans and the accepting of deposits transferable by order will be required to incorporate as a bank under the Bank Act.

At the same time, the White Paper proposes the following limitations on the size and potential growth of such foreign banks' subsidiaries;

1. A foreign bank will be limited to assets of 20 times its authorized capital up to a maximum of $500 million. To increase the authorized capital from $5 million to

---

* Page 26, White Paper

$25 million will require the approval of the Governor in Council at each step of the increase.

2. It will be limited to one place of business, but subject to the approval of the Minister of Finance as to the number and location of branches of a foreign bank subsidiary, it could be permitted to open branches to a maximum of five.
3. The policy, subject to review, will be to limit total operations of foreign banks' subsidiaries to 15% of total commercial lending in Canada.

(b) RESTRICTIONS

Restrictions on Size

The restriction on the size to which a bank may grow, namely to about $500 million in assets, may appear to be too restrictive in some cases, in as much as some Canadian affiliates of foreign banks apparently have already exceeded that amount.

Your Committee has the following comments and opinions with regard to this limitation:

A foreign bank's subsidiary whose assets, including the assets of affiliates in Canada which are being merged into the new bank, exceed $500 million at June 30, 1977 should be permitted to retain as its growth base the amount of such assets at June 30, 1977.

As the present Bank Act officially expires on June 30, 1977 (subject to the recent proposed nine month extension) the restriction, if any, should be limited to the greater of $500 million and the bank's assets in Canada at June 30, 1977

Your Committee is of the opinion that this limit of $500 million per bank should not be static, but should be raised from time to time as the overall Canadian banking community grows. This could be accomplished by indexing as follows:

Initially a new foreign bank should be allowed to grow without restriction for its first five years of operations or up to the time when its total assets reach $500 million or its growth base is in excess of $500 million at June 30, 1977.

Thereafter, all foreign controlled banks which have reached the five year development stage or $500 million in assets, whichever comes first, or whose amount of growth base is in excess of $500 million at June 30, 1977 (including their operations in Canada prior to being incorporated as a bank) should be allowed to grow at a rate which does not exceed the rate of growth of total aggregate assets of all Canadian chartered banks based on the previous fiscal period.

Allowance should be made to permit banks which exceed the growth limit resulting from indexing in any one year to get "on side" within 12 months.

Restrictions on Number of Offices or Branches

The White Paper states on page 28, "The foreign bank affiliate will be limited to one place of business but, subject to the approval of the Minister of Finance as to the number and location of branches, could be permitted to open branches to a maximum of five."

As result of its studies and representations made by witnesses, your Committee wishes to point out some of the arguments in favour of and against such limitations:

IN FAVOUR OF LIMITATIONS

(1) Foreign banks should be restricted to one office initially until the banking authorities have gained some experience as to the nature and size of the proposed operations of a new foreign bank's subsidiary.

(2) Most foreign banks coming into Canada would only take the more profitable commercial loans and more easily accessible major corporate businesses in such cities as Halifax, Montreal, Toronto, Vancouver, Winnipeg, Edmonton and Calgary.

AGAINST LIMITATIONS

(1) While most foreign controlled banks in Canada would not be interested in establishing a large branch system across Canada, it is possible that the proposed restriction might deprive some Canadian centres of improved services on a more competitive basis. Such limitations might result in reciprocal limitations in other countries including some individual states in the United States of America.

(2) Limitation might tend to promote one city as the main banking centre for such new banks if they believed that they might be restricted to one location for all time. This might be to the detriment of efficiency and development, because foreign banks would tend to choose such location having regard to long-term growth, location of the main money-market activity or other reasons if they were to be restricted to one location. However, they might choose another location which would be more logical for their first office from the point of view of geography, efficiency and client orientation if they were not be so restricted in the future.

(3) The restriction on the number of branches would seriously impair a foreign bank's subsidiary's ability to be competitive in the retail banking field and to provide a broad or complete range of banking services.

(4) The degree of penetration by foreign banks into the Canadian financial system should not be determined by the number of branches but by financial criteria.

(5) Instead of a statutory limitation on number of branches, specific guidelines should be established to approve additional branches as benefit to Canada is demonstrated.

After due consideration of the problems involved in the proposed limitation in the number of offices or branches of a foreign bank's subsidiary, your Committee is of the opinion that any such limitations should remain flexible so as not to prevent the achievement of reasonable reciprocity arrangements with other countries.

Restrictions to share of commercial lending

The restriction to limit the total operations of foreign banks to 15% of total commercial lending in Canada might meet the objective of providing effective competition. However, the definition of what constitutes "total commercial lending in Canada" has not been provided and it is unclear if this includes the financial activities such as leasing, factoring and sales finance companies, guarantees, letters of credit and other forms of credit.

In the opinion of your Committee the proposal to limit the foreign bank subsidiaries' share of the market to 15% of the total commercial lending in Canada appears to be reasonable and should provide sufficient scope for such banks to accomplish adequate growth both individually and collectively.

This opinion is subject, of course, to an adequate definition as to what constitutes total commercial lending in Canada being provided.

In the opinion of your Committee it might also be advisable to reserve a portion of this 15% market share for applicants from foreign countries which presently are not represented on the Canadian banking scene.

Your Committee is also of the opinion that there should be a limit on the number of foreign banks from any one country which may be allowed to operate in Canada through chartered bank subsidiaries, provided such can be applied within the principle of reciprocity. Your Committee is aware that there are problems in administering limits of this nature.

Indeed some concern has been expressed to your Committee that opening the door to the extent of 15% of the commercial lending market might be merely the thin end of the wedge, and that this limit would eventually be increased.

(c) RECIPROCITY AND FOREIGN OWNERSHIP

The problem of reciprocity with other countries is a complicated one because of the difference in the relative size of the total assets of Canadian chartered banks compared with the total assets of banks in some other countries.

For example, at September 1975 total assets of Canadian banks amounted to approximately $104 billion which is only about 10% of the total assets of U.S. banks. U.S. authorities estimate that foreign bank installations chartered and licenced within the continental United States now number about 180 with total resources approaching $60 billion. The latter figure represents more than 6% of all U.S. bank assets. However, foreign branches of American banks outside of U.S. hold roughly three times the total assets of all non-American owned bank agencies, branches and affiliates operating in the United States. This would put a rough estimate of $180 billion on the amount of foreign assets of U.S. banks. At September 1975 the assets of Canadian-bank-owned banking institutions operating in the U.S. amounted to $6.6 billion.* This represents approximately 6.3% of the total assets of Canadian chartered banks at that time.

In the same article it is mentioned that the Committee charged with developing guidelines for the regulation of foreign banks operating in the United States has emphasized the principle of "mutual non-discrimination". In the interest of preserving Canadian control of the Canadian banking system in the opinion of your Committee it is obviously necessary to interpret and limit "mutual non-discrimination" and reciprocity within some over-all restrictive limitations, because of the relatively greater size and financial strength of the U.S. banks both collectively and individually.

Also, proximity with the U.S. and the fact that U.S. industrial companies own and control such a large percentage of Canadian resources and industry make Canadian banks extremely vulnerable to competition by foreign banks operating in Canada.

It is interesting to note that in the United States the Federal Reserve Board is reintroducing legislation with a view to bringing foreign banks which are operating in the United States under Federal supervision; among other provisions, this latest proposed legislation would require such banks, most of whom are presently only subject to State legislation, to maintain reserve requirements with the Federal Reserve Board, to take out deposit insurance and to divest themselves of underwriting activities which relate to securities of United States institutions and corporations. Apparently the legislation would require foreign corporations to divest themselves of investments in non-banking businesses which are predominantly located in the United States; exempted however, would be world-wide business activities if the majority of such business is done outside the United States.

(d) BANKING CONSORTIUMS AND AFFILIATED INTERESTS IN OTHER BANKS

The White Paper states: "To avoid indirect conflicts the parent bank of a foreign bank subsidiary will not be able to establish or retain any other affiliates in Canada, other than those permitted to the bank subsidiary itself as a bank under the Bank Act." (White Paper—page 27)

It has been interpreted by some witnesses that this would apply not only to non-banking subsidiaries in Canada but also to the establishment of separate banking subsidiaries in Canada by two foreign banks if one of them had a significant shareholding in the other; also, it is claimed, it would be inconsistent with the recent growth of consortium banking in international markets.

There appear to be two aspects of the problem concerning the interpretation of "affiliates."

(a) Banks being deemed to be affiliated because one bank owns shares in another bank, either directly or indirectly;

* "Foreign Banking in the United States" by Peter Rose, published in the Canadian Banker and ICB Review May-June Vol. 3, 1976.

(b) Banks being deemed to be affiliated because they hold an interest in the same consortium bank or banking consortium

These concerns affect not only foreign banks but also Canadian banks.

Concern has been expressed that because one foreign bank might have a minority share interest in another bank, one of them might be precluded from incorporating a chartered bank subsidiary in Canada if the other bank already had established a banking presence in Canada. Representation has been made to your Committee that the deciding factor as to whether a foreign bank might be allowed to incorporate a banking subsidiary in Canada should be in the degree of control of the proposed Canadian subsidiary by the affiliated foreign bank or banks.

In the opinion of your Committee, the problems of foreign banks being prevented from incorporating a bank subsidiary in Canada because of affiliation with any other bank through inter-company shareholdings is an area for which it might be extremely difficult to draft fair and acceptable legislation for all applicants for bank charters.

"Banking consortiums include banks from a number of countries for whom the consortium provides a framework for rapid communications and handling of large financial transactions. This flexibility provides national banks with greater international connections as well as the scale to handle larger loans because risks are distributed among banks in a number of countries."*

Some Canadian banks are participating in consortiums with foreign banks to develop projects in other countries, and some such consortiums provide funds for projects and governments of Canada. Some of these consortiums conduct their affairs through incorporated consortium banks with the participating banks owning the shares.

It has been represented to your Committee that the White Paper could be interpreted in such a manner as to prevent international consortiums from incorporating a bank in Canada or to discourage Canadian banks from participating in foreign banking consortiums.

For example, a strict interpretation of the White Paper proposal might result in all members of a consortium bank such as the International Energy Bank being deemed to be related or affiliated with one another and the fact that one of the participants is a Canadian bank might prevent both the International Energy Bank itself and any of its corporate shareholders from establishing a presence in Canada through the incorporation of a banking subsidiary.

Your Committee believes that the financing of large development projects in Canada can be assisted through banking consortiums which might include Canadian banks as well as foreign banks and that it would not be in Canada's interest to discourage or prevent the formation of such consortiums. Similarly, your Committee is of the opinion that the legislation should not restrict or discourage foreign banks from inviting Canadian banks to join with them in banking consortiums which might be formed for the purpose of financing special projects or programs in other countries.

A foreign bank subsidiary may be inhibited from joining a banking consortium in Canada because it is either close to or has reached the limit of its permitted commercial operations.

Your Committee suggests that the legislation might be drafted in such a manner that foreign banks taking a participation in a bank consortium or other similar joint venture for special and national projects not be deemed to be part of an "affiliated interest" for the purpose of deciding if a foreign bank might be permitted to incorporate a banking subsidiary in Canada.

Your Committee agrees that more favourable or less restrictive legislation should not be provided for foreign owned or controlled bank subsidiaries than is permitted to Canadian owned banks.

Also your Committee is concerned that the legislation should not contain exemptions for foreign institutions which would have the possible effect of weakening the dominant position of Canadian owned banks in Canada. It would appear that the affiliate rule may well interfere with the establishment in Canada of consortiums in which Canadian and foreign banks are partners and that this would be to the detriment of Canada. Your Committee is of the view that relief from the strict operation of the affiliate rule should be provided by legislation in respect of consortiums in the interest of Canada, at the same time ensuring that such relief does not provide a competitive advantage to particular banks whether foreign or domestic incorporated under the Bank Act in respect of their domestic operation.

The importance of this is such that in the public interest some solution should be found as a result of which the financing of undertakings in the natural resources field or in other areas in Canada might be provided through the association of foreign banks with Canadian banks in joint ventures and consortiums leading to a sharing of the financial burden. Your Committee has given much thought to this, but any further development of this matter will have to await the tabling of a new Bank Act in order to ascertain what, if any, proposals on this subject are put forward by the Government.

(e) OTHER PROPOSALS

Your Committee notes that the White Paper proposes that power to increase the limits on size of foreign bank subsidiaries by regulation will be accorded to the Governor in Council. Your Committee is of the opinion that any increases in the limits of size or otherwise in relation to capital or assets should be permitted only within the limits set out in the Bank Act, and that these limits should not be allowed to be exceeded by regulation.

---

* "Multinational Co-operatives—An Alternative for World Development" by J. G. Craig, Western Producer Prairie Books 1976

In order to provide adequate and definite control over the growth of foreign bank subsidiaries, your Committee is of the opinion that all limits, restrictions and conditions which apply to all such banks generally should not only be set out in the Bank Act but should also be listed in each bank's charter; this would be particularly important, in the opinion of your Committee, if incorporation was permitted by letters patent.

(f) TRANSITIONAL PROVISIONS

Your Committee is of the opinion that the transition towards incorporation of foreign bank subsidiaries under the Bank Act should encompass adequate and fair "transition" provisions and should include provisions such as tax free roll-overs, modification of thin-capitalization provisions under the Income Tax Act, and deemed continuity of corporate existence for qualification of securities under the "legal for life" tests contained in a number of statutes governing financial institutions, such as the Canadian and British Insurance Companies Act.

While the White Paper states that "provision will be made for a conversion period", your Committee notes that there does not appear to be any indication that there will be any allowance for a "grandfather clause" or early presence type of benefit. Your Committee also observes from representations made by foreign banks that the White Paper appears to be ambiguous as to whether the restriction on borrowing on the guarantee of a foreign parent will apply to foreign bank subsidiaries which become incorporated under the Bank Act or only to affiliates of foreign banks which do not become banks.

These are very important questions which were brought up by witnesses and which should be dealt with in the legislation. There will be ample opportunity to deal with these questions when the Bill to amend the Bank Act is presented and ample time for your Committee to review these matters if they are not dealt with in the legislation.

(g) CONSTITUTIONAL ASPECT

The White Paper indicates that it is the intention of the government that any foreign bank affiliate which is engaged in both the making of loans and the accepting of deposits transferable by order will be required to incorporate as a bank under the Bank Act or to cease engaging in such combination of activities. This is in keeping with the implicit definition of banking as being a chequable deposit function and is consistent with the theme of the White Paper.

On the other hand, it is also apparently the intention of the government in the case of those foreign affiliates, either federally or provincially incorporated, which decide not to be incorporated under the Bank Act as banks by reason of the fact that they are not engaged in "Banking" activities other than the making of loans, that they shall be federally regulated as well at least to the extent that they shall not be permitted to borrow money in the Canadian market upon the guarantee of their foreign parents. This raises the question as to whether or not Parliament has authority to enact legislation affecting these provincially incorporated institutions.

The question is difficult to resolve because it is not clear from the White Paper what particular legislation it is intended to adopt to control these provincially incorporated foreign affiliates. The White Paper contemplates that legislation in this area can be defended on the basis of the federal banking power as well as federal authority in the area of international trade and commerce, aliens, census and statistics. Reliance on the banking power is somewhat tenuous as the institutions which would be purported to be controlled would not be engaging in the combination of functions, i.e. making loans and accepting deposits transferable by order which the White Paper claims are aspects of banking. It is doubtful that a provincially incorporated financial institution which coincidentally happens to be a foreign affiliate is necessarily engaged in international trade and commerce; the other sections of the British North America Act relied upon in the White Paper are equally illusive. Accordingly, it is far from clear that there is jurisdiction in Parliament to legislate in this one narrow area relating to the government's intention to attempt to control borrowings of provincially incorporated foreign bank affiliates on the guarantee of their parents.

It does not appear that such power can be exercised by the federal authority except through the terms and conditions imposed on the foreign bank seeking to incorporate a bank in Canada under the Bank Act. In the case of foreign bank affiliates which do not seek incorporation as a bank subsidiary in Canada and in the case of foreign financial institutions not controlled by foreign banks, in the opinion of your Committee it would appear that the only way to prevent such financial institutions from borrowing money in Canada on the guarantee of the foreign bank parent or of any foreign bank would be by charging them with carrying on the business of banking in Canada without being incorporated under the Bank Act.

(h) LIMITATIONS ON BORROWING ON GUARANTEE OF PARENT

The proposal in the White Paper to deny to "affiliates of foreign banks" the possibility of borrowing in the Canadian market on the guarantee of its foreign parent or another company associated with the parent has been considered at length by your Committee. Representations have been made by witnesses and in briefs submitted to the Committee, and your Committee is aware of arguments both in favour of and against the proposal.

Although the White Paper is unclear on this point, your Committee assumes that this restriction would not apply to foreign bank subsidiaries incorporated under the Bank Act.

It would appear to your Committee that foreign controlled financial institutions which are not required to put up the same cash reserves which are required of Canadian chartered banks would be able to operate with a competitive advantage. However, the evidence presented to your Committee is not conclusive on this point. As stated earlier, in the opinion of your Committee the White Paper is unclear as to its authority or the proposed method for denying affiliates the right to use the

guarantee of a foreign parent in any borrowing in Canada. However, your Committee questions whether the intent of the White Paper in this direction is to equalize competition between near-banks and banks, or to induce foreign banks to incorporate their Canadian operations under the Bank Act.

In summary your Committee is of the opinion that any foreign controlled financial institution operating in Canada whether it is incorporated as a bank or not should be required to have its liabilities guaranteed by the parent company. This has become the trend in some foreign countries, such as U.K. If foreign banks were allowed to operate through branches in Canada this problem would probably be academic because all of the assets of the parent would be behind the liabilities of the Canadian branch.

Rather than prohibiting the possibility of borrowing with the guarantee of a foreign parent, your Committee suggests that a more reasonable approach would be to limit the ratio of the foreign affiliate's guaranteed borrowings to total borrowing liabilities and capital. A limit of this nature would encourage the Canadian affiliate or subsidiary of a foreign bank to import more capital funds either as foreign borrowings from the parent or others or as an infusion into new capital stock.

If the limit was set at 50% of total borrowing liabilities and shareholders' equity, when borrowings on the guarantee of the parent reached the 50% level, new capital funds would be imported into Canada. In the opinion of your Committee this would encourage a reasonable balancing of imported funds consisting of loans and shareholders' equity with borrowings on the Canadian market on the guarantee of the parent.

For example, a near-bank has $30 million in notes payable guaranteed by its parent and has other liabilities and shareholders' equity amounting to $30 million for an aggregate of $60 million in combined liabilities and shareholders' equity. The guaranteed notes payable of $30 million would represent 50% of liabilities and capital. Therefore, if guaranteed borrowings on the Canadian money market increased by another $5 million, it would be required to raise an equal amount of $5 million in either non-guaranteed borrowings or in direct loans or new capital from its parent.

(i) RECOMMENDATIONS

Your Committee is generally in accord with the thrust of the proposals in the White Paper to control operations of foreign banks in Canada.

1. Your Committee recommends the approval of the White Paper proposals, subject to modifications below, to place the following limits on the growth of foreign owned banks in Canada:

   (a) restriction of the combined market share of such banks to 15% of total commercial lending in Canada

   (b) a limit in growth of an individual bank to $500 million of assets or 20 times authorized capital based on approved increases in authorized capital to $25 million

2. Your Committee recommends that indexing be provided so that when a foreign bank subsidiary reaches the above limit in size it be permitted to grow at a rate governed by the rate of growth of combined assets in Canada of all Canadian owned chartered banks.

3. Thereafter, your Committee recommends as follows:

   (a) Initially, a new foreign bank subsidiary should be allowed to grow without restriction for its first five years of operations or up to the time when its total assets reach $500 million or where its growth base is in excess of $500 million at June 30, 1977.

   (b) Thereafter, all those which have reached the five year development stage or $500 million in assets, whichever comes first or whose amount of growth base is in excess of $500 million at June 30, 1977, (including their operations in Canada prior to being incorporated as a bank) should be allowed to grow at a rate which does not exceed the rate of growth of total aggregate assets of all Canadian chartered banks based in the previous fiscal period.

   (c) Allowance should be made to permit banks which exceed the growth limit resulting from indexing in any one year to get "on side" within 12 months.

4. Your Committee further recommends the approval of the White Paper proposal to restrict foreign bank subsidiaries to one place of business, or with approval of the Minister of Finance a maximum of five branches, but that further increases be permitted as may be deemed advisable under reciprocity arrangements with other countries.

5. Your Committee also recommends that the general principles of reciprocity and significant benefit to Canada be used in considering foreign bank applications for entry, but that limits be placed on the number of banks allowed from any one country, keeping in mind the principle of reciprocity being sought in the White Paper.

6. Your Committee recommends that "affiliate" and "foreign bank affiliate" be defined in any amending legislation in relation to the operations of a foreign bank subsidiary and its parent in a joint venture or consortium in Canada (in association with other banking interests either a foreign bank, or a foreign bank subsidiary or a Canadian bank).

7. Your Committee is not in favour of the proposal in the White Paper to deny affiliates of foreign banks the possibility of borrowing in the Canadian market on the guarantee of its foreign parent or another company associated with the parent. Your Committee recommends, however, that such guaranteed borrowing be limited to 50% of the Canadian affiliates' total combined borrowing liabilities and shareholders' equity.

8. Your Committee recommends that the provisions for limits on size and growth of foreign bank subsidiaries be set out in the Bank Act, and not by regulation.

9. Your Committee further recommends that all limits, restrictions and conditions which apply to foreign bank subsidiaries should not only be set out in the Bank Act

but also should be incorporated into each such bank's charter.

VI
BANK BUSINESS POWERS

(a) FINANCIAL LEASING

"In Canada, subsidiaries of foreign banks as well as other Canadian corporations have been active in this field. United States national banks are permitted to provide financial leasing services. The Canadian banks have not, however, participated in the financial leasing of equipment other than, in recent years, through partially owned affiliated companies." (Page 30, White Paper)

While competition from banks undoubtedly would affect companies in the field at present commercial realities dictate that financial leasing has become, to a great extent, a financial equivalent of credit or term lending and an accepted banking responsibility or service and that banks should be permitted to engage in financial leasing.

The White Paper recommends that banks be permitted to engage in leasing "on a full payout basis—except to an amount not exceeding 20 per cent of the acquisition cost".* This is in itself a form of contradiction as was pointed out by one of the associations which appeared before your Committee. This association also pointed out that residual leasing is infrequently offered by leasing companies in Canada, and only when special circumstances prevail as it is considered too risky by Canadian lessors with experience in the market.

The concept of allowing a 20 per cent residual value in a lease apparently has been borrowed from the definition of financial leasing included in the Regulations pertaining to Federal Reserve Board Banks (United States).

The banking group, when appearing as witnesses before your Committee, indicated that Canadian banks do not go into leasing situations where there is any dependence on the residual value of the equipment, although it was conceded that the function that the 20 per cent residual value performs is to enable the lessor to bid a lower price to the lessee in terms of rent.

Another trade group, representing automobile dealers, presented some convincing arguments against allowing banks to engage in leasing of automobiles and trucks. After studying the matter, your Committee is of the opinion that this problem would be resolved if the proposed residual value were decreased to a maximum of 10% and that reduction thereby of the allowable residual value from 20% to 10% would appear to be appropriate to get down to a "salvage" value in accordance with a true functional equivalent of credit.

There is a body of opinion that banks, if they are permitted to engage in financial leasing, should be able to do so at their option through a separate subsidiary, because this would minimize the competitive advantage which banks would have in exercising their banking role and through their extensive branch system. Your Committee agrees with this view.

RECOMMENDATIONS

1. Your Committee recommends the approval of the White Paper proposal to permit banks specifically to engage in financial leasing of equipment on a non-operating full payout basis.
2. Your Committee recommends that, in financial leases negotiated by banks, the dependence on a residual value of the equipment should be limited to 10% of the acquisition cost and not 20% as proposed in the White Paper.
3. Your Committee recommends that banks which engage in approved financial leasing operations be permitted to conduct same through separate wholly-owned subsidiary companies.

(b) FACTORING

The White Paper proposes that banks be specifically authorized to engage in factoring.

Some banks have engaged in factoring through partly-owned affiliated factoring companies, although factoring has not been permitted specifically to banks under the Bank Act.

Foreign banks have been operating in factoring in Canada through non-banking subsidiaries and affiliates.

In the opinion of your Committee it seems appropriate to permit Canadian banks to engage in factoring, either directly or through a subsidiary, because it is now considered in most countries to be a normal banking service. Your Committee received no objections to this proposal.

RECOMMENDATIONS

1. Your Committee recommends approval of the White Paper proposal to permit banks specifically to engage in factoring.
2. Your Committee recommends that banks which engage in approved factoring operations be permitted to conduct same through separate wholly-owned subsidiaries.

(c) RESIDENTIAL MORTGAGES

Presently the mortgage portfolio of a bank is limited to 10% of its deposit liabilities and debentures. It is proposed in the White Paper that such ceiling on mortgage portfolios be removed.

The White Paper states that:

"While some of the larger banks are approaching the 10 per cent ceiling, the conventional residential mortgages held by the banks as a group at the end of 1975 amounted to only 5.8 per cent of the total Canadian dollar liabilities and debentures."

"As there continues to be a growing need for residential mortgage funds, particularly for small and medium-priced

---

* White Paper, page 31

homes, it is desirable that banks not be constrained by arbitrary limits." (Page 32, White Paper).

In the interests of liquidity and of matching mortgages with the proceeds of term deposits or debentures of a comparable maturity, it would appear to your Committee advisable that some limit be placed on the amount of investments in mortgages at any one time in relation to total deposit and debenture liabilities; there should also be a reasonable matching or proceeds from term deposits with mortgages. This might have the effect of resolving to some extent the problem envisaged by the trust and mortgage companies that the removal of the 4% reserve on such non-callable term deposits would divert the normal flow of mortgage funds into commercial lending. This subject was dealt with earlier in this report under "Reserves on Term Deposits" in Sec. III (f).

Some criticism was expressed to your Committee of the fact that the banks as a group were not providing their fair share of the funds for residential mortgages, and although permitted to expand their mortgage portfolios up to 10% of their deposit liabilities and debentures, no one bank in particular had yet reached the 10% limit. It has been suggested that some provision should stipulate that banks should be required to allocate a minimum of 10% of their deposits and debentures to the residential mortgage market. This procedure perhaps would indicate a positive social role for the banks.

Your Committee is of the opinion that from a liquidity point of view there should be some limit on the percentage of a bank's deposit liabilities which might be invested in residential mortgages, and suggests that, rather than taking off the 10% limit completely, an increase to 15% would be reasonable until the next decennial review of the Bank Act.

The rationale for the adoption of the 10% ceiling in 1967 was apparently to restrict the impact of new competition which would be provided by banks entering the mortgage market. Indications are, however, that the trust and mortgage loan companies, caisses populaires and the credit unions more than held their own in competition with the banks. While chartered banks' share of the mortgage market rose from 3.7 to 11.3 per cent from 1967 to the end of 1974, the combined share of the trust and loan companies and of the credit unions also rose—from 24.6 per cent in 1967 to 35.6 per cent by the end of 1974. (Source: Economic Council—"Efficiency and Regulation, 1976—page 83).

While the chartered banks as a group have increased their mortgage holdings to 5.8% of their deposits, it appears reasonable to raise the 10% limit because at least three of the banks are approaching their 10% limit and it would not seem equitable under existing conditions to restrict the competition from the banks which have been the most aggressive in providing mortgage funds.

An increase in the limit from 10% to 15% should provide adequate room from growth. Your Committee, however, is of the opinion that some restriction is necessary in order to provide for control over liquidity, and if there is no limit, such as 15%, that there should be a requirement for a reasonable matching of maturities of the proceeds from term deposits with investment in mortgage loans.

RECOMMENDATION

Your Committee recommends that the present limit on a bank's residential mortgage portfolio be raised from 10% of Canadian dollar deposit liabilities and debentures to 15%.

(d) DATA PROCESSING

The White Paper proposes to restrict banks to providing data processing services directly related to the making of payments, that is, to "banking-related" data processing services.

The Banking community has represented to your Committee that this restriction would not affect any data-processing services which they carry on at the present time. However, they make the following points:

1. This would put a restriction on competition to protect the soft-ware companies which now have established themselves and do not require protection.
2. Development of new banking and data processing services in the future might be severely restricted to the detriment of the public by narrowly confining the services provided by banks to a very circumscribed area of the functions.

It is suggested by the bankers that if the independent computer service firms are requesting that they be protected from "unfair competition" this should be dealt with under the provisions of the Combines Investigation Act.

Your Committee notes that the Combines Investigation Act was amended in 1976 by an amendment (Section 31.4(4)) whereby banks are restrained from engaging in "tied selling" of such services as data processing, "except where it is engaged in by a person in the business of lending money for the purpose of better securing loans made by him and is reasonably necessary for such purpose."

Your Committee is of the opinion that the above provision in the Combines Investigation Act is sufficient protection to the Data Processing industry from possible "unfair competition" from banks and that it is not necessary to provide for duplicating legislation in the Bank Act.

It should be noted that the proposed legislation to amend the Combines Act proposes to rest the responsibility for the enforcement of competition policy in the Combines Investigation Act or its successor.

RECOMMENDATION

Your Committee recommends that the proposal in the White Paper to place a restriction in the Bank Act concerning the limitation of banks to providing data processing services directly related to the making of payments not be approved, for the reason that sufficient restriction and protection against possible unfair competition is already embodied in the Combines Investigation Act; in any event your Committee consid-

ers that such proposal would, in view of the proposed amendments to the Combines Investigation Act, be more appropriate to consider in connection with the latter legislation rather than the Bank Act.

(e) SECURITIES

The proposals define more closely the role of banks in the sale of corporate securities.

The White Paper states: "while it would not be appropriate for banks to promote the sale of corporate securities, it should be possible to make these securities available through a bank or banks and so inform the public". It also states "Banks will, however, be permitted to distribute corporate securities as members of a selling group". (Page 35, White Paper)

In a brief submitted to the Minister of Finance, it was indicated that the banking group does not appear to have any general objection to specific provisions or restrictions concerning investment activities of banks other than a general concern "that the specific amendment be drafted so as not to inhibit ordinary money market and commercial operations of the banks".*

On the other side, however, concern has been expressed by the provincial Minister of Finance that in view of the proposed extension of the powers of banks, the Bank Act revision concerning securities should make it explicitly clear that the regulation of securities trading is an area of provincial responsibility.

Your Committee is sympathetic to both of these concerns, and suggests that further consideration be given to them when the legislation is presented.

The Committee is in favour of the adoption of the White Paper proposals to specify areas for dealing in securities where banks will be permitted or excluded, such as, for example:
Excluded—underwriting corporate securities—acting as agent in private placements

Permitted—distributing corporate securities as members of a selling group; distributing federal securities—underwriting and distributing securities of federal government agencies, securities of provincial and municipal governments and their agencies as well as securities of international agencies of which Canada is member.

Your Committee recommends the adoption of these proposals concerning securities, subject to further study when the proposed legislation is in place.

(f) TRUST AND QUASI-TRUST ACTIVITIES
(1) MUTUAL FUNDS

The White Paper proposes that banks be prohibited from the management of mutual funds; this reinforces the concept that the trust function should be completely divorced from the operating and management function in order to avoid possible conflict or appearance of conflict of interest.

In this connection, bankers stated that all of these proposals would require revisions in the existing set-up of one or more of the banks but that as part of a consistent effort to avoid situations where conflict of interest could arise they are prepared to support this proposal.

The White Paper is unclear as to whether banks will be permitted to act as advisers to mortgage-based mutual funds, and in this regard your Committee suggests that this should be permitted in the same manner as Real Estate Investment Trusts and Mortgage Investment Companies are permitted.

RECOMMENDATION

Your Committee recommends the adoption of the proposals of the White Paper concerning Trust and Quasi-Trust Activities, provided that there is an adequate transition period and provided that banks be permitted to act as advisors to mortgage-based mutual funds.

(2) REGISTERED RETIREMENT SAVINGS PLANS AND
(3) REGISTERED HOME OWNERSHIP PLANS

Neither the Canadian Bankers' Association nor the Trust Companies Association of Canada offered any objections to the provisions in the White Paper that the banks be restricted to offering these plans in the form of deposit plans only. These proposals carry out the concept of separating the trust function from the management function in order to avoid possible conflict or appearance of conflict of interest.

In the opinion of your Committee these proposals appear to be reasonable.

RECOMMENDATION

Your Committee recommends that the proposals of the White Paper with respect to Registered Retirement Savings Plans (RRSPs) and Registered Home Ownership Plans (RHOSPs) be adopted.

(4) REAL ESTATE INVESTMENT TRUSTS AND MORTGAGE INVESTMENT COMPANIES

The White Paper proposes that the banks be permitted to continue to act as advisers for Real Estate Investment Trusts (REITs) and Mortgage Investment Companies (MICs) on the condition that the Real Estate Investment Trusts and Mortgage Investment Companies have a board of trustees or directors, the majority of whom are independent of the bank.

Your Committee received no representations against this proposal and is of the opinion that the proposal is reasonable.

RECOMMENDATION

Your Committee recommends the approval of this White Paper proposal.

---

* Page 10 "White Paper: The Banks' Assessment" Brief of the Canadian Bankers Association to the Minister of Finance

(5) PORTFOLIO MANAGEMENT, INVESTMENT COUNSELLING AND SECURITIES ADVISING

In order to avoid an apparent conflict of interest, the White Paper proposes to restrict banks from portfolio management and investment counselling other than for Real Estate Investment Trusts (REITs) and Mortgage Investment Companies (MICs), and advice on particular securities to small clients or infrequent investors with no other contacts in the financial community. Banks would also be permitted to provide certain administrative services for clients' investment portfolios.

No objections to these proposals were presented by witnesses and your Committee is of the opinion that these proposals are reasonable.

RECOMMENDATION

Your Committee recommends that these proposals expressed in the White Paper should be adopted.

(g) BANK INVESTMENT IN CANADIAN CORPORATIONS

(1) BANKING OPERATIONS

The White Paper's philosophy is that "Banks' operations should be confined within their own corporate structure and subject to all aspects of banking legislation and regulations". (page 38, White Paper) There are however certain exceptions which would permit a bank to own 100 per cent of the voting stock of Mortgage Loan Companies, REIT Service Corporations and Bank Service Corporations. These subsidiaries would be consolidated with the banks' figures for reporting purposes and for calculating a bank's reserve requirement.

Most banks see no need for this restrictive legislation. They would prefer to have the right to establish "financial service corporations" for specialized areas of lending such as leasing or factoring and your Committee concurs with this view.

Your Committee is of the opinion that in some cases greater flexibility in concentrating specialized skills and improved efficiency can result by organizing and marketing in specialized areas through a separate wholly-owned subsidiary. Provided proper identification of the affiliation is made by the subsidiary so that the public is aware of the identity of the parent company, provided such subsidiary is subject to the provisions of the Bank Act, provided its liabilities are guaranteed by the parent company, and provided the subsidiary's figures are consolidated with those of its parent company for reserve and reporting purposes, your Committee is not aware of any compelling arguments in favour of this restriction.

The reasons given in the White Paper are "to clarify and regulate the nature and extent of banks' interests in Canadian corporations".* It is suggested by your Committee that this can be accomplished equally well if approved operations such as financial leasing and factoring are carried on by banks within subsidiaries rather than within divisions or departments by drafting the legislation so as to make clear and to regulate the nature and extent of the banks' interest in such Canadian corporations.

RECOMMENDATION

Your Committee recommends against the White Paper proposal requiring banks to confine all their operations within their own corporate structure, subject to certain stated exceptions.

(1) Other Financial Activities

Except as authorized by the Bank Act for investments in such companies as mortgage loan companies and bank service corporations, the White Paper proposes that banks would not be permitted to acquire more than 10% of the voting shares of Canadian corporations engaged primarily in financial activities. Provision is made in the proposals for this limit to be exceeded temporarily, for investments of $5 million or less and for ownership in venture capital corporations. Provision is also made for disposal of excess investments to be divested within two years; provisions for the limit on and disposal of venture capital investments are to be subject to regulations.

Your Committee is of the opinion that these proposals are reasonable, but suggests that the time limit for disposal of excess investments mature venture capital investments should be at least five years in order to permit orderly divestment.

RECOMMENDATION

Your Committee recommends the approval of these White Paper proposals subject to the time limit for disposing of excess investments and mature investments being at least five years.

(2) NON-FINANCIAL BUSINESS

The White Paper proposes that banks not be permitted to acquire more than 10% of the voting shares of any non-financial Canadian corporation, except as authorized by the Bank Act; a two-year period is provided for divestiture of excess investments.

In the opinion of your Committee the two year divestiture period to reduce ownership of voting stock of joint-venture investments down to 10% appears to be unrealistic.

Most joint ventures continue to be in the development stage after two years and the substantial presence of the bank both for control and advisory purposes is usually advisable; it is also doubtful that in many cases a joint venture could be properly valued after two years if the project is still in the development stage.

RECOMMENDATION

Your Committee recommends that a five-year divestiture period should be made available.

(h) EXTENSION OF CREDIT AGAINST SECURITY

The White Paper proposes extension of powers of banks under the Bank Act for giving of security and borrowing.

* White Paper, page 38.

These proposed changes all appear to your Committee to represent modifications to meet developing and changing needs and your Committee is of the opinion that these modifications will constitute improvements to the present Bank Act.

RECOMMENDATION

Your Committee recommends the approval of these proposals in the White Paper.

(i) NON-BANKING ACTIVITIES OF SPECIAL SOCIAL OR ECONOMIC BENEFIT

The White Paper proposes to regularize some of the services which banks have been performing for a number of years and which are considered to represent a useful contribution to the community in which they are rendered.

These include:

(a) the sale of urban transit tickets;

(b) the sale of lottery tickets which are sponsored by federal, provincial and municipal governments;

(c) the sale of tickets in connection with special temporary and infrequent, non-commercial celebrations or projects of local, municipal, provincial or national interest, as a public service.

While, in the opinion of your Committee, there do not appear to be any objections to a Bank performing such services, the listing of such services might tend to exclude in the future some worthwhile legitimate public service which might be prevented because it was not specifically listed. Your Committee, however, is not against banks performing these public services, but suggests that there should be some more general statement as to the terms and scope of activities permitted. Your Committee, however, is of the opinion that banks should only be permitted to sell tickets for events under the public service category (c) above, provided it is done without remuneration.

RECOMMENDATION

Your Committee recommends the adoption of these proposals, with particular attention to our suggestion as to the broadening of the scope of such activities within the general scope of the objectives referred to, and provided banks be permitted to sell tickets on a remunerative basis only for projects of a certain restricted and specified nature, such as urban transit tickets and lottery tickets which are sponsored by federal, provincial and municipal governments. Sale of tickets for non-profit activities should be without remuneration.

VII

BANK CORPORATE POWERS

The White Paper includes proposals under the following headings:

Coordination of the Bank Act provisions with those of the Canada Business Corporation Act.

(a) Methods of Financing

Additional flexibility in methods of financing including the right to issue no par value shares and shares without preemptive rights, stock under option plans, Canadian $ convertible debentures, foreign currency non-convertible debentures, convertible preferred shares, stock dividends, and the waiver of pre-emptive rights.

(b) Financial Disclosures

Improvement and updating in financial disclosures including the provision for consolidated financial statements and the "equity method of accounting for affiliates" for all investments in affiliates where the bank holds more than 20% of the voting stock or has effective control of the affiliate. Your Committee suggests the basic report formats for financial statement presentation should be in the regulations rather than in schedules to the Act. This would permit an easier method of updating the format as may be required from time to time.

(c) Loans to Directors

Extension of the provisions concerning loans to directors of banks and to firms of which a director or any officer of the bank is a member or director.

Your Committee did not receive any representations but studied various written submissions on these subjects and is of the opinion that these proposals are acceptable and will be improvements to the Bank Act in line with changing conditions.

RECOMMENDATION

Your Committee recommends the approval of the above proposals as detailed in the White Paper, subject to the Committee's recommendations that the required format for financial information be covered in the regulations rather than in schedules to the Act.

Your Committee has the following comments to make on the last three sections of the White Paper on Bank Corporate Powers:

(d) Appointment of Auditors

(e) Limitation on Holding of Bank Shares

(f) Adequacy of Capital and Liquidity

(d) Appointment of auditors

In connection with the appointment of auditors a proposed amendment provides that banks would be permitted "the option of appointing either individuals or firms, but requiring that in the case of the appointment of firms that the bank designate the individual partner it wishes to direct the audit work". (White Paper, Page 44)

Your Committee agrees with the statement in the White Paper that the appointment of individuals has given rise to some difficulties where individual auditors have been unavailable when required on short notice in connection with bank business.

The present Bank Act provides that each of the two auditors shall be a member in good standing of an approved institute, is ordinarily resident in Canada and has practised his profession

in Canada continuously during the six consecutive years prior to his appointment.

RECOMMENDATION

Your Committee disagrees with the proposal that banks be permitted an option of appointing either individuals or firms of chartered accountants as auditors but recommends that firms of public accountants be appointed as auditors, with the bank being required to designate the name of the partner of the firm (who is a member in good standing of an approved Institute and has practiced his profession in Canada continuously during the six consecutive years prior to his appointment) it wishes to direct the audit work.

(e) Limitation on holdings of bank shares

The present Bank Act prohibits any one individual or corporation from owning more than 10 per cent of the voting stock of a bank. A similar provision exists in the Quebec Savings Banks Act. The White Paper proposes that for the purposes of the 10 per cent limit, centrals, federations, or regional unions will be deemed to be associated with their member credit unions or caisses populaires and their combined holdings of shares in any bank will be limited to no more than 25%.

In the course of its hearings and through submissions your Committee has received the opinion that the limit should be reduced to 5% of the outstanding shares.

Your Committee is of the opinion that the strength of the credit unions and caisses populaires acting in concert through their respective centrals or regionals has grown to a point where the acquisition by them of a 10% or more voting interest in a chartered bank or a savings bank could result in a conflict of interest and in loss of independence of the bank or savings bank. In the opinion of your Committee there is a possible risk that the direction in which the bank should be operated could be influenced in the interest of such type of associated group acting in concert. The proposal in the White Paper would permit the control of a bank or savings bank to be accomplished without much difficulty.

RECOMMENDATION

Your Committee approves the proposal of the White Paper that centrals, federations or regional unions be deemed to be associated with their respective member credit unions or caisses populaires for purposes of the limit on holdings of banks' shares. However, your Committee recommends that their combined holdings, either directly or indirectly, of the shares of a bank should be limited to 10% of its outstanding shares.

(f) Adequacy of Capital and Liquidity

The White Paper states that the present Bank Act does not regulate the levels of capital or liquid assets to be maintained by the chartered banks.

The White Paper goes on to say that it is not possible to develop an adequate formula for controlling the adequacy of capital or liquidity of a bank. It prefers to have the Bank Act stipulate that "a bank shall maintain adequate capital and liquidity and that the Minister of Finance may make regulations on these matters". (Page 45, White Paper)

Your Committee is in favour of the development of guidelines and the issue of directives to individual banks as proposed by the White Paper. Your Committee is well aware of the close vigilance maintained over banks by the department of the Inspector General of Banks.

It has been submitted to your Committee by witnesses that, placed on a comparable basis adjusted for differences in accounting practices, the leverage ratios (ratio of deposits to capital funds, subordinated debentures, reserves and shareholders' equity) of Canadian banks compares favourably with the United States banks and the United Kingdom banks.

In addition, deposit insurance in Canada tends to provide a substantial additional protection to depositors. In U.K. deposit insurance is only in a proposal stage, a recommendation for deposit insurance having been included in a White Paper for U.K. banks which was released in August, 1976 and which is still in the discussion stage.

Perhaps the most important and least tangible, external influence affecting the Canadian banks is the confidence factor which the market, particularly the international market, assigns to each bank. According to witnesses it seems that Canadian banks have historically enjoyed a higher confidence factor than those of other nations.

The international confidence placed in Canadian banks indicates that the market place is using qualitative as well as quantitative judgment, and on this basis, Canadian banks apparently rate highly.

It would seem, therefore, that any attempt to arrive at a formula for liquidity or leverage based solely on quantitative analysis and ratios might not be the fairest method.

It has come to the attention of your Committee that central banks and regulatory authorities in both the U.S. and the U.K. as well as other countries, are devoting considerable attention to the structure and adequacy of capital of banks. Your Committee suggests that a similar study should be commenced in Canada.

Generally your Committee is of the opinion that the quality of a bank's loan and investment portfolio and the quality of a bank's management as reflected in its earnings record is the first criteria for judging the adequacy of a bank's capital or its leverage ratio.

Your Committee is of the opinion that the strength of a bank lies not only in its quantity of assets or capital but in its quality, quality of its management, the quality of its loan portfolio and the quality of its earning power.

Some concern has been expressed to your Committee that at present the Bank Act does not provide for any limit to the amount or percentage of Canadian-raised capital funds and deposits which a Canadian bank might lend or invest in foreign countries. Submissions to your Committee indicate

that a substantial part of the business and profits of some Canadian banks are derived from their foreign operations.

The making of loans in foreign countries of funds raised in foreign currencies outside of Canada should not normally be of particular concern in the context of foreign exchange and monetary supply, provided accepted standards of quality and liquidity are maintained for such foreign loans. However, your Committee is of the opinion that there should be some control over the amount of Canadian funds raised in this country which can be loaned or invested by chartered banks outside of Canada.

RECOMMENDATION

Your Committee recommends that the government institute a study on the adequacy of capital of banks, embracing such matters as liquidity, leverage and capital structure, with a view to developing minimum standards for Canadian banks applicable to both domestic and foreign operations.

VIII

INTENDED SUBJECT MATTER OF REGULATIONS

The White Paper makes it clear that it is the intention of the Government to administer the banking system in many important areas through regulations or by the exercise of Ministerial discretion rather than by substantive and exhaustive provisions contained in the Statute itself. Your Committee has expressed concern about this trend in connection with other subjects of legislation in the past and it would appear to be a particularly important area under The Bank Act and the Canadian Payments Association Act.

Regulations are, of course, not new to the Bank Act and there are many provisions of the present Statute which contemplate either the Governor in Council establishing a regulatory framework for the administration of a particular aspect of the Act or accomplishing the same effect through the exercise of Ministerial discretion. A close analysis of the White Paper, however, would appear to indicate that the Government is opting for a regulatory framework which is not confined merely to administrative provisions to carry into effect the substantive aspects of the Act, but rather goes further and clearly contemplates the establishment of substantive provisions by regulation. In this way, the legislator is deprived of the opportunity of examining the intended provision at the time that the Statute is passed.

The White Paper contains at least twenty-six proposals or subjects which contemplate a regulatory authority and these, of course, must be added to the many which are contained in the present statute which are not intended to be changed. Thus, it is contemplated that the definition of the maintenance by banks of adequate capital and liquidity will be incorporated in regulations promulgated by the Minister of Finance, the limitations on growth and size in relation to the authorized capital of a foreign bank subsidiary will be established by the Governor in Council, reserve requirements on particular classes of deposits will be subject to change on the authority of the Governor in Council, and pursuant to some undefined regulatory authority, the Government will have to be satisfied that, in the case of foreign bank subsidiaries, the parent bank is "of good reputation" and that the subsidiary will have the potential of making a contribution to "competitive banking" in Canada.

It is not possible to come to grips with this problem until the Bill is before your Committee because in some cases, (such as Section 13(1) and Section 14 of the present Act) regulatory authority may be quite inoffensive where the provision of the statute itself limits the regulatory power. It remains to be seen whether the Bill will contain appropriate limitations.

RECOMMENDATION

It is the recommendation of your Committee that when the Bill to amend the Bank Act comes before your Committee particular care and attention be given to this matter of attempting to administer the banking system through regulations, which has been the subject of comment by virtually every segment of the financial community which has responded to the White Paper.

Your Committee also recommends that a draft of proposed regulations be issued for public examination at the time the Bill to Amend the Bank Act is presented.

Your Committee wishes to thank its advisers and staff for the assistance given during the studies and preparation of this report.

Respectfully submitted,

Salter A. Hayden
Chairman

APPENDIX A

COMPARISON OF WHITE PAPER PROPOSALS FOR CASH RESERVES WITH SENATE BANKING COMMITTEE'S SUGGESTION

(MILLIONS $)

	WHITE PAPER PROPOSAL		SENATE COMMITTEE'S SUGGESTION		
	Eligible Deposits	Cash Reserve Requirement 2% 1st $500 4% on excess	Chequable Deposits	Clearing Settlement Cash Reserve (Min. 1%	/Max.) 3%
(1) Chartered banks					
(notice)	$65,000	$2,500			
(demand)	16,000	1,920	$16,000	$160	$480
(2) Trust and Mortgage Loan Companies	5,100	120	800	$ 8	$ 24
(3) Credit Unions	5,700	119	1,900	4 19	$ 57
(4) Caisses Populaires	6,000	120	2,500	$ 25	$ 75
(5) Quebec Savings Banks	1,100	32	300	$ 3	$ 9

SOURCES:

(1) Bank of Canada Review as at June, 1977

(2) Submission by the Trust Companies Association of Canada as at December 31, 1975

(3) National Association of Canadian Credit Unions as at June 30, 1976 and Statistics Canada Catalogue 61-006 "Financial Institutions"

(4) La Fédération des Caisses Populaires Desjardins as at December 31, 1976

(5) Montreal City and District Savings Bank as at December 31, 1976

NOTES:

(A) ELIGIBLE DEPOSITS

The White Paper states "It is proposed that the revenue requirement on Canadian dollar notice deposits, and term deposits with an original term to maturity of one year or less, or longer if encashable, be 2 per cent on the first $500 million of the institution's liabilities and 4 per cent on the remainder. —It is further proposed that the reserve requirement on Canadian dollar demand deposits, which applies primarily to banks, be 12 per cent of the liability as at present."

In the above schedule the 12% reserve requirement on demand deposits has been calculated only for chartered banks.

(B) Chequable savings deposits have been included in "Eligible Deposits"

(C) Notes of the Bank of Canada in circulation in the system have not been deducted in calculating the above cash reserve requirement under the White Paper proposal. It would appear from the White Paper that the following amounts of Bank of Canada notes would be considered to be part of the proposed cash reserve:

	(Millions)
Chartered Banks	$1,100
Trust and Mortgage Loan Companies	48
Credit Unions	40
Caisses Populaires	60
Quebec Savings Banks	15

In your Committee's suggestion for Clearing Settlement Cash Reserves, Bank of Canada notes in circulation in the system would not be considered as part of a member's Clearing Settlement Cash Reserve.

The above amounts are based on estimates and other information provided by the above sources.

APPENDIX B

SCHEDULE I

CHARTERED BANK RESERVES
AS AT JUNE 8, 1977

(millions of dollars)

	DEPOSITS	STATUTORY MINIMUM RESERVE REQUIREMENT % RATE	AMOUNT
PRIMARY CASH RESERVE			
Demand deposits	$ 15,480	12%	$1,858
Notice deposits	65,273	4%	2,609
Total primary reserve			4,467
SECONDARY RESERVE	$ 80,753	5%	4,038
			$8,505

ACTUAL COMPOSITION OF RESERVES	ACTUAL
PRIMARY CASH RESERVE	
Notes of Bank of Canada	$1,130
Deposits with Bank of Canada	3,370
Total ($33 in excess of requirement)	$4,500
SECONDARY RESERVE	
Cash	$ 33
Government of Canada Treasury Bills	4,123
Day loans to investment dealers	178
Total ($296 in excess of requirement)	$4,334
TOTAL ACTUAL RESERVES ($329 in excess of requirement)	$8,834

SOURCE: Based on reserves and deposits taken from Bank of Canada Weekly Financial Statistics, June 16, 1977.

APPENDIX B

SCHEDULE II

CHARTERED BANKS

Example showing effect of proposed change in Primary Cash Reserve requirements from 12% of Demand Deposits and 4% of Notice Deposits to 10% and 3% respectively, as suggested by the Standing Senate Committee on Banking, Trade and Commerce.

(Millions of dollars)

	DEPOSITS	RESERVE PRESENT		SUGGESTED		DECREASE
Demand deposits	$15,480	12%	$1,858	10%	$1,548	$ 310
Notice deposits	65,273	4%	2,611	3%	1,958	653
	$80,753		$4,469		$3,506	$ 963

SOURCE: based on Bank of Canada Weekly Financial Statistics, June 16, 1977.

THE SENATE

Wednesday, June 29, 1977

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

Prayers.

FISHERIES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof.

Bill read first time.

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

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Department of External Affairs for the year ended December 31, 1976, pursuant to section 6 of the Department of External Affairs Act, Chapter E-20, R.S.C., 1970.

Report of the National Librarian for the fiscal year ended March 31, 1977, pursuant to section 13 of the National Library Act, Chapter N-11, R.S.C., 1970.

Report of the Science Council of Canada for the fiscal year ended March 31, 1977, pursuant to section 19 of the Science Council of Canada Act, Chapter S-5, R.S.C., 1970.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1977, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

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

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

Hon. Senators: Agreed.

Motion agreed to.

THE ENVIRONMENT

CONSTRUCTION OF COAL-FIRED POWER PLANT IN SASKATCHEWAN—QUESTION

Senator Austin: Honourable senators, I have a question for the government leader in connection with the 300 megawatt coal-fired power plant now under construction by Saskatchewan Power Corporation on the east fork of the Poplar River eight miles north of the United States border. The Poplar River, as all honourable senators know, flows from Saskatchewan into eastern Montana.

Has the government received representations from the State Department with respect to the Saskatchewan Power Corporation project, either as to the use of the waters of the Poplar River or with respect to the ambient air quality? If so, what is the nature of those representations? Has Canada made any reply? If so, what is its nature?

Finally, what relevance has this project to Canada's position, which is opposed to the water pollution aspect of the proposed Garrison diversion project in the United States, where the essence of the United States position has been that deterioration of water quality of the Red and Souris Rivers in Manitoba is permitted?

● (1410)

Senator Perrault: Honourable senators, I regret that I do not have that information immediately available.

Senator Flynn: Unacceptable.

Senator Perrault: However, I believe that the information being sought goes beyond a mere interrogation, and perhaps it lends itself more properly to a notice of inquiry. I would ask Senator Austin if I may take his question as such, to be printed under "Inquiries" in the *Minutes of the Proceedings of the Senate* today and on subsequent days until answered.

Senator van Roggen: May I ask the leader whether he is aware that the IJC is seized of both of these matters, which I believe to be the case?

Senator Perrault: I have no immediate information available, so I must take that portion of the question as notice.

THE CROWN

REVENUES

Senator Perrault: Honourable senators, I must apologize to Senator Forsey. I have, as I promised, avidly pursued the progress, or lack thereof, of a question that he posed altogether too long a time ago, and I understand that an answer is imminent, so we shall endeavour to perhaps have that tomorrow, if it can be expedited.

FOREIGN AFFAIRS

ASSISTANCE TO HAITI—QUESTION ANSWERED

Senator Deschatelets: Honourable senators, would the government leader tell me if he expects an answer to a question I asked some time ago about Haiti?

Senator Perrault: The honourable senator must be possessed with some sort of extraordinary powers. I have that reply immediately in front of me at this time.

Senator Grosart: Extrasensory!

Senator Perrault: Senator Deschatelets asked these questions on June 2, and I regret the delay in having a reply for him.

Senator Flynn: That is not unusual.

Senator Perrault: The government prepares its replies very carefully, and this often takes painstaking time.

The questions were:

1. Was a request for help recently addressed by the Government of Haiti to the Government of Canada?

2. Do we have presently in Haiti Canadian officials who could report to the government about the seriousness of the situation?

The answers are:

1. On April 26, 1977, the Haitian Government presented a formal request to the Embassy in Port-au-Prince. In response, the Secretary of State for External Affairs announced on May 30, 1977, that Canada is providing Haiti with $2 million in drought relief. The Haitian Red Cross Society is being given $500,000 for immediate food aid requirements, while the balance of $1.5 million is being provided under a special program operated by the Canadian International Development Agency.

2. Apart from Canadian officials in the Embassy in Port-au-Prince which includes an officer responsible for development assistance, a CIDA official experienced in drought relief has been sent to Haiti to manage Canadian special assistance.

Senator Ewasew asked a question in connection with Haiti on the same date. The question was:

1. How much does the federal government give in aid to Haiti annually, through CIDA or any of the other international corporations?

2. How and to whom is this money paid in Haiti?

The answer is:

1. Because disbursements on projects in any countries are spread out over several years, disbursements in any given year do not represent an accurate reflection of Canadian aid commitments for that year. Since the bilateral program to Haiti began in 1973, approximately $8 million (through to 1976) has been disbursed in Haiti. CIDA plans to spend $33 million during the period 1977 to 1982.

In addition, CIDA grants through Canadian non-government organizations operating developmental projects in Haiti averaged approximately $300,000 annually, in the last two years. Haiti has not yet received any EDC credits.

2. All the money that is disbursed directly in Haiti is done through our Embassy in Port-au-Prince, for special activities planned in CIDA's projects, to Haitian individuals and firms on presentation of invoices but only after the mission is satisfied that the terms of the contract have been fulfilled and headquarters approval has been sought. All other funds, however, are disbursed in Canada to Canadian suppliers of goods and services in accordance with usual government procedures.

LABOUR RELATIONS

DECISION OF CANADA LABOUR RELATIONS BOARD RE CERTIFICATION OF INDIVIDUAL BANK BRANCHES AS BARGAINING AGENTS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I should like to reply to a question asked by Senator Austin on June 23. His question was:

> Honourable senators, in view of the decision of the Canada Labour Relations Board of Tuesday, June 14, 1977, that on the basis of the present Canada Labour Code it was appropriate to establish an individual bank branch as a certified bargaining unit, has the government given consideration to whether such a system of certification will ensure reasonable harmony in labour relations within the Canadian banking system and assure banking service without interruption to the public? Is the government prepared to state whether it approves the policy of certifying individual branches, or is the matter under review?

And the final question asked by Senator Austin on that subject was whether:

> —the government is prepared to countenance strike action in the banking system, or whether compulsory arbitration is being considered as a matter of public convenience and necessity.

In responding to the question, allow me to say that the Canada Labour Relations Board, as a quasi-judicial body created by an act of Parliament, has the responsibility and necessary authority to independently determine and decide on all certifi-

cation matters, including the type and appropriateness of bargaining units.

As such, the board, in fulfilling its responsibilities, always seeks to ensure that its decisions are consistent and in accord with its mandate from Parliament which, in part, is to create and foster harmonious labour relations within the federal industrial relations community governed by the Canada Labour Code, Part V.

With respect to the honourable senator's concern that the government assure no interruption of banking services to the public, which obviously implies that there be no strikes or lockouts affecting bank employees, I think it would be highly imprudent for the government to give such assurances, as any such undertaking would be inconsistent with, and contrary to, fundamental rights guaranteed bank employees, or any other group of unionized employees covered by the Canada Labour Relations Code.

It is important to emphasize that bank employees, like all other employees covered by the code, must not be denied the right to organize, to join the trade union of their choice, and to bargain collectively on their wages and conditions of employment. To suggest any curtailment of these privileges would be an unwarranted interference with the fundamental rights accorded them by the Parliament of Canada through labour relations legislation dating back to 1948.

Canada's financial system, with its various chartered banks, savings institutions and lending agencies, is a diverse and competitive system and, even if all local bank branches were unionized, it is not likely that labour relations within the Canadian banking system, as the honourable senator's question seems to imply, would deteriorate to the extent that the Canadian financial system would be seriously imperilled. However, should such a serious situation manifest itself in the future, I am sure that you will agree, that Parliament would face its responsibilities and act in the public interest when the private rights of the parties concerned in the collective bargaining community infringe on the public interest.

Senator Austin: Does the Leader of the Government feel it wise to create the expectation among bank employees that they will have right to strike when so obviously if they do exercise that right, as was done in Ireland two and one-half to three years ago, the whole economy would come to a halt?

Senator Marchand: That does not only apply to bank employees. There are many other sectors that can paralyse the economy.

Senator Austin: I do not think that argues for a right to strike in this case, Senator Marchand.

Senator Grosart: Order!

BANKING LEGISLATION

CONSIDERATION OF REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—NOTICE OF INQUIRY

Senator Ewasew: Honourable senators, if I might be recognized—

Senator Flynn: I wonder if Senator Ewasew would permit me to put a question to Senator Hayden before he leaves the chamber.

Senator Ewasew: Certainly.

Senator Flynn: I have a question for the Chairman of the Banking, Trade and Commerce Committee.

Senator Greene: Order!

• (1420)

Senator Flynn: I thank Senator Greene for his help. He is always most helpful, one way or another.

I wanted to address my remarks to the Chairman of the Banking, Trade and Commerce Committee. Yesterday he tabled in the Senate the report of his committee on the banking legislation, and then last evening he presented a most interesting explanation. I have been able to peruse the report and I think it raises many important questions. It also reaffirms a fact of which honourable senators are quite aware, namely, that the Banking, Trade and Commerce Committee is doing extremely good work. However, I wondered if it was Senator Hayden's intention to move that the report be taken into consideration by the Senate for the purpose of having the benefit of the views on it not only of the members of the committee but of all honourable senators who might be interested in the subject or in the questions posed or raised by the report.

Senator Hayden: It is open to any member of the Senate to put a notice on the order paper that he will call the attention of the Senate to a report tabled on a particular date. Therefore, there is nothing to prohibit any senator from bringing forward discussion. Having given an explanation of it last night I see no particular reason why I should then put a motion on the order paper; but if there is a request for me to do so, I will concur in it.

Senator Flynn: As the honourable senator knows, the reason I did not move such a motion myself is that I did not participate in the work of the committee on this particular piece of legislation. Otherwise I would have done so. I would be most pleased, of course, if someone else were to do so, and I did wonder if anyone had indicated to the chairman such an intent.

Senator Hayden: I have had no indication as yet, but if I may take what you have said as an indication that you would like me to put a motion on the order paper, then I will do so now.

Senator Flynn: I would appreciate that. After all, if a report of a committee is merely tabled and explained, it might not be interpreted as reflecting the views of the Senate as a whole, and I should like the Senate to give some kind of opinion on this report, which in my view is a most important report and for which, once again, I congratulate the chairman and the committee.

Hon. Senators: Hear, hear.

Senator Hayden: I agree that the report is important, and, frankly, I would find it satisfying to have the views of any senator who wished to express himself on the subject. I would certainly not want anything I have said to be taken as an attempt to discourage such an expression of views. Therefore, on the assumption that we are sitting next Monday evening, I give notice that on Monday next I will call the attention of the Senate to this report which was tabled yesterday.

Senator Forsey: Hear, hear.

FOREIGN AFFAIRS

ASSISTANCE TO HAITI—QUESTION

Senator Ewasew: Honourable senators, I should like to direct a question to the Leader of the Government. The former President of CIDA, Mr. Gérin-Lajoie, was interviewed briefly on the well-known CTV documentary program from Toronto, *W-5*. He was asked how much money was being paid directly to the Duvalier family in Haiti, and he really refused to reply, stating that he had no official knowledge of it. The word "official" struck me as being rather odd, because it is our taxpayers' money that is being spent, and according to the people on that program they were ordered summarily out of the country.

I realize that the leader mentioned how much was spent internally, but for the moment I have not been able to locate that information in our *Debates*. I should like to know how much was paid, and to whom. If my memory serves me right, that was the purport of my last question.

Senator Perrault: Honourable senators, I have no way of knowing whether that information is in fact available, but certainly an inquiry will go forward.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Frith be substituted for that of the Honourable Senator McGrand on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion in amendment of Senator Flynn to the motion of Senator Bourget for the third reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

Hon. Allister Grosart: Honourable senators, I need hardly say that I support Senator Flynn's amendment. In fact, I would go further and say that I am surprised that such an amendment should be necessary at this stage of the passage of the bill through Parliament. I say that because it was with the greatest surprise that I learned that a committee of the Senate, particularly a committee designated as the Standing Senate Committee on Legal and Constitutional Affairs, would permit a bill to come before us and report it without amendment when it denies basic human rights to a small group of Canadians. The amendment proposed by Senator Flynn, it seems to me, offers a glorious opportunity for the Senate to take a stand on minority human rights at this time.

It is often said that the protection of minority rights is, or should be, an essential function of the Senate, and I agree that the Senate has not always discharged that responsibility. Indeed, one of the major criticisms levelled at this chamber, the institution of the Senate, is that we have failed conspicuously over the years to take a stand for minority rights. It is assumed by the public, as it is assumed by academics and historians—and this is evident in every assessment of the Senate that I have seen—that the protection of minority rights is an essential function of this second chamber, and I trust that we will not miss this opportunity to demonstrate clearly where the Senate stands on a matter such as this.

Honourable senators will agree, I am sure, that there is no doubt that we are being asked here and at this time to extinguish basic human rights. I refer, of course, to subclause 3(3) of Bill C-9 under the heading "Agreement."

● (1430)

The marginal note is "Extinguishment of claims," and the subclause reads:

> All native claims, rights, title and interests, whatever they may be, in and to the Territory—

That is the territory described in the bill.

> —of all—

"All" is an essential word.

> —of *all* Indians and *all* Inuit, wherever they may be, are hereby extinguished—

I hope this leaves no doubt that the bill extinguishes existing, or presumed to be existing, human rights. They are not in this case only rights of a minority; they are the rights of a minority of a minority, because the bill basically extinguishes the rights of perhaps 90 per cent of the minority of Crees and Inuits covered by the provisions of the bill.

But it also extinguishes the rights of another 10 per cent who are not party to the agreement, and this is a very small minority. We have had suggestions, such as, "Well, this is a tiny majority." That phrase has been used in the discussions. If that is put forward as an argument for not considering and not

being concerned about the extinction of those rights, surely we have not been reading the history of the protection of human rights.

It could almost be said that the smaller the group involved, the greater the advance in the long history of the protection of human rights. Indeed, in many cases, in many of the most important cases, the rights dealt with have been put forward only as the rights of a single individual. So I hope it will not be said that we are dealing with something that is not very important. Surely the time has not come when this chamber or this Parliament will begin to quantify human rights in terms of the number involved.

It is interesting to note that in both the agreement and the bill the word "surrender" is used. The small minority are "surrendering," which seems to me to be the very reason why they should be given at least the consideration suggested by Senator Flynn's amendment. The amendment is highly realistic. In my view it could have gone much further. The amendment merely seeks to protect, to retain, for this minority of a minority of our native peoples, the right to compensation, a right which is clearly extinguished by the wording of the bill.

Senator Flynn might have gone further—I know his reasons for not doing so—and moved an amendment that those rights be not extinguished; that no rights whatsoever pertaining to this minority of a minority should be extinguished.

Senator Flynn has taken a practical approach to it, and said, "Well, if the rights are to be extinguished, perhaps this makes sense, because we are dealing with a large territory and a large group of people; but at least let the Senate of Canada amend this bill to insist that the minority of the minority retains the right to compensation."

A number of reasons have been put forward as to why this might not be a practical approach at the present time. I am convinced that many honourable senators, in their hearts and minds, are in favour of the amendment, but they hesitate for various reasons. I have every respect for those honourable senators who have put forward reasons, but my own reaction is that they are not realistic. Senator Laird, for example, questioned whether the rights were being extinguished. He said, "I am not clear. I am not satisfied in my own mind, as a lawyer, that these rights are being extinguished." This I do not understand. The wording of the bill is clear and the extinguishment of the rights is clear, because the bill refers not merely to rights, title and interests, which is the usual phrase used in connection with collective rights, but begins with the word "claims." Their claims are extinguished. What is a claim? A claim is a request for something. Claims are extinguished by the bill, and yet it was suggested that this may not really be so. Of course, it is so.

Senator Laird also said that if we amend this bill it will have to be returned to the House of Commons, and this will mean it might be "lost in the shuffle." My only reply is that if the bill is wrong, if it is that wrong in principle, if it is as much of an infringement on basic human rights as I think it is, it had better be lost in the shuffle. In fact, I think the time has come when we in this Senate should be less sensitive and less concerned than we appear to be about the amending of bills and sending them back to the other place.

Senator Forsey: Hear, hear.

Senator Grosart: We hear a lot about Senate reform. As far I am concerned, one of the measures we might take in this house to start a degree of reform, something that the public would react to favourably, is to start amending bills that we know should be amended and sending them back to the Commons, and to avoid some of the short cuts and cover-ups that we have used. The best thing that could happen to this chamber at this time would be for it to start sending bills back to the Commons with amendments, asking the Commons to deal with those amendments, and not deal with these matters in such various ways as arrangements, agreements, undertakings and so on with ministers.

The question of the time limit was raised. It was said that if we hold up this bill it may affect the terms of the agreement, the timing and so on. I say that if this bill is wrong we should not be concerned with any of those consequences. This approach to a problem as great as this, and a decision as important as this, is an old one. The history of human rights records statements over and over again on this very point. Jefferson in, I think, 1783, at the time of the passage of the new Constitution of the United States, said:

> My principle is to do whatever is right and leave consequences to him that hath the disposal of it.

That is exactly what I suggest we do on this occasion; that we do what is right and let the Government of Canada, the Government of Quebec and the three corporations, who are parties to this agreement and, presumably, beneficiaries from it, have the disposal of our decision and do what is right.

Senator Goldenberg made an interesting intervention in the discussion. I certainly respect his views and opinions, as chairman of the committee, but in this case he has not won his point if he was endeavouring to make it by quoting from Mr. Ollivier's testimony before the committee. Mr. Ollivier is the Acting Deputy Minister of Justice. Senator Goldenberg was not debating the point. He merely said that the committee considered whether the right to compensation was extinguished by the act. He said, "This is the evidence we had," and quoted Mr. Ollivier, without comment, as follows:

● (1440)

> MR. OLLIVIER: I would say that it does not cover the right to compensation, but that right only arises following the extinguishment, so we do not extinguish the right to compensation.

I will not comment on the legal competence of that passage, but merely say that it seems to me to go contrary to the whole process of legislation. An expropriation act—the Expropriation Act itself and individual expropriation acts—very often provides for compensation. This is a basic principle. If you are going to expropriate somebody's property, which is what this bill will do, by extinguishing the right to the property—which

is the same thing as expropriating it—surely the same principles should apply. This goes beyond that.

Many bills provide for the consequences of their coming into force. In Bill S-4, which is presently before us, we extinguish certain rights of 35 corporations, for instance, to protection against forcible entry, seizure and so on, when the act comes into force. While it may be true to say, as Mr. Ollivier does, that the right only arises following the extinguishment, it is common practice in statutes to provide for their consequences, and for what will happen to existing rights of existing authorities, or even of new authorities. The rights of the minister to be exempt from the ordinary provisions of the common law or the statute law are often dealt with. I am, therefore, not impressed with that particular argument.

What the amendment says is that these people should have the right to be compensated. They were not parties to the agreement; the agreement was made without their consent; the bill was introduced without their consent. Surely they should have the right to compensation enshrined in this bill. I think that any one of us personally involved in such a situation as third party to an agreement would insist that the right to compensation be enshrined. Therefore, there should be no doubt as to whether this act extinguishes or does not extinguish the right to compensation.

Article 2.14 of the agreement provides:

> Quebec undertakes to negotiate with other Indians or Inuit who are not entitled to participate in the compensation and benefits of the present Agreement—

That is the minority of minorities to which I referred.

> —in respect to any claims—

And that is the only word used here.

> —which such Indians or Inuit may have with respect to the Territory.

Quebec undertakes to negotiate, but the same paragraph specifically states that that undertaking shall not appear in legislation of either Quebec or Canada.

The final words of the paragraph are:

> This paragraph shall not be enacted into law.

Here is the one concession, the one decent thing, that we find in the whole agreement in this respect, but it is not to be enacted into law. Why? I do not know. Certainly, however, there is something behind this positive statement in the agreement that this essential concession "shall not be enacted into law."

Again, in the same paragraph, we find this:

> Notwithstanding the undertakings of the preceding subparagraph—

That is, the undertaking to negotiate by the Province of Quebec.

> —nothing in the present paragraph shall be deemed to constitute a recognition, by Canada or Quebec, in any manner whatsoever, of any rights of such Indians or Inuit.

What can we make of those statements other than that there is a clear extinguishment of every possible right that this minority of minorities have in their property at the present time. I suggest to honourable senators that the Senate will do itself honour, and will bring acclaim to this old chamber, if in this particular situation it has the courage and the will to accept this amendment and protect these essential rights of a small minority of minorities of our native peoples.

Senator Frith: May I ask the honourable senator a question? This is not a question to be taken as rhetorical in any sense of the word, but as the question of an innocent seeking information, since I have just now been appointed to this committee.

Can the honourable senator deal a little further with the last part of the proposed amendment to which he has been speaking? The amendment says that the right should not be extinguished and that compensation should be received "on the same basis as it would have been accorded had such person or group of persons been entitled to participate in the compensation and benefits of the Agreement." I do not have a clear picture as to why the persons that this amendment seeks to protect were not entitled to, or did not, participate.

The second part of my question is: Was there a formula in the negotiations for those who did receive compensation that would be automatically applied, or does "on the same basis" mean on the basis of negotiation?

Senator Grosart: That question should not be directed to me because I do not pretend to be completely familiar with all the terms of the agreement, although I have read it. As the seconder of the amendment, however, my understanding is that for whatever reason—perhaps they did not wish to participate, which would be their right, or perhaps they are persons who did not even know what was going on; I do not really care what the reasons were—this small group did not participate in the agreement. My understanding of the amendment is that whatever the terms of the compensation given under the agreement and the bill may be, they should be the basis of the establishment in this bill of a right to similar compensation for this minority of minorities.

Senator Flynn: That was the point made by the committee in its report.

Senator Grosart: Perhaps the question might be directed to Senator Flynn.

Senator Flynn: I just draw Senator Frith's attention to the last paragraph of the report of the committee, which says that they would want the compensation to be on the same basis, since in the agreement there are compensations not only in money but also in rights on territories.

Senator Frith: That is the meaning of "on the same basis", then.

Senator Flynn: Yes.

Senator Frith: Do I understand that the supporters of the amendment do not feel there is any distinction of importance to be drawn between the possibility that the group concerned

simply did not wish to negotiate and the possibility that they were not notified? Do they see no distinction in principle between those two situations?

Senator Flynn: Again, I would draw the attention of the honourable senator to the last paragraph of the report of the committee as it appears at page 959 of *Debates of the Senate* for June 21 of this year.

• (1450)

Senator Grosart: Honourable senators, if I may attempt to clarify my understanding of the question and its relevance to the amendment, the essential word is "basis." The "basis" has been discussion and negotiation over a long period of time. My interpretation of the amendment is that it merely seeks to ensure that the same process will pertain to those minorities, and that they will have a right—not merely a wish or a hope—to whatever compensation can be negotiated and agreed upon.

Senator Frith: So negotiation is the basis, rather than some automatic formula? It is not some arithmetical formula?

Senator Flynn: No.

Senator Grosart: No.

Hon. Guy Williams: Honourable senators, I rise to say a few words with respect to the matter being debated, which is a serious matter. First, I wish to make it very clear that I am not a Cree. However, I do sit here as a member of this chamber on behalf of the Indian people of Canada.

Reference has been made to this agreement in the media by the Minister of Indian Affairs and Northern Development, who has said that it is a good agreement. I come from western Canada, but from my contacts with my own people throughout the country, I know that many are very critical of the contents of the agreement—very critical. There may be two or three organizations in each province who do take into consideration the actions of this government pertaining to the well-being of, and changes in legislation respecting, the Indian people. I myself am very critical of the agreement, yet it is an agreement with the people of that area who are involved, and who have negotiated it. It will become history in the very near future, but it may have some ill effects on many other Indian bands and tribes in various parts of Canada.

Allow me to venture to say that it is weak in many of its sections in view of the fact that not one Indian in the James Bay area, with which this agreement is concerned, will actually pocket a penny from the payments, which will total up to $225 million. I am not in whole agreement with this fact.

I cannot speak for the Inuit, as I am not familiar with their way of life, but I do have a certain amount of experience when it comes to the Indian people in Canada, and it is my view that the negotiators on behalf of the Crees missed a point, whereby they did not give consideration to their people who are involved in the agreement. I say that with respect to the fact that those who are 55 years of age and over should have received payments. They are on the countdown and they will in no way benefit as individuals from the terms of the agreement.

I disagree very much with the assurance which I have received from the Department of Indian Affairs and Northern Development. All honourable senators know that the agreement will extinguish, or has already extinguished, the aboriginal rights of those Indians and their rights to further claims. To implement the contents of this agreement the Government of the Province of Quebec will have the sole right to give to the Indian people their future destiny. There will no longer be full participation on the part of the federal government. Although they are Indians there have been no reservations in that area, but they have lived on their domain from time immemorial. I am assured by responsible personnel of the department that there will be an enactment by the federal government which will provide reservations for them.

I ask: How can the federal government provide reservations when the area involved in the James Bay agreement has already been changed into municipalities, and is no longer the domain of the Indian people, as was previously the case? To my mind there is no way in which reservations can be designated in municipal locales. Furthermore, they will lack the protection of the federal government, although it says it will protect them. Again I ask: How will they protect them when the responsibility is in the hands of the Government of the Province of Quebec? How can they maintain two major and 21 lesser municipalities? I predict that in the not too distant future some of these municipalities will pass into receivership. They will not have the funds to maintain themselves according to the laws and requirements of the Province of Quebec. When that happens, what will become of them?

I am sure that all members of this chamber fully realize the problems of Canada today, the crisis that we have on our hands and the grave possibility that Confederation may begin falling apart. What will happen to this band of 6,000 Indians and 4,000 Inuit should that province separate from Canada? I agree with the amendment. It will be courageous on the part of this chamber to amend this bill. I speak in support of that amendment.

I have spoken.

• (1500)

Hon. Joan Neiman: Honourable senators, I have thought a great deal about this bill and about our concerns over it. I think everyone who sat on this committee was extremely concerned about some of the provisions, or lack of provisions, for some of our native people. At the outset, I have to say that I agree with everything Senator Flynn said last night in expressing the misgivings of a great number of us with respect to certain provisos in the bill that we are now considering.

My view, quite simply, is that the federal government should not have entered into this kind of agreement. It should not have committed itself in any way to the extinguishment of the rights of native people—rights which for many, many years it has said it recognized and upheld. To have done so at this juncture of time and in this way is a complete abdication of the responsibilities it assumed many years ago as a federal government.

I must say that the record of the white man in his treatment of his native brother in this country has been a sorry one. This bill does not do much to improve the picture. As it stands, it represents a victory of sorts for the Inuit and most of the Indian people of the territories. It did not come easily to them.

In testimony we heard the Minister of Indian Affairs and Northern Development refer back to the Quebec Boundaries Extension Act of 1912. I will quote a section from that act because this was part of the agreement into which the Province of Quebec entered in order to have some jurisdiction over that northern territory. Section 2(c) of that act of 1912 provides:

> (c) That the province of Quebec will recognize the rights of the Indian inhabitants in the territory above described to the same extent, and will obtain surrenders of such rights in the same manner, as the Government of Canada has heretofore recognized such rights and has obtained surrender thereof, and the said province shall bear and satisfy all charges and expenditure in connection with or arising out of such surrenders.

What in fact has the province of Quebec done about that since 1912? It has done precisely nothing. What changed its mind? How did we finally arrive at some sort of agreement and settlement through negotiation with some of our native people?

In the preamble to the James Bay Agreement, we get some hint of what happened. There is an introduction or forward prepared by John Ciaccia, a member of the National Assembly of the Province of Quebec and special representative of the former Premier Mr. Robert Bourassa, in the negotiations with the natives, the James Bay Corporation and Quebec Hydro. He is rather proud of this agreement that has been put together, but he does say in his opening remarks, when referring to the Quebec Boundaries Extension Act of 1912, that in addition to acquiring the territories, Quebec assumed the obligation to settle such land questions and other claims as the native people might raise.

He goes on to say that these questions did not in fact arise at that time. At that time or any time thereafter that the natives tried to present their claims, those natives were totally ignored. However, Mr. Ciaccia goes on to say:

> Within the last ten to fifteen years we have been looking North with fresh interest, and with a real awareness of its possibilities. These possibilities—they are possibilities of unprecedented economic development that will benefit the entire population of Quebec as long as we grasp the opportunities to ensure that it is planned and orderly developed, with a human dimension.

In other words, to paraphrase an earlier pioneer, who I am not sure was a Canadian: They must have looked to the north and said, "There is hydro power," or, "There is iron in them there rocks." Or, "We can turn it all into gold one of these days." It was only when they began to realize the economic possibilities of the north that their consciences began to prick them to the extent that they decided they had better do something about the Indian claims.

Even that was not sufficient because the Inuit and the Indians had to press their claims through the courts. The federal government, which never supported their rights earlier, finally got around to offering them some money to help research their claims and process them through the courts. It seems a rather ridiculous position when we consider the government and the minister saying, "We are the trustee for the people, but we will not protect your rights. However, we will give you a little bit of money so that you can fight us through the courts. It is only just and right, of course, that we do fight you."

This is what happened, and it was only because the native claims might be upheld in the courts that the Quebec government and federal government realized that they were going to have to sit down and negotiate. This they have done. They have hammered out an agreement. I do not think it is generous. As Senator Williams says, I think it creates many unhappy precedents for perhaps many other native groups who are going to try to establish their rights. At least, it is an agreement in which the Inuit and most of the Indians of the territories of northern Quebec are reasonably content with, and I do not think, having made that agreement, they should be deprived of the benefits of it after they have fought for those many years.

But there were certain people left out. There are some of the Indian people whose claims are not negotiated at the moment. We know of the Naskapi. It is our hope that the Quebec government will continue to negotiate in good faith with those smaller groups of people. They do not represent a great number in all, but they are important; they are part of the native peoples of northern Quebec and their rights must be protected. However, there is a vast number of others who appear to have been ignored completely, those being the non-status Indians and the Métis.

When is an Indian not an Indian? When the federal government tells him he is not an Indian. What does that make him? It makes him, literally, a nothing, a cipher. He has no status, no recognition. The Department of Indian Affairs and Northern Development takes the position that it has no jurisdiction over such individuals. Yet it is that very department, or one of its predecessor departments, which passed the legislation declaring such individuals to be non-Indians, even though they might be full-blooded Indians. Those people are living in the north, and the testimony before the committee would seem to indicate that there may be as many such people as there are people who are represented by the signatories to this agreement.

● (1510)

I am not prepared to say that they have rights that can be established, but certainly they have the right to be heard. They should at least have been given the opportunity to attempt to establish any rights which they feel they have. They needed the same kind of support from the federal government as did the status Indians and the Inuit. They did not get it.

Representatives of these groups told the committee that they had applied on numerous occasions for federal funds with

which to carry out research on their claims, and each time they were turned down on the basis that the Department of Indian Affairs and Northern Development did not have jurisdiction over them.

What happened? In February of this year, after this bill had been adopted in principle by the other place and was in the process of being considered by a committee of the other place, representatives of the non-status Indians and the Métis met with some of the cabinet ministers here in Ottawa, and the "great white chiefs" in Ottawa looked into their coffers and decided that they might be able to come up with a few dollars to help those groups process their claims. This is a year and a half after the agreement was signed.

This is where the inequities arise. I am not asserting that all these groups who feel they might have a valid claim, a valid right to compensation, have in fact such a claim, but certainly they should have been given the opportunity to establish whether or not they did have a valid claim. They were not given that opportunity.

To review what has happened, the agreement was signed in November of 1975. In December of 1975 there was a slight amendment to the agreement. It was not tabled in the other place until June of 1976, and it really was not dealt with until the beginning of this year. It is supposed to be ratified by November 1, 1977, or the whole agreement becomes null and void.

It is patent foolishness, as far as I am concerned, to take the position that we are now under some great pressure to adopt this legislation. The federal government has had well over a year to deal with the problem and now, two weeks before we are to adjourn, we are handed a bill of this importance, this historic importance, and we are told, "Well, we really have not got time to settle it."

We are going to be back here in August for a debate on the question of a pipeline through the north. I see no reason why we have to be under any pressure to deal with this measure today. I would like to have the matter settled one way or another well before the effective date. I think it would be extremely unfair to the Indian and Inuit peoples who have waited so long to achieve some kind of recognition, although I do not feel that this is sufficient, to have anything happen which might upset or in any way curtail their lawful expectations. As members of the Legal and Constitutional Affairs Committee will be aware, I voted in support of Senator Flynn's amendment moved in committee, which was couched in slightly different language from this. I did so because I agreed absolutely with the principle he was trying to express. I agree with the principle he expressed in putting forward the amendment before us at this time. However, I would have real difficulty in supporting the amendment as it is now before us. I find it raises almost as many questions as it seeks to answer. Senator Frith has already questioned some of the phraseology, and I must say that it does bother me considerably. If we say, "Notwithstanding the extinguishment under certain rights," I cannot understand how we can then go on and say that we will do exactly the opposite. If we are going to extinguish rights, I do not think we can then turn around and say that, in effect, they are not extinguished. That, it seems to me, is almost a contradiction.

The words "any valid claim" are used. What is a valid claim? Does the establishment of a valid claim imply a natural right to compensation, or does it represent a valid right to land, or some hereditary or aboriginal rights? I am also a little concerned about the later phrase that they would be accorded compensation "on the same basis as would have been accorded other groups." That, again, would be almost impossible for the Quebec government to accept. We know that this agreement comprises a variety of rights—rights regarding schooling, hunting, and a variety of other rights for the native peoples who are signatories to the agreement. It does not necessarily follow that if the non-status Indians, or anyone else, were to establish that they did have a valid right, they would in fact want or be entitled to precisely the same kind of compensation accorded other groups.

For those reasons, I am unable to support Senator Flynn's amendment. Having said that, I do not know what we can do to rectify the situation. We should not kid ourselves into believing that this government, or the Quebec government, need in any sense do anything more than they have said they would do, which is to undertake to negotiate.

● (1520)

Some of the people who have tried to uphold this bill which we are proposing have quoted from the agreement the first paragraph of clause 2.14 in which it is stated that Quebec agrees to negotiate. As has been pointed out by senators and many other people, in effect that means very little. Part of the 1912 act was that it undertook to settle claims, and yet it did nothing about it.

We must remember that the second paragraph of that same clause 2.14 is really the one which is significant. It says that:

> Notwithstanding the undertakings of the preceding subparagraph, nothing in the present paragraph shall be deemed to constitute a recognition, by Canada or Québec, in any manner whatsoever, of any rights of such Indians or Inuit.

That is referring back to those Indians and Inuit who are not signatories to this agreement. Nothing could be clearer than that. It is folly for us to suggest, or to have the pious hope, that the Quebec government will necessarily negotiate in good faith with these people who might have claims.

Beyond that I do not even see, supposing they failed to do so, what the proper recourse would be in law. I certainly stand to be corrected by those who know the law better than I, but my feeling here is that the government has no right to extinguish the rights of any people who are not signatories to an agreement. I think that that particular aspect of this bill, and of this agreement, could be and possibly will be attacked or scrutinized in the courts by the people who will suffer as a result of this—and they are bound to suffer.

Having said that, I can only hope—and I really do not know what the answer to this is—that we will be able to persuade

the minister to give some kind of undertaking by which he will agree not to bring in the provision or not to proclaim this particular clause of the bill for a term certain. I realize, of course, that it could not be left indefinitely, but even if the proclamation of this particular provision of Bill C-69 could be postponed for a certain period of years, it would then be possible for the federal government also to undertake actively to help the native people, those who had not had the opportunity to do so, to process their claims through and to the Quebec government.

If we cannot do that, then I feel strongly that we have failed a great number of our native people and have not done what the minister said he should do, and that the federal government should do, namely, act as a trustee for all native people. For that reason, if we cannot find a better solution than passing this bill as it is, then I must say I will be unable to vote for it.

Hon. Eugene A. Forsey: Honourable senators, I rise simply to say one or two things briefly about this motion and about the speeches we have heard. The first thing I want to say is that after listening to the Honourable Senator Williams and the Honourable Senator Neiman I am inclined to think that the amendment proposed by the Honourable Senator Flynn is very moderate and modest indeed. He could have said much more than he has said and he could have said it in much stronger terms.

Having said that, I want to add that I am not in the least convinced by the qualms which Senator Neiman expressed about the wording of the amendment. I am not competent to decide between two such distinguished lawyers as Senator Neiman and Senator Flynn as to the precise wording that is here; but after some considerable reflection on the subject and having heard the arguments by Senator Flynn in the committee—I was present, though, of course, as a non-member and could not vote—having heard those arguments and having listened to the arguments of the Honourable Senator Grosart and having read the speeches of the other people who took part in the debate, although I must admit I did not read every word of the other speeches, I am entirely convinced by the arguments of Senator Flynn and Senator Grosart and I shall vote in support of the amendment. I hope Senator Flynn will divide the house on this and I shall vote in support of the amendment of the Honourable Senator Flynn. I do not see what else I can do; and even if we are beaten, those of us who support this amendment, even if we are beaten on the division, as might quite possibly be the case, I think it will be of value to show to the native peoples of this country that there are people on both sides of the house in this chamber who take seriously the obligations of this Parliament, of the Government of Canada and of the Senate of Canada for the protection of the native peoples of this country.

Senator Robichaud: Honourable senators, obviously strong views have been expressed on the merits of the amendment to this bill. I also take the matter seriously and in order to be given the opportunity to express my views, which are possibly as strong as some of those expressed here thus far, I should like to move that the debate be adjourned until the next sitting of the Senate.

On motion of Senator Robichaud, debate adjourned.

APPROPRIATION BILL NO. 3, 1977

THIRD READING

Senator Langlois moved the third reading of Bill C-58, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

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

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication has been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 29, 1977

Madam,

I have the honour to inform you that the Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of June, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

● (1530)

PRIVATE BILL

CONTINENTAL BANK OF CANADA—SECOND READING

Hon. John J. Connolly moved the second reading of Bill C-1001, to incorporate Continental Bank of Canada.

He said: Honourable senators, Bill C-1001 is a reincarnation of Bill S-30, which was passed by this house in November of 1975. Bill C-1001 has been around Parliament for a long time,

perhaps not as long as the thousand and one Arabian Nights, but it has been here for some 18 or 19 months. Honourable senators will remember that this legislation, as it was originally introduced here and passed, and as it is now reintroduced after having been passed in the House of Commons, is to incorporate the Continental Bank of Canada and to allow IAC Limited to be converted into a bank by amalgamation.

A transition period fixed in the bill was to apply for 10 years. In this transition period the assets of IAC would run down, and the assets of Continental Bank of Canada would be built up to the point where within 10 years there would be an amalgamation. IAC would disappear and Continental Bank of Canada would be the sole remaining corporate entity.

In the 18 months or so since the bill was here previously there have been four or five principal amendments, and I propose in the first instance to deal with those amendments alone. Then, for the benefit of senators who have been appointed to this chamber since 1975, I think I should give a general review of IAC, the kind of company it is and the specific provisions of this bill without going into the detail I went into in 1975.

The first amendment, in clause 2(2) of the bill, reduces the share qualifications for directors of Continental Bank from 500 shares of IAC to 100 shares of IAC. This makes it a little easier for people to qualify as directors of the bank.

An overlap was to be allowed in the first bill during the transition period between directors on the board of IAC and people on that board who might be directors of other deposit institutions like banks. Now there is a specific provision that there shall be no overlap, and in fact there will be no overlap because IAC has received in that 18-month period that has elapsed since the bill was first introduced all of the resignations required from people who were on boards of their banks.

The third important amendment is in clause 8(b). It provides that after royal assent all directors of IAC at the time of royal assent will become directors of Continental Bank. In the transition period the bank must always have on its board of directors a majority of the directors of IAC. This, of course, is to provide continuity of corporate policy between IAC and the bank until amalgamation takes place.

The fourth of the principal amendments is contained in clause 9. By the original bill Continental Bank was prohibited from making loans either to IAC or to its subsidiaries. The present bill provides that loans cannot be made by Continental Bank to IAC, in any event, or to any of the subsidiaries of IAC, and there are seven, which carry on a business prohibited by the Bank Act. But it does allow for loans to be made to subsidiaries of IAC who do not conduct business prohibited by the Bank Act. I think this is a beneficial amendment as well.

The fifth and last of the principal amendments that I would mention is in clause 15(4). When the bill came to us first there was one shareholder of IAC who held 19.6 per cent of the issued shares of the company. The Bank Act, in section 54(2), restricts the ownership of shares to 10 per cent of the issued shares of the company in the hands of any one shareholder if those shares are to be voted. Originally this shareholder was given four years to comply with the Bank Act; in other words, to reduce his shareholdings, if he wanted to vote, to 10 per cent or below. That period of grace no longer shall apply, and the restrictions of the Bank Act will therefore apply to this shareholder's shares, and as long as they are over 10 per cent of the issued shares, then that shareholder will not be able to vote.

Those are the principal amendments, and perhaps I should sit down now and ask that the bill be given second reading. But I think that in fairness to those who were not here in 1975 I should make some further explanatory remarks.

The information which I placed on the record in respect of Bill S-30 on October 30, 1975, is still valid except that time has gone on and there have been changes in the statistical information available about IAC. So, I should bring that portion of the explanation up to date. IAC was incorporated by federal charter in 1925; its head office is now in Toronto. It has 3,000 employees and has 11,000 shareholders, 96 per cent of whom are Canadians. It has 275 branches in all parts of Canada, and its issued common shares number 13,500,000. The total assets of IAC are $2.4 billion, and this makes it the eleventh largest Canadian financial institution in terms of assets. The value of IAC's equity is $233.8 million, and this makes it the sixth largest Canadian financial institution in terms of equity. The income of the institution in 1976 was $32 million.

● (1540)

IAC provides a wide range of financial services: wholesale and retail sales financing, inventory financing, dealer and business loans, home mortgages and business mortgages, consumer loans, and leasing capital equipment for transportation, for construction, and for the resource industries generally. Those services are supplied directly by IAC and its seven subsidiaries.

Sixty-five per cent of the business conducted by IAC and its subsidiaries is similar to business now conducted by banks. If the provisions of the white paper with respect to allowing banks to engage in the leasing business are adopted finally in the Bank Act, then 90 per cent of the business that IAC does will be considered to be similar to business conducted by banks.

The reasons given for the proposed conversion of IAC into the position of a chartered bank were given when I explained the bill in 1975, and can be found at page 1342 of *Debates of the Senate* of the last session. The company considers that it will be better able to serve its customers—the private individuals and the small and intermediate size businesses which it now services. It will be able to attract more funds from individual depositors as well as from institutional depositors.

It believes it will reduce the cost of money, both for itself—that is to say, the bank which will ultimately emerge—and its customers. It will provide banking services to its existing customers, which will be a convenience to those customers. It will be able to use its highly trained staff even more efficiently

than it has done heretofore, and it believes that it can make a major contribution, with its new proposals and the new arrangement, to the growth of the Canadian economy.

There were four amendments made in the last session by the Finance, Trade and Economic Affairs Committee of the other place. Those four amendments are really included in the area of the amendments I mentioned earlier. But when the bill was reported back with those few amendments in February of 1976, an NDP spokesman moved 11 further amendments, which were really not dealt with by the House of Commons, and as a result the bill died on the order paper in July of 1976.

The present bill will incorporate the Continental Bank of Canada or, in French, Banque Continentale du Canada. The provisional directors will be the present directors of IAC, who number 17. The qualification, as I have already said, will be 100 shares of IAC for each of those provisional directors. I am told that the current market price for IAC shares is around $18, that each director will have to have an investment of approximately $1,800 to serve on the board of the bank.

The head office of the bank will be in Toronto. The capital of the company will be $100 million, divided into 10 million shares with a par value of $10 each, and IAC will subscribe for 50 million of those shares.

Upon incorporation—that is to say, if the bill receives royal assent—a transitional period will begin. In this period, as I have already indicated, the assets and business of IAC will run down and the business of the Continental Bank of Canada will increase.

The maximum period of this transitional period will be 10 years, and the target will be the amalgamation of the two corporate entities.

The balance of the bill gives the rules which will govern IAC and the Continental Bank in this transitional period.

I may say that if the proposals of the white paper on banking are adopted, there is a reference to the possibility of allowing conversion of financial institutions into banks. We have not yet seen what specific provisions of law will be proposed in the legislation to follow the white paper but, if that should happen, the process we are now going through in Parliament might not be required again.

I do not propose to deal with the amendments I have already mentioned because they are the principal ones. However, for the benefit of the Senate, I should place on the record the fact that there are certain provisions in the bill to achieve the purposes which the legislation foresees.

After the amalgamation, for example, the Continental Bank will be responsible for the outstanding maturities of IAC in respect of its long-term debt, and in respect also of its convertible debentures. But it will be responsible for this only after amalgamation. Up to that time, IAC will be responsible for the debt.

In the transition period, both the Continental Bank and IAC are subject to the provisions of the Bank Act, except as modified by this Bill C-1001. In the transition period, the proposed bank which is to be incorporated will do all the banking business, and IAC will do the business that at present a bank is not permitted to do.

There are two subsidiaries of IAC to which I should make specific reference: Sovereign Life Assurance Company and Sovereign General Insurance Company. They have respectively asset values of $88 million and $27 million, and, through the operation of the Bank Act and this proposed bill, IAC will have two years from the time of royal assent to reduce its holdings in those two insurance companies to levels which the Bank Act prescribes for such subsidiaries of banks.

The business of the bank must commence within one year from the time royal assent is given to this bill. IAC, within that year, must apply for an order in council bringing the Continental Bank of Canada into being. But, in the meantime, it will have many things to do, such as making its arrangements with the Bank of Canada, converting its branches, training its staff, securing its supplies, and establishing depositing facilities such as those that are carried on by any of the chartered banks.

● (1550)

Let me say a word about the leasing activity and the mortgage lending activity of IAC and/or its subsidiaries. The Bank Act does not allow leasing by a bank, and it restricts lending on mortgages to ten per cent of the bank's deposit liabilities and outstanding debentures together. IAC in 1976 had a leasing portfolio of $710 million and a mortgage portfolio of $248 million in residential mortgages and $63 million in commercial mortgages. In the transition period IAC will continue to operate in the leasing and the mortgaging business, which it has been conducting for some years, but the maximum amount of business that it will be entitled to do in that transition period will be the actual business that it has on the books at the time of royal assent and the amount of business which it has committed itself to do at the time of royal assent.

Honourable senators, having regard for the temperature in the chamber this afternoon I apologize for keeping you so long on this, because we are considering only, I think, about four or five important amendments. However, I do commend the bill to the favourable consideration of the Senate.

Senator Flynn: Honourable senators, because this is a private bill, because as such it involves no principle, because it is a reincarnation of a bill that was passed by this house before and has now gone through the same process in the other place, because we have had a lot of explanation—I would not say too much, but a lot of explanation—from its sponsor, and also because it has to be referred to committee, I do not see that we need hold up its second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Connolly (Ottawa West) moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Douglas D. Everett moved the second reading of Bill C-18, to amend the Bretton Woods Agreements Act.

He said: Honourable senators, Bill C-18 is a bill to amend the Bretton Woods Agreements Act. In effect, its purpose is to ratify the amendments that were made by a number of countries to the articles of agreement of the International Monetary Fund. This is the first major reform of the articles of the fund, and it provides for increases in Canada's subscription to the International Monetary Fund and the International Bank for Construction and Development, which is better known to honourable senators as the World Bank.

The Bretton Woods Agreement was entered into in 1944, and its purposes were to provide member countries with additional international liquidity; to provide a cushion against temporary economic disturbances; and to make unnecessary resort by member countries to illiberal internal or external policies. The original fund was $8.8 billion, which was made up of gold, deposits and securities from member countries.

The International Bank for Construction and Development, which, as I say, is better known as the World Bank, was at the same time incorporated to provide loans and grants to assist in reconstruction and development. This reconstruction was to take place following the Second World War, and when the reconstruction was largely completed it was decided to change the direction and thrust of the World Bank, and two subsidiaries were incorporated at that time. The International Development Association was incorporated to make soft loans to less developed countries. The International Finance Corporation was incorporated to provide venture capital to private sectors in the less developed countries.

The International Monetary Fund is based on two concepts. First of all, it is based on the concept of fixed exchange rates. The reason for that was that the agreement was first entered into in 1944, and it was a reaction to the competitive devaluations that had taken place in the thirties and created such stringent difficulties with trade at that time. The agreement stated that there would be a fixed exchange rate, and a country could vary that exchange rate by only one per cent on either side.

The other concept on which the agreement was based was the convertibility of United States dollars to gold at a fixed rate. In 1946 the United States held 60 to 70 per cent of the total gold supply, and they were willing to convert it under the agreement at $35 U.S. per ounce. The net result was that we had a gold exchange standard based on the convertibility of the United States dollar.

This system worked reasonably well for approximately 15 to 20 years. The United States dollar became the main medium of exchange between countries, and as trade expanded during that period the supply of those dollars had to be increased to accommodate that increased trade. The result was like that of any other increase of the money supply, and the United States dollar became over-valued. When that happened it became very attractive for people and corporations, especially multinational corporations, to invest in United States dollars abroad, and they did so in large numbers.

● (1600)

When that happened, in order to maintain the fixed rates which were required under the fund, the other countries had to accept the inflow of United States dollars, and thereby suffered an egregious increase in their own money supply. This was largely the basis of the world-wide inflation of the 1970s. Even Canada, you will recall, was affected by that malaise. At that time, there was an enormous inflow of American dollars into Canada—so much so that Canada chose to float its currency, as it had done in the 1950s. This prevented an unwarranted increase in the Canadian money supply, because it slowed the inflow into Canada; but at that time Canada was acting contrary to the IMF rules.

As this process occurred, the claims against the American dollar rose at a very rapid rate. There was a major drain of United States gold holdings as other countries cashed in their dollars, which they felt, rightly, were overvalued. As a result, in 1971, the United States withdrew convertibility of its currency to gold, and subsequently the American dollar was allowed to float.

The IMF, for some time, had been attempting to reduce the role of gold in international transactions, and the reason it was doing this is that the supply of gold is not controllable. As a result, expanding trade required a higher price for gold. It was thought by the officials of the IMF that a more controllable system was possible than just working with the increase in the price of gold, so they introduced what are called "special drawing rights", or SDRs. SDRs are made up of a basket of currencies provided by the member countries, and each country, when it gets into balance of payments difficulties, has the right to withdraw a certain amount of those SDRs in order to provide itself with the liquidity necessary to give it time to get out of its difficulties.

It became clear, as this process went on, that the monetary system had to be reformed. There were several meetings and finally a reform package was agreed to in Jamaica in January 1976. This agreement requires approval by 60 per cent of the members of the IMF with 80 per cent of the votes. It is these amendments to the agreement that we are dealing with today.

First of all, the bill deals with the increase in subscriptions to the IMF and the World Bank. The total IMF subscriptions are increased from $29 billion to $39 billion in SDRs. Canada's quota, or portion, of that increase goes from $1.1 billion to $1.357 billion in SDRs. In addition to that Canada is increasing, as are the other countries, its subscription to the World Bank from $1.136 billion to $1.342 billion in American dol-

lars. The total cash outlay of this entire transaction will be $20.6 million U.S.

The second initiative in the bill is to allow the members of the IMF to choose their own exchange rate systems. This means the end of the mandatory fixed exchange rate system that we have had since 1944. It means that the export and import of inflation that took place in the 1960s and the 1970s will be very much more difficult, and it means that speculators in international currencies will speculate much more against each other than against the currencies of particular countries. Interestingly enough, the initiative follows Canada's lead, taken when it broke the IMF rules and floated its own currency in 1950 and again in 1970. There is a requirement that countries must pursue policies conducive to stable systems of exchange rates, and the IMF will be policing that system. There are people who say that we are courting disaster by getting into floating exchange rates, but I think the evidence is contrary to that. We just went through an incredible upset due to the very great rise in oil prices, and while there were dislocations in exchange rates, and while monetary systems did get out of balance, nevertheless we got through relatively unscathed.

The agreement also abolishes the official status for gold, and when this agreement is ratified, gold, whether monetary or commercial, will be returned to the free market. No longer will transfers between countries take place at the official price of $42 per ounce. In addition to that, one-sixth of the subscription of each country will be returned to the country, and one-sixth of the subscription of each country will be sold for assistance to the less developed countries. Honourable senators will be aware of the IMF gold auctions that have taken place already.

The agreement also broadens the IMF's surveillance powers over all policies affecting the external sector. The old IMF policy was purely and simply to act to maintain the fixed exchange rates. The new policy will encourage the adoption of policies which lead to equilibrium in the balance of payments, and it works this way. A member country can draw the first part of its quota automatically. After that it can purchase additional amounts, which are known as credit tranches; but when it attempts to make those purchases of the additional tranches, the IMF imposes more stringent conditions and higher service charges. The country will find that it will only get funds beyond the inital automatic draw if the IMF feels its policies will lead to the adjustment of its balance of payments problems.

Honourable senators, I think the agreement is a happy one. It is good for international monetary stability, and good for the growth of world trade. It is a complicated document, and I believe it should be referred to a committee. The administration approached me about the possibility of having the bill referred to the Standing Senate Committee on National Finance, but on consulting the rules it is clear that these require the bill to be referred to the Standing Senate Committee on Foreign Affairs. That committee is required to deal with "other matters relating to foreign and Commonwealth relations generally, including: (i) treaties and international agreements." This is clearly an international agreement. I would say, parenthetically, that if the administration feels that this may be beyond the ambit of the Standing Senate Committee on Foreign Affairs and more within the ambit of the Standing Senate Committee on National Finance, then perhaps at another session the administration would like to consider whether international agreements relating to monetary affairs should be referred to the Standing Senate Committee on National Finance.

• (1610)

However, at present and for very good reason, I will at the appropriate time move that the bill be referred to the Standing Senate Committee on Foreign Affairs.

Senator van Roggen: May I ask Senator Everett when he will be moving the reference of the bill to the Standing Senate Committee on Foreign Affairs? My reason for asking that question is that the end of the session is drawing near, and I would like to plan the committee meetings and the witnesses to be heard as soon as possible, in the hope of dealing with this particular matter next week.

Senator Grosart: How would he know?

Senator Everett: I can understand the honourable senator's concern but, on the other hand, I do not know how many senators propose to speak to the bill. When no other senators wish to participate I will conclude the debate and, of course, promptly move that the bill be referred to his committee.

On motion of Senator Macdonald, for Senator Smith (Colchester), debate adjourned.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill C-5, to amend the Currency and Exchange Act and to amend other acts in consequence thereof.

He said: Honourable senators, I am glad that the order for the second reading of this bill was called after the order for the second reading of Bill C-18, and the reason for that will become evident as I proceed with my brief explanation. This order suits me much better, because I really had to listen to Senator Everett and gain an understanding of the problems which are dealt with under the Bretton Woods Agreements Act and the changes made by Bill C-18 to those arrangements. After hearing Senator Everett, I have a much better idea of the purport of Bill C-5.

Bill C-5 is purely ancillary to Bill C-18. It amends provisions of our domestic legislation to enable us to comply with the changes in the Bretton Woods Agreements. It is interesting to note that the domestic legislation requiring amendment is the Currency and Exchange Act, which is not a statute that I can remember coming across previously in my parliamentary experience. It is certainly not a statute with which a practising lawyer is ever likely to be concerned. Therefore, on first examining it, I did so with some trepidation.

Basically, the act is one of general purport, establishing under Part I the nature of our currency and coinage, the denominations of our coinage, providing that the monetary unit is the dollar and subdivisions of the dollar, and so forth. It also provides for what shall be legal tender in transactions in Canada. Part II is a somewhat unrelated part, which establishes the exchange fund which, as honourable senators know, is a fund established under the authority of the Minister of Finance to aid in the control and protection of the external value of the Canadian monetary unit.

Bill C-5 amends this act in manners to make the Bretton Woods Agreements amendments workable. It does so, honourable senators, in five ways, the enumeration of which I hope will be a sufficient explanation for the purposes of second reading. I might add parenthetically that this is peculiarly a bill which should be examined in a committee at which experts in the financial area are in attendance.

First, the bill permits the use of the SDRs, or special drawing rights, to which Senator Everett referred, as a unit of account in Canadian contracts. A unit of account, as I understand it, is just as a Canadian or United States dollar, or the currency unit of any other foreign country, would be. Secondly, it makes minor modifications to the list of assets which the Exchange Fund Account may hold, which are delineated in Part II of the Currency and Exchange Act. Thirdly, it allows the minister to lend gold held by the account. Fourthly, it provides for the valuation of the assets held in the account and establishes an averaging period of some three years for valuing purpose and for reflection in the public accounts of Canada. Finally, the bill incorporates a recommendation of the Auditor General in connection with auditing procedures, to bring them into conformity with the reporting requirements of other agencies and departments in connection with his periodic audit of the Exchange Fund Account.

With those few words, honourable sentors, I will conclude my explanation of this highly technical bill. It is in an area of expertise which is basically financial, rather than legal, and is as much a novelty to me as I assume it is to many other senators.

Senator Grosart: May I ask the sponsor of the bill if he knows the current value in Canadian dollars of an SDR?

Senator Lang: No!

On motion of Senator Grosart, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

On the Order:

> Consideration of the Fourth Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator Bonnell*).

Hon. Eugene A. Forsey: Honourable senators, I wonder if I might be allowed to speak to this order, as the Honourable Senator Bonnell is not here and as he moved the adjournment of the debate on my behalf last evening when I had to be present at a meeting of this committee in my capacity as co-chairman. May I have leave to speak?

• (1620)

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

Hon. Senators: Agreed.

Senator Forsey moved that the report be adopted.

He said: I don't think, honourable senators, that this should detain us long. It is simply the usual formal motion to provide means by which the committee may meet a couple of times during the summer to look after work that would otherwise accumulate to an undue degree, and in this case, also, it may enable us to perform an undertaking which we have made to the Canadian Bar Association to have a meeting of the committee in the presence of members of the Canadian Bar Association, so that the members of that association who might be interested, more particularly the administrative law section, may have an opportunity of seeing how the committee works. So I hope that the Senate will adopt this report without hesitation and without further discussion.

I do not like asking the Senate to adopt something without discussion, questions and so forth, but in this case I think it may be justified.

Senator Flynn: May I ask Senator Forsey whether, if a general election is called, his committee will be able to sit? Secondly, I understand that Senator Forsey is moving adoption of this report, but has he decided yet whether he will move the adoption of the second report?

Senator Forsey: No, I am sorry to say I haven't made any decision on that. I think the matter is still under consideration—whether active or inactive consideration, I shan't undertake to say.

Senator Flynn: By whom?

Senator Forsey: By members of the committee, I think, and possibly by—I don't know, there may be discussions through what I believe are called in the other place "the usual channels."

As to the question of a general election, I am afraid the Honourable Leader of the Opposition should address that question to the Leader of the Government, and not to me. I am not in the least degree privy to the secrets of the government. I never have even the hope of being made privy councillor, and I certainly have no inside channels of information to members of the government.

Senator Flynn: You may become a privy councillor after you have left the Senate. That is not for now, I hope.

I was merely asking this question in view of the fact that I have had the occasion to discuss in this house the problem of the powers of the Senate to deal with that kind of matter as to whether there is a dissolution of Parliament or not.

You will remember the bill that I introduced some years ago with regard to the intersessional powers of the Senate. A

committee like Senator van Roggen's, or this committee, could very well continue its work during a period after dissolution.

I was wondering if the Leader of the Government had given some thought to this idea that I proposed some years ago in the form of a bill which died in a committee, as expected.

Senator Perrault: Frequently, honourable senators—

Senator Forsey: If the leader will allow me just a moment, may I, as chairman of the committee, and as the question was originally addressed to me, and I fear I misunderstood it, say that I am afraid the difficulty there is that this is a joint committee and, while presumably we could make some arrangements to have a Senate committee go on, I do not know what we can do with a committee which represents also the other place.

I fear that even if the Leader of the Government is prepared to accept every possible suggestion of the Leader of the Opposition, it wouldn't cover our situation.

I am sorry to intervene when the honourable leader was about to speak.

Senator Flynn: The point was well taken. Thank you.

Senator Grosart: Senator Flynn is a privy councillor, but he is not privy.

Senator Perrault: Honourable senators, the proposal has been under active consideration for some time.

Motion agreed to and report adopted.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act.

An Act respecting the organization of certain scientific activities of the Government of Canada.

An Act to amend the Judges Act and other Acts in respect of judicial matters.

An Act to amend the Aeronautics Act and the National Transportation Act.

An Act to amend the Canada Deposit Insurance Corporation Act.

An Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada 1970 and other Acts subsequent to 1970.

An Act to implement conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax.

An Act to amend the Canada Lands Surveys Act.

An Act respecting Diplomatic and Consular Privileges and Immunities in Canada.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1978.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 30, 1977

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

Prayers.

AUDITOR GENERAL BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto.

Bill read first time.

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

Senator Langlois moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Report of the Commodity Tax Review Group, dated June 27, 1977, issued by the Department of Finance.

Copies of document entitled "Legislation on Public Access to Government Documents", dated June 1977, issued by the Secretary of State of Canada.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plan between the Treasury Board of the Province of New Brunswick and the group of its Resource Service employees, represented by the New Brunswick Public Employees Association. Order dated June 27, 1977.

Report of the President of the Federal Business Development Bank, including accounts and financial statements and the auditor's report thereon, for the fiscal year ended March 31, 1977, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter 10, R.S.C., 1970.

Report on the administration of the Canadian Forces Superannuation Act, for the fiscal year ended March 31, 1977, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Statement by the Department of National Defence of moneys received and disbursed in the Special Account (Replacement of Materiel) for the fiscal year ended March 31, 1977, pursuant to section 11(4) of the National Defence Act, Chapter N-4, R.S.C., 1970.

Report of the Unemployment Insurance Advisory Committee for the year ended December 31, 1976, pursuant to section 109(3) of the Unemployment Insurance Act, 1971, Chapter 48, Statutes of Canada, 1970-71-72.

Copies of letters exchanged between the Chairman of C.R.T.C. and the Prime Minister of Canada respecting the delay of the C.R.T.C. Report of the Committee of Inquiry regarding the CBC, dated June 23 and 28, respectively.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-1001, to incorporate Continental Bank of Canada, and had directed that the bill be reported without amendment.

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

Senator Connolly (Ottawa West) moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, July 4, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to give the usual summary of the work in store for the next week. We are proposing to meet on Monday and Tuesday evenings, leaving all day Tuesday free for meetings of committees, as has been done for the past few weeks. As honourable senators are aware, there are a number of bills now before the Senate and in our committees, and it is most likely that next week we will receive from the Commons the following: Bill C-51, the Criminal Law Amendment Act, 1977; Bill C-27, the Employment and Immigration Reorganization Act; Bill C-49, the Canada Pension Plan, and Bill C-17, the Air Canada Act, 1976. Therefore, taking into consideration what we now have before us and what it would appear will come to us next week, it will probably be necessary for the Senate to sit next Friday.

On Monday evening Senator Barrow will move second reading of Bill C-20, the Auditor General Act, which was read a first time today, and we shall continue with Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof, second reading of which will be moved this afternoon by Senator Cook, and any other bills remaining on the Orders of the Day. In addition we shall deal with the amendments made by the Commons to Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

A number of committee meetings have already been set down for next week and, of course, there will be additions to this list as other bills are referred.

On Tuesday the Legal and Constitutional Affairs Committee is meeting at 9.30 a.m. and 2.30 p.m. on Bill C-25, Human Rights; the Agriculture Committee has called a meeting for 9.30 a.m. to continue its consideration of Bill C-34, The Canadian Wheat Board; and the Banking, Trade and Commerce Committee has scheduled an *in camera* meeting for 9.30 a.m. on the subject matter of Bill C-16. Should Bills C-5 and C-18 have been referred to the Foreign Affairs Committee, that committee will meet to consider these bills at 2.30 Tuesday afternoon. If these bills have not been referred, that committee will continue with its study of Canada-United States relations.

The Agriculture Committee plans to meet again on Bill C-34 at 9.30 a.m. and at 3.30 p.m., or when the Senate rises, on Wednesday.

The Foreign Affairs Committee has arranged another meeting for Thursday at 9.30 a.m. on Canada-United States relations. However, if it has legislation before it, the legislation will take precedence.

Senator Flynn: Honourable senators, the honourable deputy leader has indicated some bills that will come to us next week. Are there other bills which the government wishes to be passed by Parliament before we adjourn for the summer? If that is not the case, does the deputy leader consider that we might be able to complete our business on Friday, as he intimated that we may sit on Friday next week?

Senator Langlois: Honourable senators, I am sorry that I am unable to give a definite answer to my honourable friend. However, there is a possibility of one or two bills coming to us next week in addition to those I have just enumerated. As far as the date of recess of the house for the summer is concerned, it is quite possible that we may recess some time during next week. With this in mind it is our intention to suggest that we sit on Saturday if necessary, but this is only a possibility. We hope that we will be able to close shop on Friday, or earlier if possible.

Motion agreed to.

• (1410)

DOMINION DAY

CELEBRATIONS ON PARLIAMENT HILL—PARKING FOR SENATORS' CARS

Senator Langlois: Honourable senators, I have been asked to communicate to the house information received by the Gentleman Usher of the Black Rod from the RCMP. Tomorrow, July 1, approximately 70,000 people are expected to be on Parliament Hill for the celebration of Canada Day. Honourable senators will be allowed to park their cars in their usual places, but they will not be allowed to leave by car until the fireworks display has been completed. I suggest to honourable senators that if they find it necessary to come to their offices tomorrow, they do so by foot.

Senator Robichaud: Would the acting leader repeat the number of people who are expected to be on Parliament Hill tomorrow for the Canada Day celebrations?

Senator Langlois: It is expected that 70,000 people will be on the grounds tomorrow.

Senator Forsey: May I ask the acting leader when the name of Dominion Day, which is a statutory name, was changed to Canada Day, and by what act?

Senator Langlois: That is a question of government policy and something on which I do not feel I should comment at this time.

Senator Forsey: The usual disregard for the law.

Senator Flynn: The Constitution, I suggest, is an evolving Constitution.

Senator van Roggen: We will celebrate Canada Day on Dominion Day.

NATIONAL UNITY

DEBATE ON REGIONAL ASPIRATIONS—QUESTION

Senator Choquette: Honourable senators, I wonder if I might ask the Acting Leader of the Government whether it is the intention to continue the debate on regional aspirations when the Senate reconvenes after the summer recess? I am assuming that the debate will not be concluded before we adjourn.

Senator Langlois: It is quite possible that this item will be on the order paper once we resume following the summer recess. It may be, of course, that honourable senators will wish to conclude the debate before then.

FISHERIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof.

He said: Honourable senators, if in my explanation I do not do full justice to the provisions of Bill C-38, it will be because of the very short time I have had to study its contents. I received the material only yesterday, and, as the Banking, Trade and Commerce Committee sat all day, honourable senators will appreciate my difficulty.

Bill C-38 is an important measure for the fisheries industry. It received unanimous support in principle in the other place. It was described by the lead speaker for the official opposition, the honourable member for South Shore (Mr. Crouse), as dealing with pollution, power problems, penalties, poachers, police officers, protection policies and prohibition. That is a somewhat poetic description of the bill, but nevertheless it does cover the ground. The bill provides for the protection of all aspects of the fishing industry, including fish of all types and all classes of fishermen.

Few people realize the extent and nature of the evils and abuses which fishermen and the fishing industry have to suffer. In his very fine speech in the other place, the minister gave some horrifying examples of the activities of poachers, the effects of pollution and other abuses which adversely affect the industry. The thrust of the bill, therefore, is to tighten up and amplify the provisions in the Fisheries Act which provides protection for the fishing industry, and to bring breaches of these provisions within the Criminal Code so that fishery protection officers will be given some teeth to enforce the law.

I should now like to review briefly, but in more specific terms, the changes in the bill. Poaching will be dealt with by provisions whereby, upon conviction, equipment used or intended for use in poaching may be forfeited. Provisions are included for the protection of the habitat of fish from harmful alteration, disruption and destruction.

Stronger measures are included for correcting pollution problems from existing operations. Spills of oil, chemicals, garbage and other waste will be more adequately dealt with by a mandatory reporting requirement related to such incidents, and provisions for clear-up orders and broader civil liability are part of this portion of the bill.

Fishermen will now have a right of civil action for loss of income from all pollution sources except ships. The Maritime Pollution Claims Fund, under the Canada Shipping Act, currently provides protection for fishermen who suffer a loss of income due to pollution from ships. Penalties for the violation of many existing provisions will be increased, and new penalties are provided relating to the pollution of fish habitat and waters frequented by fish.

Ticketing provisions are included to allow for more simple administration relative to minor fishing offences. Fisheries officers will be designated peace officers, which will allow them to deal more effectively with some types of illegal activities. This will also facilitate their job in remote areas, where they will now be able to issue summonses or warrants.

Other miscellaneous provisions extend fish guard requirements to apply nationally, and to clarify both definitions and powers of inspectors and analysts.

I want to draw your attention to a number of positive changes which have been made since first reading of the bill in the other place on February 21 of this year. These changes were made primarily because of representations by provincial governments, industry associations and special interest groups. The bill, which, as I have already said, received unanimous support in principle by all parties in the House of Commons was modified, and consequently improved, during the report and third reading stages. The changes made were numerous, and I will explain a few of the more important ones to convey their general nature.

The all-encompassing provisions of section 20, dealing with the destruction of fish, have been revised to allow for some exceptions as authorized by the minister, or by regulations made by the Governor in Council under the act. Reporting requirements have been clarified so as to deal only with deposits of waste substances "out of the normal course of events". The minister's powers under section 33.1, to close any operation or undertaking, now require the approval of the Governor in Council.

The minister must now offer to consult with a concerned province before ordering any restriction, modification or closure of any work or undertaking. This provision is a direct response to representations made by provinces and industry, and is, I believe, a very progressive step indeed.

One of the most important amendments was made on June 28 at the report stage in the other place. This is the amendment to section 10 of the Fisheries Act, which is found in clause 3 on page 2 of the bill. This amendment is designed to prevent obstruction of, or interference with, seal hunters engaged in their lawful pursuit. To Newfoundlanders, this is a welcome and much needed improvement in the law. Indeed, if an organized minority are allowed to continue their illegal actions, the final results will perhaps be unfortunate for them. It may well be that this amendment will in the long run be more for the benefit and protection of those agitators than it will be for the law-abiding Newfoundland sealers.

● (1420)

In addition, the minister made reference to regulatory changes during the committee hearings. These changes to the sealing regulations would restrict access to the sealing grounds to those who need to go there to carry out authorized sealing activities. Representatives of the media would be allowed to attend the hunt, as in the past, and to report on the fashion in which the hunt is conducted, but access would be denied to those whose intention is to interfere with sealing.

On June 1 last, when speaking to this chamber, I said:

> Referring once again to the fisheries, I believe the federal Department of Fisheries has the interests of the Newfoundland fisheries very high on its list of priorities, and is doing a great deal to encourage and foster the industry. I thank the department for this, and trust that it will be encouraged to continue this help.

I should now add that in my view the present minister has shown, and continues to show, a deep appreciation of and

sympathy with the problems of the Newfoundland sealers, and this gives Newfoundlanders great satisfaction.

Honourable senators, we are considering a bill which has undergone detailed review and discussion. Should it be given second reading by the Senate, I shall move that it be referred to the Banking, Trade and Commerce Committee for further consideration and study.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until Monday, July 4, at 8 p.m.

THE SENATE

Monday, July 4, 1977

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

Prayers.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—FIRST READINGS

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons with Bill C-283, respecting the Electoral Boundaries Readjustment Act (Beauharnois-Salaberry); Bill C-392, respecting the Electoral Boundaries Readjustment Act (Brampton-Georgetown); Bill C-393, respecting the Electoral Boundaries Readjustment Act (Wellington-Dufferin-Simcoe); Bill C-394, respecting the Electoral Boundaries Readjustment Act (Huron-Bruce); Bill C-405, respecting the Electoral Boundaries Readjustment Act (Lethbridge-Foothills); Bill C-406, respecting the Electoral Boundaries Readjustment Act (Kootenay East-Revelstoke); Bill C-418, respecting the Electoral Boundaries Readjustment Act (Laval); Bill C-422, respecting the Electoral Boundaries Readjustment Act (London-Middlesex); Bill C-427, respecting the Electoral Boundaries Readjustment Act (Blainville-Deux Montagnes); Bill C-428, respecting the Electoral Boundaries Readjustment Act (Saint-Jacques); Bill C-429, respecting the Electoral Boundaries Readjustment Act (Saint-Léonard-Anjou); and Bill C-433, respecting the Electoral Boundaries Readjustment Act (Cochrane).

Bills read first time.

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

Senator Lafond: Next year.

Senator Petten: With leave of the Senate, I move that the bills be placed on the Orders of the Day for second reading at the next sitting.

Senator Flynn: All of them?

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

Hon. Senators: Agreed.

Motion agreed to.

CRIMINAL CODE (COUNTERFEIT OF RARE COINS AND NOTES)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-256, to amend the Criminal Code (counterfeit of rare coins and notes).

Bill read first time.

Senator Petten, for Senator Connolly (Ottawa West), moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault: Honourable senators, I have the honour to table the National Energy Board's Reasons for Decision concerning Northern Pipelines, Volumes 1, 2 and 3, dated June, 1977, which are tabled in this house simultaneously with their tabling in the other place.

I have the honour also to table the following:

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Canadian Carborundum Company Limited and the employees represented by the United Steelworkers of America, Local 4151 and Local 5953, dated June 17, 1977.

2. The Village of Glenboro (Administration Group), dated June 17, 1977.

3. The Regional Municipality of Waterloo Regional Police Force and its Regional Police Executive Group, dated June 17, 1977.

4. The City of Winnipeg, Manitoba and its employees, represented by the United Firefighters of Winnipeg I.A.F.F. Local 867, dated June 17, 1977.

List of Commissions issued under authority of section 3 of the Public Officers Act during the year ended December 31, 1976, pursuant to section 4 of the said Act, Chapter P-30, R.S.C., 1970.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Atlantic Consolidated Foods Limited, Atlantic Sugar Division, Saint John, New Brunswick and the group of its employees, represented by the Bakery and Confectionery Workers International Union of America, Local 443. Order dated June 30, 1977.

2. Ekco Canada Company Limited, Burnaby, British Columbia and the group of its Glaco Plant employees, represented by the Bakery and Confectionery Workers International Union of America, Local 468. Order dated June 30, 1977.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1977, including its financial statements certified by the Auditor General, pursuant to section 20 of the Standards Council of Canada Act, Chapter 41 (1st Supplement), R.S.C., 1970.

Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1977, pursuant to section 16 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Copies of Order in Council P.C. 1977-1706, dated June 23, 1977, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until tomorrow, July 5, 1977, at 8 o'clock in the evening.

Motion agreed to.

• (2010)

NORTHERN PIPELINES

DECISION OF NATIONAL ENERGY BOARD—QUESTION

Senator Flynn: Honourable senators, may I ask the Leader of the Government if he would inform us as to the recommendation of the National Energy Board? He has just tabled the decision, and I think he said he was tabling it at the same time as it was being tabled in the other place, so we are still in the dark.

Senator Perrault: Honourable senators, it is my understanding that the National Energy Board offers the opinion that the so-called "AlCan route" is preferable to other proposals. I understand from preliminary reports that the Board recommends against placing in the Mackenzie River delta and basin any kind of pipeline system at this time.

Senator Flynn: The press was right.

Senator Perrault: I want to remind honourable senators, however, that there were earlier speculative reports that the recommendation would be for the Arctic gas proposal. There have been a number of speculative stories.

Senator Flynn: I am speaking of those reports of today.

Senator Perrault: Yes, I understand that those reports are accurate.

Senator Buckwold: May I ask the Leader of the Government a supplementary question? Will copies of the report be made available to all senators?

Senator Perrault: I would hope so, honourable senators. As you are aware, there will be a substantial parliamentary dialogue on the subject of the National Energy Board's recommendations. Another report will be forthcoming as well.

I am sure that honourable senators are aware of the fact that during August there may be a special debate in the other place on the various pipeline routes. I hope that I may have a discussion with the honourable Leader of the Opposition and other honourable senators with respect to the possibility of a similar debate in this chamber. A major decision regarding pipelines must be made soon. The subject is of importance to all Canadians and to all of us, whether we serve in the Senate or in the other chamber.

Senator Olson: I have a supplementary question. May I ask the Leader of the Government if that debate will commence before the session is adjourned in July, now that we have the NEB report? I understand that other reports are forthcoming, and I am wondering if the other place and the Senate will begin the debate before the adjournment.

Senator Perrault: Honourable senators, the proposal, as of now, is to await the tabling of all reports in connection with pipeline routes. That process will preclude the possibility of holding such a parliamentary debate in the month of July, unless honourable senators wish to remain here until all reports are available.

The proposal will be to have such a debate in the month of August. I shall attempt to obtain the debate timetable proposed for the other place, following which, perhaps, we can have meetings with the official opposition and others to discuss the possibility of a Senate debate and the procedure which should be followed in this chamber.

THE SENATE CHAMBER

MALFUNCTION OF AIR CONDITIONING SYSTEM—QUESTION

Senator Grosart: Will the air conditioning be working by August?

Senator Perrault: Honourable senators, I regret to inform you that the air conditioning system worked for just two hours today. However, part of the machinery has burned out, and consequently we have been advised that there will be no air conditioning in this chamber until Wednesday. Whatever the natural or supernatural cause of the breakdown, its effects are certainly in evidence.

Senator Flynn: Did it happen when the Leader of the Government entered the chamber?

Senator Langlois: The forecast is for cold weather in August.

THE CROWN

REVENUES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on October 26, 1976, Senator Forsey asked a question with respect to Crown revenues. I shall not endeavour to read the question in its entirety, but it can be found at page 75 of *Debates of the Senate*, issue number 8, of this session. The question was with respect to casual revenues or any revenues not provided by Parliament available to the Crown. The honourable senator said:

> Something has come to my ears which made me wonder what exactly is going on and I would like to be assured by the highest authority of what the legal position is in this regard.

I must apologize for the long delay in obtaining a reply to this question, for reasons that are not entirely clear.

The British North America Act provides that all "revenues" of Canada form "one Consolidated Revenue Fund" and that this fund is for appropriation by Parliament. In this context, "revenues" are what are called "receipts of public money" and not simply "budgetary revenues", that is, revenues as shown in the budget.

Turning to the question, "Has the Crown any casual revenues or any revenues not provided by Parliament?" the reply is: It is not known what "casual revenues" are but, to provide an answer, the government interprets the question to be whether the Crown in right of Canada has any receipts of public money which are not acquired in terms of an authority granted by Parliament. The answer is: No.

This answer is based not simply on opinion but on the fact that all receipts of public money are deposited in the Consolidated Revenue Fund and then accounted for. The only exceptions to this rule and practice (and both apply) are misappropriations of public money before it is deposited in Receiver General bank accounts. The sums so misappropriated are small; much of the money misappropriated is recovered and deposited in the Consolidated Revenue Fund; and, clearly, none of it ever becomes "casual" revenues of the Crown.

To have "revenues" not provided by Parliament would first require a source of such funds; that is, somebody must be prepared to pay or give up the money. In addition, there would have to be illegal bank accounts—that is, bank accounts not in the name of the Receiver General—to deal with these funds. Since the first action is unconstitutional, the second illegal, and the Crown (in this sense) can do no wrong, such "revenues" are not really those of the Crown. In other words, it is not possible for the Crown to have any revenues not provided by Parliament.

One final point is that some person or persons masquerading in the guise of the Crown may have found a source of funds not provided by Parliament and be using such funds in the name of the Crown. The government has no knowledge of any such actions because funds not provided by Parliament obviously need not be paid into the Consolidated Revenue Fund.

The simple answer is: No.

May I suggest to the honourable senator that he may wish to study the reply, and perhaps other questions may flow from that study.

Senator Forsey: Thank you very much.

PRIVATE BILL

CONTINENTAL BANK OF CANADA—THIRD READING

Senator Petten moved third reading of Bill C-1001, to incorporate Continental Bank of Canada.

Motion agreed to and bill read third time and passed.

● (2020)

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from Wednesday, June 29, the debate on the motion in amendment of Senator Flynn to the motion of Senator Bourget for the third reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

Hon. Louis-J. Robichaud: Honourable senators—

Hon. Senators: Hear, hear.

Senator Perrault: Hear, Hear.

Senator Flynn: I am quite sure that the Leader of the Government knows what you are going to say.

Senator Robichaud: Honourable senators, I do not know what the Leader of the Opposition just said.

Senator Flynn: I said that since the Leader of the Government is applauding you in this manner, he must know what you are going to say.

Senator Perrault: I have been enthusiastic for a number of years with respect to the abilities of the Honourable Senator Robichaud.

Senator Robichaud: Honourable senators, there is one thing I intend to say right now and that is that I will speak my mind. I will not borrow anyone else's opinion; I will express my own ideas.

Senator Choquette: Hear, hear.

Senator Flynn: Bravo!

Senator Robichaud: Honourable senators, the first time I spoke in this chamber I was standing right across from where I am speaking now, and something went wrong with the amplification system. I recall that Senator Jacques Flynn, the Leader of the Opposition, said to me, "Why don't you cross the floor

and get to a microphone so that you can be heard?" It happens that tonight I am speaking on a subject I really believe in, and something else has gone wrong. This time it is the air-conditioning system. Perhaps I will speak again tomorrow, hoping something will go well.

During my political life I have often heard parliamentarians say, "I did not intend to speak on this subject but circumstances have forced me to enter the debate." Well, I can truthfully say that I did not intend to speak on Bill C-9, but circumstances have forced me to enter the debate.

[*Translation*]

This is because, during my political life, I have identified with minorities. And once again, I am prepared to defend their cause because I would not like to see the status of minorities jeopardized by an action which might be taken by the Senate this evening, tomorrow or the day after tomorrow or at any time.

[*English*]

I believe very strongly that in the Senate we can provide that sober second thought to legislation received from the other place, and I think it should be done when it should be done. However, I have some doubts in the case of Bill C-9. I do not mind admitting that I am not an intellectual who examines every detail of bills passed in the other place, but in this instance I read Bill C-9 very carefully. I am a member of Senator Goldenberg's committee, and I have read everything that was said about this bill in the other place. I cannot see why we should amend it in any way.

Now, I appreciate the amendment which has been submitted by the Leader of the Opposition and supported by Senator Grosart and other senators. I know that they are sincere. I know they want to do the best thing that can be done. But in my estimation, the best thing that could have been done was done when this agreement of some 451 pages was entered into by the parties involved, those parties being: the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, the Government of Canada, the James Bay Energy Corporation, the James Bay Development Corporation, and the Quebec Hydro-Electric Commission. The agreement was signed by the following individuals for the Grand Council of the Crees (of Quebec): The Grand Chief and Chief of the Rupert House Band, Billy Diamond; the Chief of the Fort George Band, Robert Kanatewat; the Chief of the Old Factory Band, Fred Blackned; the Chief of the Eastmain Band, Matthew Shanush; the Chief of the Waswanipi Band, Peter Gull; Councillor of the Mistassini Band, Philip Awashish; Councillor of the Mistassini Band, Smally Petawabano; the Chief of the Great Whale River Band, Joseph Petagamaskum; the Leader of the Nemaska Band, Bertie Waachee, and the Administrative Chief of the Grand Council, Abel Kitchen.

The signatories for the Northern Quebec Inuit Association were as follows: the President, Charlie Watt; the First Vice-President, George Koneak; the Second Vice-President, Johny Williams; the Secretary, Zebedee Nungak; the Treasurer, Pootoolik Papigatuk; a Director, Tommy Cain; a Director, Robbie Tookalook; a Director, Peter Inukpuk, a Director, Mark Annanack; a Director, Sarolie Weetaluktuk; a Director, Charlie Arngak; for the Government of Quebec: the Minister of Intergovernmental Affairs, Gérard D. Lévesque; for the James Bay Energy Corporation, the President, Robert A. Boyd; for the James Bay Development Corporation, the President, Charles Boulva; for the Quebec Hydro-Electric Commission, the President, Roland Giroux, for the Government of Canada, the Minister of Indian Affairs and Northern Development, the Honourable Judd Buchanan.

That agreement was signed on the 11th day of November, 1975. The House of Commons and the Senate have been asked to ratify, to validate, the agreement; to give it force and effect. If we were to amend the agreement we would be denying to the Government of Quebec and the Government of Canada certain terms of the agreement that have already been agreed to. Perhaps I should quote just a portion of the agreement. This is to be found in section 25.2.1 on page 25-7 of the agreement:

● (2030)

> The James Bay Crees and the Inuit of Québec forever and absolutely renounce any and all claims, if any, past, present or future, against Québec with respect to royalties, mining duties, taxes or equivalent or similar benefits and revenues, derived and resulting from development and exploitation in the Territory.

This is one of the terms of the agreement that the amendment, which was sought in all honesty by the Leader of the Opposition, would destroy. As I stated a moment earlier, I am strongly in favour of minorities having their rights fully protected in every respect, but I think in this case they are fully protected. Furthermore, we here will provide a sober second thought to make sure that the rights of the Crees and the Inuit people are protected.

The James Bay Agreement, if we want to go back, is the result of a long and often difficult process of planning, consultation and negotiation which lasted for over five years. With so many interests involved and the complexity of issues to be resolved, the negotiations demanded the high degree of dedication and purpose that has characterized the proceedings throughout. The accommodation reached has great significance for the parties directly affected by the agreement, but also wider implications in other parts of Canada, and this is important where similar situations, though not identical, are found. The federal government's role and participation in events leading to the signing of the James Bay and Northern Quebec Agreement stem from the legislative jurisdiction assigned to the Parliament of Canada under the British North America Act in 1867 for Indians and lands reserved for Indians. Part of this responsibility was to provide protection for the Indian people in their traditional occupancy and use of lands. The Quebec Boundaries Extension Act of 1912, which extended the northern boundary of Quebec to its present limits, contained a provision that the Quebec government recognized the rights of native people in this territory to:

—obtain surrenders of such rights in the same manner, as the Government of Canada has heretofore recognized such rights and has obtained surrender thereof—

This referred to the established practice, dating back to the royal proclamation of 1763, of entering into treaties with Indian groups in many parts of the country. Under the Boundaries Extension Act, Quebec was to bear all charges and expenditures arising out of such surrenders, which were made subject to approval by the federal government.

As a matter of policy, particularly during the past five years, the federal government has been seeking through various changes and means to fulfil its lawful obligations to the Indian people arising from the historic treaties and existing law. Following a full review of its position, the government announced in its statement of August 8, 1973, its policy on comprehensive claims, which were those put forward by Indian and Inuit people, in areas where native interests in lands deriving from a traditional occupancy and use had never been extinguished by treaty or superseded by law. It is basic to the position of the federal government that comprehensive claims must be settled and that the most promising way to settlement is through negotiations. Negotiated agreements must be reached with groups of Indians and Inuit people concerned, and these agreements enshrined in legislation to give them the stability and binding force of law.

In the James Bay matter the federal responsibility began to emerge from that time and it became apparent that the Province of Quebec had serious intentions of proceeding with the hydro development project. In the spring of 1971, when the Quebec government announced proposals concerning that development, and the Grand Council of the Crees of Quebec expressed concern about their territorial rights, periodic meetings began to take place between the Department of Indian Affairs and Northern Development and representatives of the Quebec Indians concerned, and this soon led to frequent contacts with Quebec on the subject.

I realize I am directing my remarks to the history of this affair, and I hope the Leader of the Opposition will question me if he so wishes after I am through.

During 1974 negotiations took place on the basis of an offer announced by the Government of Quebec in January of that year. The federal government welcomed that offer because it contained components considered essential to satisfactory settlement and fully consistent with established federal policy on comprehensive claims.

● (2040)

The James Bay and Northern Quebec Agreement is a complicated and far-reaching document dealing with the whole range of issues raised in comprehensive claims from native groups. Far from wiping out the rights of the Indian and Inuit people concerned, and the responsibilities governments have for their future well-being and role in Canadian society, the agreement establishes specific rights and régimes, defines institutional relationships and functions, and provides substantial resources to ensure and strengthen native involvement in local administration and socio-economic development.

The Minister of Indian Affairs and Northern Development, when speaking on second reading of the bill in the other place, said the following, which impressed itself on my mind:

> The legislation which I recommend to this House merits the support of all members because it will enable the native peoples of James Bay and northern Quebec to determine their own future, political, economic and social evolution.

Those are the words of the minister, and throughout this document of 455 pages we see in every line that the governments of Canada and Quebec are protecting the native rights of the Crees and Inuit.

The government firmly believes that a satisfactory settlement of land claims along these lines will assist the native people to overcome past disadvantages and barriers which have prevented them from participating in and benefiting from the larger society of which they are a part. A just settlement, which satisfies the particular needs and aspirations of native people in the area concerned, can lay the foundation for a future in which the native people have economic self-reliance, pride and self-respect, a solid stake and their own role in the social and economic evolution of the region in which they reside. For participation in and benefit from such development is part of what native claimants are seeking in areas where comprehensive claims arise—not to block development because the native people do not wish to block development.

An agreement with the Crees and Inuit of the James Bay and northern Quebec area would not have been possible had the Government of Canada not agreed to the extinguishment of all native interests in the territory.

An Hon. Senator: Why?

Senator Robichaud: This is vital. This agreement would not have been possible if such provisions were not contained in the bill, and if we refuse to pass it, we shall jeopardize the operation of the whole agreement.

Throughout the negotiations, the Quebec government made it clear that any agreement would have to provide for the extinguishment by federal legislation of all "native title" to the land in question. If we read the agreement, we shall see that the rewards are magnificent. Had Canada not agreed, the Crees and Inuit would have been left with undefined "aboriginal rights," and would have been deprived of the specific benefits to be granted them under this agreement and confirmed in law by Bill C-9 and Quebec Bill 32. Bill C-9 is the equivalent of Quebec Bill 32.

Recognizing that other native groups might be able to establish an interest in the territory, the federal government insisted that the agreement include a provision protecting the potential rights of native non-signatories, and this led to the insertion of section 2.14. By this section, Quebec is legally bound to negotiate with other Indians and Inuit who are not parties to the agreement concerning any claim they might have with respect to the territory.

I do not hold any brief for the present Government of Quebec. All this was done, and the bill passed, before the present government came into power, and the present Quebec government supports everything contained in this agreement. It is proof of the Quebec government's intention to live up to its commitment to negotiate under section 2.14 of the agreement.

I cite the example of the current negotiations with the Naskapis of Schefferville, who have proved their traditional interest in the territory. Intensive negotiations are under way which should result in an agreement very shortly. Moreover, in his inaugural address to the National Assembly on March 8, 1977, Premier Lévesque stated that the Quebec government will carry on negotiations with other native groups, as it has done with the Crees and Inuit, and as it is now doing with the Naskapis, with a view to arriving at satisfactory settlements.

To date, no other native group has submitted documented proof of its interests in the territory. If one does, both governments, pursuant to paragraph 2.14, will assess the extent of these interests and will be prepared to negotiate compensation for any valid claim. The Honourable Warren Allmand has said that the federal government, for its part, will support these groups and provide funding to them, as soon as they are ready to pursue a claim. So far only the Naskapi have come forward.

● (2050)

The obligation to negotiate under section 2.14 presumes that some form of compensation will be provided to native groups establishing rights in the territory. The compensation, however, will vary with the differing native interests involved, and could extend to such benefits as economic and social programs, and increased local self-government. This type of benefit is not ordinarily ordered by the courts as compensation for loss of rights to land.

The government strongly believes that because of section 2.14 native non-signatories will have a greater chance of receiving compensation for any traditional interest they may be able to establish in the territory. In this respect a historic precedent has been set. This has no equivalent in any other area of the country. No other province of Canada has obligated itself in this way to negotiate native rights. For example, if the Indians of British Columbia could point to such an undertaking in their current discussions with that province, more progress might be made in claims settlement.

The James Bay agreement has established another important precedent. It provides for the inclusion of non-status Indians as beneficiaries. Already over 200 non-status Crees have been enrolled. Any negotiations under section 2.14 could provide for other non-status Indians, having an interest in the territory, to be involved in a similar way. This is another positive aspect of the James Bay agreement, and, it is to be hoped, one which will be followed in other comprehensive claims negotiations in other provinces.

In conclusion, I wish to reiterate the firm belief of the federal government that the James Bay and Northern Quebec agreement is a good agreement. The agreement clearly demonstrates the federal government's recognition of its obligations under section 91 of the Constitution towards all the native people of the territory. It is the result of long and careful negotiations which were aimed at reaching a settlement that would truly meet the special needs of the Crees and Inuit in northern Quebec, and provides a unique opportunity for non-signatories to advance their claims.

The agreement will only come into effect officially upon proclamation of the federal and provincial legislation approving it. Until the passage of Bill C-9, the provisions of the James Bay and Northern Quebec agreement cannot be fully implemented, and the Crees and Inuit cannot enjoy the full benefits to which they are entitled as a result of this agreement. This document should be read, and account taken of the millions of dollars that have been invested over a period of years in this area, where there are 6,000 Crees and 4,000 Inuit. We must decide whether we are going to deprive these people of the monetary resources that we possess in Canada. This is all in this document. If we block Bill C-9 by any amendment, that is exactly what is going to happen.

It is understandable, therefore, that the native parties are anxious to see Bill C-9 passed, and I recommend that the amendment of the Honourable the Leader of the Opposition in the Senate not be adopted. I say this because I believe in minority rights, and because I believe that minority rights are fully protected in this agreement, signed between officials of the Government of Canada, the Government of Quebec, and a number of Indians who agreed to these terms, and who wanted this agreement.

Are we going to block them, or are we, in this Senate, going to tell the Crees or the Inuit, "You do not know what you need. We are going to decide that for you in the Senate, because we have such a motherly heart. Because we know what you need, we are going to give it to you." Honourable senators, what they want is this agreement. The House of Commons has ratified it, as has the Government of Quebec, and I for one will not block it in the Senate.

● (2100)

Senator Smith (Colchester): Honourable senators, it had been my intention to move the adjournment of this debate, but I believe that Senator McElman would like to speak now.

Hon. Charles McElman: Honourable senators, indeed politics does produce strange bedfellows. My constancy over the years in support of Liberal policies and programs is rather well known and needs no elaboration. I hope that my brief sojourn on this particular occasion into the Tory bedchamber in support of this amendment will not result in charges of either molestation or prostitution. In light of this rather unique situation in which I find myself, prudence should dictate that my remarks be reasonably brief, and I will try to be prudent.

Honourable senators, there is one basic question before us in the proposed amendment: Will this bill, if enacted, protect in law the rights of those native peoples who are not party to the agreement? After listening to and reading debates and committee hearings in this and the other place, I am persuaded

that the answer to that basic question is: No, the enactment of this proposed legislation will not protect in law the rights of those native peoples who are not party to the agreement. As I understand it, there are some 11,000 who are represented by the signatories to the agreement, but there are some 1,200 who are not represented; some 600 are now negotiating, leaving some 600 still to validate claims or endeavour to do so. Even if it were 60, the same principle should apply.

We are told that the Minister of Indian Affairs and Northern Development went on four occasions to the Government of Quebec to obtain their agreement to protection in law for the rights of this minority of native peoples. His efforts were rejected by the Government of Quebec. Is it not obvious from the strenuous efforts by the minister that the Government of Canada believed it important, even imperative, that such protection in law be provided? Yet, we are left only with the requirement under clause 2.14 of the agreement that the Government of Quebec will negotiate with those native peoples about rights that will have already been extinguished—and the assurances of the Minister of Indian Affairs and Northern Development that the Government of Canada will ensure that such negotiations will be conducted in good faith, but, I remind you, without the necessary force in law.

One cannot help but wonder what the result of such nebulous negotiations might be some five or ten years down the road of time. The assurances of the minister, albeit sincere, carry little weight in law. Ministers change; governments change; circumstances change; and serious assurances become modulated and fade with the passage of time and the evolvement of events. Good evidence of those truths was given in this debate by Senator Asselin. He informed us that when the former Liberal Government of Quebec was dealing with this subject matter in the National Assembly, spokesmen for the Parti Québécois raised precisely the same proposal for the protection in law of the rights of this minority of native peoples not covered by this agreement. The then Government of Quebec was adamant in refusing to give that protection in law. But now the Parti Québécois are a strong majority government. Their position has changed to match that displayed by the former government. Indeed things change.

As I stated earlier, ministers change; governments change; opinions change; assurances change. One might be forgiven, in this circumstance, the comment that the advice of bureaucrats does not appear to change, since obviously the same bureaucratic advice must have been given to and persuaded both the former and the present Governments of Quebec. But, honourable senators, law does not change except consciously and purposefully by parliaments and legislatures.

It was implied in this debate by Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, which studied Bill C-9 at length and in depth, that weight should be given to the opinion given by the witness, Mr. Paul Ollivier, the Acting Deputy Minister of Justice, in reply to questions raised by Senator Flynn, the mover of this amendment. The essence of that opinion by Mr. Ollivier, as I understood it, was that a right to compensation arises only when the right for which compensation is claimed has been extinguished.

Honourable senators, I was present in committee while this point was discussed by Senator Flynn and Mr. Ollivier. I must confess to you that Mr. Ollivier's opinion brought to my mind, in analogy, the age-old question: "Which came first, the chicken or the egg?" And as a layman I felt that a court of law might have as much trouble with his opinion as man has had in trying to answer the riddle of the chicken and the egg. Let me add that in a contest of strength of conviction in their respective opinions and arguments displayed at that committee meeting by Senator Flynn and Mr. Ollivier, Senator Flynn was, in my opinion, the clear winner. It was at that point that the doubts in my mind concerning this very serious question were resolved in favour of the position that has been consistently put forward by Senator Flynn.

With particular reference to the opinion given the committee by Mr. Ollivier, let me draw your attention to a comment made in this debate by Senator Goldenberg. It is found at page 1010 of the Senate *Hansard* of June 28, and reads:

● (2110)

> In answer to a request by the committee I called upon someone who could give us a legal opinion, and this person was the Acting Deputy Minister of Justice who was involved in this.

That is Mr. Ollivier.

Let me stress those last few words of Senator Goldenberg's comment, that Mr. Ollivier was a person, "who was involved in this." Honourable senators, in my opinion Mr. Ollivier was placed in an impossible position in giving his opinion to the committee. Mr. Ollivier is a senior law officer of the Crown. He had been involved; he had been involved in advising the responsible minister in the Government of Canada, involved in the agreement, and indeed involved in Bill C-9, now before us. And out of such involvement how could his opinion have been other than that which he gave the committee? The man was locked in.

Senator Flynn: Indeed.

Senator McElman: Please understand me clearly. It is my understanding that Mr. Ollivier is a first-rate and highly competent and responsible public servant. I cast absolutely no aspersions in his direction. But when you consider the background from which he gave his opinion, I am sure you must agree that Mr. Ollivier was in an impossibly compromised situation before the committee, for which he has only my sympathy.

This instance adds further weight to Senator Lang's proposition that the duties and offices of the Minister of Justice and the Attorney General be separated one from the other.

At this point let me recall to your attention the information given to us in this debate by the Leader of the Government in the Senate, Senator Perrault, to which I referred earlier, to the effect that the Minister of Indian Affairs and Northern Development had tried very hard to gain agreement from the Government of Quebec for greater protection in law for the

rights of the minority of native peoples not party to the agreement, and that the minister had gone four times to the Government of Quebec for that purpose.

Let me ask: Do you think for a moment that the minister was acting on his own, that he was operating in a vacuum of advice, that he was impelled only by his own personal views? Of course he was not. He was acting in the best interests of the minority of native peoples whose rights were being threatened with extinguishment without the right in law to just compensation. And he was doing so, obviously, with and upon the advice of senior law officers of the Crown.

Again, why did the minister consider it important to make such an extended effort to obtain that protection in law? Because he obviously was advised that it was an imperative. I say to you, without rancour, and with some understanding of the difficulty and complexity of the situation which they faced, "They went for more... But they settled for less." In my opinion, that is not good enough.

Let me refer very briefly to the specious argument that was made again by Senator Laird, that time is fleeting at this stage of the session and that we might lose the bill and its beneficial effects if we attempt to amend it. That was repeated tonight by Senator Robichaud. We are asked to swallow both our pride and our principles in one large gulp, and to serve only as an opportunistic rubber stamp. For my part that is an unsupportable scare tactic that has been used at least once too often, and it should be summarily rejected.

Some Hon. Senators: Hear, hear.

Senator McElman: It is no fault of the Senate that this and other important legislation comes piling on to our desks at this late hour. If a majority in this chamber should decide that amendment of Bill C-9 is required, then we should do so and let the ensuing parliamentary responsibilities of the other place rest with it.

Some Hon. Senators: Hear, hear.

Senator McElman: Whether they deal with it next week, or when they are back in August, or when they return in the fall, is their own business and none of ours. And if the other place wishes to turn down an amendment of the Senate, that too is their business. Our business is simply to do our duty as we perceive it to be here.

That brings me to my final argument. The Senate is seized with special duties and responsibilities—the protection of the rights of minorities. It is in that sense that Bill C-9 is of most particular interest and concern to the Senate. It is in that particular sense that Bill C-9 presents both a challenge and an opportunity to the Senate. We should accept the challenge and seize the opportunity by protecting in law the rights of this minority of native peoples by approving the amendment now before us.

Let me close by reading a section from *The Unreformed Senate of Canada*, the 1963 Revised Edition, by Robert A. MacKay. The section is entitled "Minority Rights," and follows immediately the section on "Rights of the Individual". At pages 127 and 128, after speaking of the individual's rights, he says:

> There is firmer ground for inference that the Fathers intended the Senate to have responsibilities for protecting minorities. Senator Robertson, when introducing the debate on Senate Reform in 1951, listed the protection of minorities as the first function of the Senate. He admitted it had been rarely called upon to exercise this function, but he thought the existence of the Senate had a deterrent effect against the initiation of measures prejudicial to minorities. There was general agreement that the protection of minorities was an important function of the Senate. But the minorities the Fathers had in mind were religious and linguistic, and the only precise minority rights enshrined in the British North America Act, apart from those adhering as well to the provinces, related to education and to the use of both languages in the federal Parliament and federal courts and in the legislature and courts of Quebec. Actually the Senate has rarely, if ever, been called upon to protect either of these rights.

I should state at this point, it could be; it could be so called upon.

> Its responsibility is thus contingent, rather than active.
>
> There are now, however, many other minority groups in Canada—linguistic, racial, religious, economic. On the assumption that democracy rests on a basis of equality among the people of the nation, it may be argued that the Senate, as the upper house, has a moral, though scarcely a constitutional responsibility for preventing discrimination towards minorities. It has rarely been called upon so to act, but one instance in particular is worth noting. In 1944 a franchise bill was introduced which proposed to disenfranchise Canadians of enemy extraction who already had been barred from voting in provincial elections. The bill ran into strong opposition in the Senate. Senator Lambert, nominally a supporter of the Government, declared, "One of the principal traditional responsibilities of this chamber is that of safeguarding the rights of minorities." Senator Euler, also nominally a Government supporter, declared he would fight the bill "to the last ounce of my strength." Senator Calder, a Conservative, declared, "We are here to look after minorities, and it may be that they will be dealt with unjustly by this measure." The Senate amended the bill to debar only persons of Japanese origin in British Columbia, where they had previously been barred by federal legislation.

● (2120)

I interject here that if the Senate could a few years later have recalled its decision, it would not have barred those Canadian citizens either. So reflection down the road is useful. Continuing with the last paragraph of the quotation:

> Infrequently as the Senate may have had opportunity of protecting minorities, whether those contemplated by the Fathers or others, and uncertain as it may be that the Senate will act to do so, it is surely of importance to the

nation that there should be somewhere in the Constitution a special means of protecting minorities from injustice.

Honourable senators, I believe that "somewhere" in the Constitution is the Senate and I believe that an opportunity for using those "special means" available to us has now been placed before us.

Senator Smith (Colchester): Honourable senators, if no other senator wishes to participate in this debate now, I would move its adjournment.

Hon. Sidney L. Buckwold: Honourable senators, as a member of the Standing Senate Committee on Legal and Constitutional Affairs I am agonizing with myself as to how I should vote on Senator Flynn's amendment. I can tell you that if I were satisfied the amendment would achieve what I know to be the sincere desire of the Leader of the Opposition, I would support it. However, I am cogitating whether in fact we would be doing more harm than good in rejecting the bill as originally presented? Would we be prejudicing the position of a minority? I am referring briefly to Senator McElman's very able argument, because the minority really is the Cree and the Inuit. These are the minorities which are really affected by this legislation. It is true that there are also some sub-minorities, but in rejecting the bill we ignore the pleas presented to our committee by representatives of the Cree and the Inuit that they had spent years in achieving what they feel to be a good settlement. Again, I am debating whether the settlement was good or not, but it was acceptable to them and they pleaded with our committee not to reject this bill. If we were to send it back to the House of Commons, I believe on the basis of what we have heard from the Minister for Intergovernmental Affairs of the Province of Quebec, the whole negotiations would break down, the deal would be off and the minority groups that we are ostensibly here to protect would find themselves out in left field.

Senator Flynn: No; no one ever said that.

Senator Buckwold: In my opinion, that is what would happen, and that is why I suggest that, although it is the duty and responsibility of this chamber to protect minority rights, I feel that in protecting the rights of the Cree and Inuit we are, in fact, protecting those rights. The provisions of this bill might very well inflict, by the extinguishment of rights, a serious injustice on some groups. In my opinion, however, in the broad picture it would be a mistake to reject the bill.

[*Translation*]

Hon. Jean Marchand: Honourable senators, I would like to say just one thing. I was very impressed by the argument of Senator McElman and by the reply which has just been given. I was also impressed by the role that the Senate is supposed to have, and I am in complete agreement with Senator McElman.

I believe that the reply has been given in part. It is certain that the agreement was made with minorities, the Inuit and Crees. It is to protect minorities that the agreement was made. But does it protect all minorities? This is the problem and this is what we have to resolve. We all agree about the role of the Senate. If we are here simply to say yes to the government, I think that we should not be here. If we are firmly convinced that the basic principles of our federal system are being violated, I believe that we must say so. But what strikes me is this: In any agreement that can be signed in Canada, is it essential that the rights of all possible minorities be protected? Here I say that hundreds and thousands of agreements of all types are signed in Canada.

[*English*]

In law, all the people of Canada are, in fact, in the labour field, for example; and it is true that in many fields where you have agreements third parties have no recourse, as is the case according to this agreement.

[*Translation*]

Senator Marchand: If then a positive answer is given to the foregoing, there will be protection for all minorities and all those who at some time may become involved, directly or indirectly. The way Senator McElman put the problem leaves me somewhat uncomfortable because, as Senator Buckwold also suggested, my conscience is somewhat stirred. Finally, does it mean that we are simply rubber-stamping what the other place does? Are we going to put aside that beautiful commitment of ours to protect the rights of minorities? If such is the implication, I not only feel ill at ease, but will vote for the amendment. However, I would have to be told at what point we stop protecting the rights of minorities, and what is meant by minorities. This Senator McElman did not define, neither did the amendment.

Senator Flynn: I explained it.

Senator Marchand: Well then, for that reason I will vote against the amendment as drafted, because there would be no limit to the amendment if passed.

[*English*]

Senator McElman: Would the honourable senator permit me to ask him a question? Is it not clear my remarks were to the effect that I agree we are protecting the rights of minorities, the Cree and the Inuit? But there are 1,200 others, and this bill takes away their rights, even their right to make a claim.

Some Hon. Senators: No, no.

Senator McElman: Just be calm, both of you; you will have your opportunity.

Senator Flynn: Just be quiet.

Senator McElman: This bill extinguishes their rights and even their right to claim; the word is clear.

Senator Grosart: The bill names: ". . . claims, rights, titles and interests . . ."

● (2130)

Senator McElman: "All native claims, rights, title and interests, whatever they may be" will be extinguished.

I am completely in support of the rights of the Crees and the Inuit as they have been set out in the agreement. I am totally in support of the protection of such rights. I thought I had

made that clear. What I am totally against, however, is the removal, by clause 3 of this bill, of the "rights, title and interests." "Claims" are to be extinguished in law and then, pursuant to the agreement, they will have the right to negotiate. Negotiate what? Everything will be gone.

Senator Marchand: I do not wish to intervene in the legal interpretation of the bill as such. There are others in this chamber who are much more competent to do so than I. However, if the Inuit and the Crees—and if I understood you correctly, Senator McElman, this is what you meant—deprived themselves of some rights under this agreement, and they did so voluntarily, then surely that is entirely up to them. If you are referring to third parties who are not party to the agreement, the amendment, to my mind, is not clear. The term "minority" will have to be defined in each case.

Senator Perrault: I wonder if I might put a question to Senator McElman. Is the honourable senator aware that the contacts between the minister responsible for this legislation in the other place and the Province of Quebec—and I understand that those contacts took place on four occasions—were primarily the result of requests by members of the other place and the Senate committee? However, the minister has expressed the view that he considers that aboriginal rights are adequately protected by the present agreement. I understand that he undertook these contacts with Quebec in order to ascertain whether additional amendments could be made primarily to reassure certain parliamentarians. As honourable senators are aware, these contacts were made at the expressed request of certain members of the other place and the Senate committee.

Senator Grosart: Is that bad?

Senator Perrault: It is not bad, no. I mention that just by way of clarification.

Senator Flynn: He said he was in agreement with the amendment.

Hon. Royce Frith: Honourable senators, I should like to thank Senator Smith (Colchester) for his obvious understanding of, and sensitivity to, the views and what appear to be strong feelings of all honourable senators, in allowing a few interventions before he adjourns the debate.

I should like to make two points, and I do so as still the "new boy" in this chamber. The first point is that I hope, when we vote on this amendment, we will not be put in the position—and I know Senator McElman is not trying to put us in this position—of saying that if one votes against the amendment, one does not give a damn about minority rights, and if one does care about minority rights, then one should vote for the amendment. Having listened to the debate, I do not perceive that as being the issue before us.

I should like to express a question that I put last week. For me, the question is whether or not we are talking about the extinguishment of rights of persons who were never given the opportunity to advance those rights, or whether we are talking about the extinguishment of rights which existed but which were not exercised or put forward.

I asked that question of the sponsor of the amendment, and I was referred to earlier debate and proceedings before the committee, as well as a portion of the agreement. Having looked at those references, I do not feel that my question is answered. It seems to me that if we are talking about someone who has rights and that individual is told of his rights and is given the opportunity to exercise those rights and declines to do so, then that individual has no legitimate complaint if suddenly, after the agreement is signed by the parties, he wants protection for his rights. That individual is in a much different position than is someone who was never told of his rights, or given an opportunity to exercise his rights and is suddenly having his rights extinguished.

If a person has certain claims or rights, and if I notify him that he has those claims or rights and he declines to exercise them, then I simply turn and negotiate with those who do wish to exercise their rights, make my agreement and make as a part of that agreement that the person who did not exercise his rights will have his rights extinguished. In those circumstances it does not seem to me that the individual having his rights extinguished has any legitimate complaint. If, on the other hand—

Senator Flynn: That is new.

Senator Frith: If, on the other hand, he always had certain rights, and I never told him that he had those rights and I tried to extinguish them, he has a legitimate complaint. That issue, from what I have read and listened to, has not been dealt with.

Senator Flynn: That's some new legal theory.

Senator Frith: It is not new legal theory. It is as old-as-the-hills legal theory. If, for example, in legal theory—I was about to sit down, but I must deal with the intervention.

Senator Flynn: You might as well.

Senator Frith: If as a matter of legal theory, to use my learned friend's expression, I bring an action against Senators Flynn, Grosart and Marchand and I notify all three that I am suing them, with the result that Senators Marchand and Grosart decide to defend, and Senator Flynn decides not to defend—

Senator Flynn: That is not the same thing at all.

Senator Frith: If Senator Flynn does not wish to exercise his right to defend, and then when the judgment is being signed he comes in and says, "Wait a minute, I do not want my rights extinguished," it seems to me that it is perfectly just, perfectly legal, perfectly traditional, and not new legal theory, to say, "You had your chance and you did not exercise it."

That is what I have not heard, and what I would like to hear—

Senator Flynn: The comparison is entirely wrong.

Senator Frith: —is whether that is the case; in other words, whether this 1,200, this 600, had their chance and did not take advantage of the opportunity to have their rights protected. If the sponsor of the amendment can satisfy the Senate that those individuals had their rights foreclosed, that they were

never given the opportunity to advance their rights, or that they advanced their rights and they are now being foreclosed, then I will certainly vote in favour of the amendment. But I have not heard evidence of that to date.

Senator Grosart: As Senator Frith directed the original question to me and did not receive a satisfactory answer, perhaps I can try to help him by saying that the question was not whether this minority of minorities had the opportunity to exercise their rights and didn't. The point is they took the position that they would not sign this agreement. If a director of a company, for example, took the position that he did not wish to sign an agreement which was being entered into by the other directors of that company, surely that director would have certain rights. Surely it would not be an untenable position for that individual to take that the agreement being entered into should not take away any rights he might have. That, surely, is the point here.

Senator Marchand: It happens all the time.

Senator Grosart: It happens all the time, as Senator Marchand said, but in a different context. Of course, it happens all the time, but the very fact that this minority of minorities did not sign the agreement—and that cannot possibly be Senator Frith's argument—surely, the point cannot be that they did not sign the agreement. Perhaps they did not know about it, perhaps they did not care, or perhaps they were notified but said, "We do not agree with those others; we don't agree with the 90 per cent; we do not want to sign the agreement and we won't sign the agreement," but does that extinguish their rights? Surely that is not the argument.

● (2140)

Senator Frith: There are tremendous differences as to what those circumstances are. There is all the difference in the world. If they said, "We don't want to sign the agreement; we don't want to have anything to do with it," then that is one set of facts. If they said, "We won't sign the agreement because nobody told us about it," that is another set of facts. Surely the issue is not just a question of saying, "We did not want to sign the agreement, and it does not matter why." Certainly it matters why. At least, with respect, it matters to me and it will have a big effect on my vote, small though that might be.

Senator Flynn: I will give you a private opinion, if you like.

Senator Forsey: Do you say that on the evidence the kind of facts that you talk about did prevail? Were these people notified? Did they refuse to take any action? It seems to me that the onus of proof rests rather with the Honourable Senator Frith than with the proposer of the amendment.

Senator Frith: It is exactly the contrary, and it is sadly the contrary. The onus of proof—and I am asking for it—is on those who say, "Gentlemen, you are about to extinguish important minority rights." Surely the onus of proof is on those who say we are going to extinguish them to prove that we are in fact extinguishing rights that were advanced and were extinguished, as distinguished from rights that people said they did not want to advance. The onus is clearly on the proposer of the amendment who is trying to tell us that if we do not support the amendment we are extinguishing rights. What Senator Forsey said is as different as black is from white. The onus is on the proposer of the amendment.

Senator Grosart: We are not suggesting anything of the kind. The amendment merely seeks to assure them the right to compensation. I doubt if the honourable senator has read the amendment. It merely asks the Senate to state that if their rights are extinguished, as the bill would extinguish them, then they are entitled to compensation in law. That is all the amendment says. It does not say that we refuse to recognize the treaty, the agreement or anything else; it merely says if their rights are extinguished in the bill, all claims of all Crees, all Inuit—and that is the wording, "all"—are extinguished. Claims, rights, title, interest—they are all gone. The amendment merely says that in that case, if the basis of any claim they might have is extinguished, then the Senate says they should be entitled to compensation, and that is all the amendment says.

Senator Denis: Honourable senators, you are going to protect the minority of minorities. May I read clause 4 of the bill? It says:

> (1) Subject to sections 5 and 6, the Governor in Council may, by order, approve, give effect to and declare valid
>
> (a) any supplementary agreement to which the Government of Canada is a party that is intended to alter, revoke, replace or add to the Agreement; or
>
> (b) any agreement to which the Government of Canada is a party with the Naskapi Indians of Schefferville, Quebec, or with any other Indians or Inuit or groups thereof, concerning the native claims, rights, title and interests that such Indians, Inuit or groups thereof may have had in and to the Territory prior to the coming into force of this Act.

So the minority of the minorities is protected by that clause.

Senator Grosart: We do not dispute that clause at all.

Hon. J. J. Greene: Honourable senators, first of all, I would like to thank Senator Smith for his courtesy in giving time to others of us who might have a point or two and who might wish to participate in this debate.

I think one thing that has come very effectively and happily out of the debate is that this is not a question of white hats and black hats. The proponents on both sides of the question on Senator Flynn's amendment are concerned with minority rights, so there are no good guys and no bad guys in this thing. There is one danger which gives me concern about Senator Flynn's amendment, and that is that the relationship between the executive and legislative processes is a sensitive one, and I think we who are part of the legislative process of Parliament have the duty of carefully screening and reviewing legislative action and executive action. But we also have a duty of seeing to it that the process of democracy, as we know it, works. Our intent should not be to prevent the process from working.

It seems to me that on the one hand we have an agreement, voluntarily arrived at, which protects the minority rights of a

considerable minority. Senator Flynn's amendment, I respectfully suggest, has the effect of saying, and setting this precedent, that if at any time an agreement is reached which is the best that can be reached between various levels of government and minority groups, then we should never act if there is any possibility that any other minority—minority group—or sub-minority group, call it what you like—might not have been included. If that be the principle which is inherent in this amendment then it has the effect of totally blocking any action by any government at any time if there might be some minority which perhaps at some time should be heard and has not yet been heard.

As a precedent, I think it has a very grave danger of preventing any action. There are always people who are not heard. Not everyone has a spokesman or an organization or a voice to be heard, and certainly from time to time we in the Senate should see to it that those minorities are heard and their views considered before we make decisions. But we should not say that we should never make a decision unless every possible minority has first been heard and considered. If that is the gist of the amendment, then I suggest it precludes not only any future executive action but any effective parliamentary result in the future.

I think we have considered minority groups, and both the government and the other place have considered the eventuality of sub-minority groups, if you like. But there does come a time to make a decision, and the decision is in favour of the minority groups, which are the majority-minority groups, if you like, which have been heard from. I do not think we serve minority groups or their interests well by blocking their rights, because at some time some other possible, unknown, un-named, unheard-of-in-the amendment minority group might want to have something to say. So, in the interests of effective and efficient parliamentary government, honourable senators, I respectfully submit that the time has come to toll the bells and let the roll be called on this very important issue.

● (2150)

Senator McElman: Honourable senators, I rise only to clear away a doubt raised by Senator Frith in his remarks. I refer to his possible interpretation of my remarks that if someone voted against the amendment, I might feel he had no interest in minorities. Let me say that I respect the views and opinions of all honourable senators, whether I agree with them or not, and I would hope that the same might be accorded to any of my remarks and opionions, misguided or otherwise as they may be.

Senator Goldenberg: Honourable senators, I just want to answer a question asked by Senator Forsey and by Senator Frith.

Senator Flynn: Of you?

Senator Goldenberg: That is as to the opportunity afforded to the non-signatories to participate. The evidence before the committee was that they were visited by leaders of the Inuit and were asked to participate in the negotiations, but that they refused to do so.

Senator Flynn: Because they did not want to cede their rights.

Senator Goldenberg: I am just saying that this is what we were told. They refused to participate.

Senator Flynn: They did not want to sign.

Senator McElman: May I ask the honourable senator whether they were visited by representatives of the Government of Canada?

Senator Goldenberg: No, they were visited by representatives of the Inuit and of the Cree who were negotiating and who asked them to participate in the negotiations. For some reason or other they refused.

Senator Flynn: They refused.

Senator Goldenberg: This is before the agreement was negotiated and signed.

Senator Forsey: Would the honourable senator permit me to ask him a question in response to what he said? Is asking them whether they wish to participate quite the same thing as the question I raised? Surely, he would agree that if I am asked to participate in some agreement and I say no, presumably because I have no confidence in the people who are negotiating the agreement or proposing to negotiate it, I am not thereby giving up my rights. I am merely saying, "I don't propose to participate in this agreement." It seems to me monstrous to suggest that because I say, "I don't propose to participate in certain negotiations," therefore I lose all my rights. I never heard such stuff in my life.

Senator Goldenberg: I did not say that they refused to participate in the agreement. They were asked to participate in the negotiations which were going to lead to an agreement, and they refused to participate in the negotiations.

Senator Forsey: Precisely.

Senator Goldenberg: And had they participated in the negotiations they might well have prevented the inclusion of some clauses in the agreement.

Senator Flynn: Oh, no.

Senator Forsey: I said it was to participate in the negotiations. If I said, "participate in the agreement," it was a slip of the tongue, but I corrected myself immediately. I understand the honourable senator to say now that they refused to participate in the negotiations. I repeat my question to him: Does he think that that is the same thing as signing away all rights in the matter?

If I refuse to take part in some negotiations which, let us say, Senator Flynn is conducting, I do not by that refusal deprive myself of all my rights. Surely, it is preposterous to make a claim of that sort.

Senator Goldenberg: I am sorry, Senator Forsey, but all that I said—and I was answering your question and the question by Senator Frith—all that I said was that witnesses before the committee said that they visited these people and they refused to negotiate. I did not go any further. I said nothing about

extinguishing rights. I was merely answering by way of reporting what happened before the committee.

Senator Forsey: The extinguishing of rights is surely the nub of the amendment, and therefore the explanation which the honourable senator has given, with great respect, is totally irrelevant to the amendment.

Senator Williams: Honourable senators, I should like to ask my colleague Senator Goldenberg whether these Crees and Inuit he has referred to were involved with or were part of that group who live in that huge area covered by the agreement. That area is 400,000 square miles—almost the total area of the province of British Columbia. Were these two groups part of those who were involved in the agreement?

Senator Flynn: Yes, sure.

Senator Williams: Or were they outside of the area?

Senator Goldenberg: No, they were the parties who were going to negotiate the agreement.

Senator Flynn: They were in the territory.

Senator Goldenberg: They were inside the territory. Moreover, the witnesses added that they even went to see some of those who had only a peripheral interest, because they were not established in the territory, and they refused.

Senator Williams: Honourable senators, the first speaker this evening referred several times to reserve lands. Reserve land means precisely what it says—reserved. If I recall the wording properly, it is: "Reserved in Her Majesty's Crown for the use and benefit of the Indian people." This particular area, this large area of 400,000 square miles, is not reserve lands. That is why when I spoke I referred to it as the domain of those who live therein. I think it is wrong to refer to it as reserve lands, because it is not reserve lands in accordance with the Indian Act.

One of these statements reminds me of the great White Father image. He says, "We know what you want. We will give it to you. That is what the agreement is about."

Senator Thompson: Honourable senators, in terms of what Senator Frith and Senator Goldenberg have said with respect to the suggestion that if people are asked if they want to negotiate that then surely covers the obligation from the point of view of what happens after, I wonder if I could ask Senator Goldenberg to clarify a point for me. When these representatives he referred to went out to talk with the people who had been involved, and some of them said they did not want to come into the negotiations, were they then informed that if they did not come into the negotiations they would lose their rights?

Senator Grosart: A good question.

Senator Goldenberg: Well, senator, I was not present when the Crees and the Inuit met the others who refused to participate.

Senator Thompson: Surely, that is the nub of the point. Why raise the point that they were asked to negotiate, unless we know the answer to that question?

Senator Goldenberg: I do not think that at that time there was any discussion of the extinguishment of rights. They said, "We are negotiating with the Government of Canada; we are negotiating with the Government of Quebec; join us in the negotiations." That is how I interpreted the evidence before the committee. They said, "Join us in the negotiations."

Senator Thompson: Then does not the fact that they did not join in the negotiations really suggest to us that we should be particularly on guard, by means of this amendment, to see that they do not lose their rights?

Senator Marchand: Well, they knew their rights would be affected.

Senator Thompson: Why do you say that they knew their rights would be affected?

• (2200)

Senator Marchand: Do you think that when an agreement is signed and only 20 per cent of the members are present, that the others do not know that their rights will be affected? They know.

Senator Thompson: They know they will lose some rights?

Senator Flynn: There is a difference between civil rights and labour laws. If the honourable senator knows anything, it is labour law. But there is more to this than just labour law. He can't expect us to extend the principles behind labour laws to every other walk of life.

Senator Marchand: A principle is a principle.

Senator Frith: I rise on what I suppose could be a point of privilege, to make it clear for the record that my comments about minority rights, and Senator McElman's intervention, was clearly to say that that was not what he was suggesting, namely, that if you voted against the amendment you did not care about minority rights. Quite the contrary. I said that is not the kind of thing he would ever do. I wanted to make it clear, arising from the intervention of Senator Greene, that we were all agreed that we do not want to shirk our duty in protecting minority rights. The issue before us is our opinion on whether or not we are unjustly doing so.

Senator Neiman: Honourable senators, I rise on a point of privilege and perhaps information. I refer honourable senators to the first hearing of the Standing Senate Committee on Legal and Constitutional Affairs, when we heard testimony from native groups that are not signatories to this agreement. An explanation given by Mr. Narvey, consultant to the Canadian Association in Support of the Native Peoples, at page 75 of the report of the first proceedings, might be of interest to Senator Frith. In reply to a point raised by Senator Goldenberg, Mr. Narvey said:

> The Montagnais of Schefferville were invited to negotiate and refused. The recent ex-president of the conseil Attikamek-Montagnais, Mr. Aurélieu Gill, repeated to me on the 'phone the other day what had been said before. The Montagnais are against the concept of the extinguishment of rights.

It appears quite obvious that it was at least made known to them at that time that their rights would be extinguished. There is also an explanation on page 75 as to why the other groups did not become party to the agreement.

Senator Lang: May I trespass further on the question of order and ask Senator Goldenberg another question? When we are talking about rights here, are we talking about rights that are collectively owned by Inuits and Eskimos, or are they a group of individual rights belonging to individual persons? Here we are getting to the nub of the question. I do not know enough about what may be the laws and customs of Inuits or Eskimos to be able to define these rights. It seems to me that if they are collective rights, perhaps the majority of Inuits should be able to bind all Inuits and the majority of Crees should be able to bind all Crees. However, are they individual rights that belong to each individual Cree and Inuit?

Senator Grosart: What about your own human rights?

Senator Lang: I don't know whether these are human rights or whether we are talking about territorial imperative, and whether the territorial imperative is collective or individual.

Senator Flynn: That would require a lecture.

Senator Bosa: Honourable senators, I should like to ask Senator Flynn a question concerning the 1,200 natives who did not take part in the negotiations. If the honourable senator's amendment carried and, let us say, the chiefs and the Governments of Canada and Quebec tried to approach those 1,200 people but only 500 or 600 of them were willing to sit down and negotiate, and the balance of them, some 600 or 700, remained indifferent or took the same approach that the 1,200 took initially, what would be his position? Would he feel that the minority rights would not be protected or that the bill should not pass because the negotiations did not include the 600 or 700 natives who would not participate in them?

Senator Flynn: I do not think that question is really one of immediate concern. I will give the honourable senator an example. If I decided, as Parliament, to expropriate a large territory and I were able to find a certain number of people having rights of property of some kind in that territory, I would pay them. I would then offer to pay all those who might have rights and could establish them, either on the same or on an equivalent basis. I would be obliged to pay only those who presented a claim.

Here the situation is such that those who have signed have said, "We are transferring to you only our rights." But in the agreement the Government of Quebec asked Parliament to declare that all the rights of all Indian and Inuit, whether a party to the agreement or not, are extinguished. That is the difference. I can cede to you my rights, but I cannot cede to you the rights of the honourable senator sitting next to me. Parliament, which is sovereign, can do that, however; but normally it never does so without providing that those whose rights are extinguished are entitled to compensation for the loss of those rights.

That is the only thing that the amendment does. It does not create or recognize any right. It says only that the extinguishment of the rights of those who are not party to the agreement or represented by a party to the agreement are subject to compensation if they can establish a claim. That is very simple; not difficult at all to understand, if you put your mind to it.

Senator Smith (Colchester): Honourable senators, I now move the adjournment of this debate. I think I am greatly rewarded for not having done so before because of the warm and enlightened discussion which has gone on since that time.

On motion of Senator Smith (Colchester), debate adjourned.

AUDITOR GENERAL BILL

SECOND READING—DEBATE ADJOURNED

Hon. Augustus Irvine Barrow moved the second reading of Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto.

He said: Honourable senators, I should like to make a few remarks on Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto, which was passed by the House of Commons on June 29.

• (2210)

I should like to acquaint honourable senators with some of the background which has led to the preparation of this legislation, the need for which has been acknowledged by all parties for some time. Indeed, I understand a draft bill was prepared in 1973 on behalf of the Standing Committee on Public Accounts, and was accepted in draft form by the former Auditor General, Mr. Maxwell Henderson. This draft legislation dealt mainly with changes to the administrative relationships that exist between the office of the Auditor General and the central agencies of the federal public service. It was not published, since its completion coincided with the appointment of the present Auditor General, Mr. J. J. Macdonell.

On taking office, Mr. Macdonell felt that an independent study of the responsibilities of the Auditor General was required and therefore, on October 30, 1973, he announced to the Standing Committee on Public Accounts that, in consultation with the chairman and vice-chairman of that committee, he had established an independent committee for the review of the office of the Auditor General of Canada. This committee was chaired by the late Mr. J. R. M. Wilson, F.C.A., and the members of his committee were Mr. Marcel Belanger, C.A., and Mr. Lorne Campbell, Q.C.

The committee was directed to "inquire into and report upon what should be the responsibilities, relationships with government departments and agencies, and reporting procedures of the office of the Auditor General, and what should be the statutory and other requirements to ensure that he can meet such responsibilities with the necessary degree of independence."

Mr. Macdonell acknowledged that the establishment of such a committee would delay the consideration of the draft legislation that had been acceptable to his predecessor, but he stated

that the work to be undertaken would, in his opinion, complement the valuable work already completed.

The report of the independent review committee on the office of the Auditor General of Canada was tabled in the House of Commons on April 14, 1975.

After intensive study by an interdepartmental committee of officials, and following full consultation with the Auditor General, the cabinet instructed the Department of Justice to frame the draft legislation, which was presented to the House of Commons and referred to the Standing Committee on Public Accounts for study. The President of the Treasury Board met with that committee during their deliberations on the bill, which received the full support of the Auditor General. The committee recommended certain housekeeping amendments in their report to the house dated June 15, 1977.

This proposed legislation addresses two basic issues concerning the office of the Auditor General: first, the independence of that office, and, secondly, the scope or extent of the audit to be performed.

Since the Auditor General is a servant of Parliament, the independence of his office must be maintained. The proposed legislation reinforces this independence in its provisions concerning the salary of the Auditor General and in the new identification of his office as a "separate employer". Under the terms of this proposal, the Auditor General would be authorized to exercise the personnel management function of the Treasury Board, which includes establishing the terms and conditions of employment as well as the classification standards that the Auditor General considers appropriate for the employees of his office.

The proposed legislation would also authorize the Auditor General to contract for whatever professional services he may consider necessary to fulfill his responsibilities, without the prior approval of the Treasury Board and, in order that he may use the resources provided to him as he considers best, this proposed legislation exempts the office of the Auditor General of Canada from the allotment control provisions of section 24 of the Financial Administration Act.

In addition, should an Auditor General ever feel that the amounts provided for his office in the estimates are not sufficient for him to fulfill properly the responsibilities of his office, he will be empowered to place a special report before the House of Commons for its consideration. Indeed, this legislation empowers the Auditor General to make a special report to the House of Commons at any time on any matter of importance or urgency, consideration of which he feels should not be delayed until the publication of his annual report to Parliament.

In keeping with the recommendations of the independent review committee, an important modification to the previous legislation enables the Governor in Council only to request, but not require, the services of the Auditor General for special investigations or studies. It is proposed that the Auditor General should be able to decline such special assignments if he should feel that they would interfere in any way with the proper fulfillment of his statutory responsibilities.

This new legislation also clarifies the scope of the Auditor General's audit and reporting responsibilities. In particular, I feel that honourable senators will be pleased to note that the legislation incorporates the "value of money concept" advanced in the independent review committee's report. This is contained in subclauses 7(2) (d) and (e) of this legislation. I am pleased to inform senators that the wording of these subclauses was reviewed and approved by both the Auditor General and the late Mr. Wilson, and they both agreed that it supports the intent of the recommendations made by the independent review committee and the responsibilities which that committee recommended should be fulfilled by the Auditor General of Canada. Similarly, both the Auditor General and Mr. Wilson approved the wording of subclause 13(1) of this legislation, which covers the important issue of the Auditor General's access to information that relates to the proper fulfillment of his responsibilities.

Recommendation 15 of the independent review committee's report stated that "the Auditor General should audit the financial accounts of all crown corporations whose expenditures directly affect the budgetary accounts of Canada." Section 67(2) of Part VIII of the Financial Administration Act, which deals with crown corporations, states that "the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a crown corporation."

After study, it was agreed by the Auditor General that the operational advantages which can accrue to the crown corporations through the appointment of private sector auditors should be retained, and also that the provisions of section 67(2) obviate the need for new Auditor General legislation to contain any specific reference to his eligibility to be appointed as the auditor of a crown corporation. One of the advantages of the existing legislation is that the rotation of the private sector auditors of such corporations could be undertaken without the loss of audit continuity in those instances where the Auditor General of Canada has been appointed to the position of joint auditor of the particular crown corporation.

As I have indicated throughout my remarks, the Auditor General was fully consulted in the preparation of this legislation, and I am pleased to inform the Senate that he has stated that it reflects the essence of the independent review committee's recommendations. I am confident that following their review, all honourable senators will be satisfied with the manner in which this proposed legislation addresses this most important function. Accordingly, I must commend the members of the independent review committee for having so clearly identified the salient issues of this function, and for their guidance and recommendations which address those issues.

I feel sure that all members of this house will wish me to express to the family of the late Jack Wilson our most sincere appreciation for the service that he, together with his colleagues, rendered to Parliament by providing the comprehensive report and sound recommendations which form the basis

of this legislation. It is unfortunate that he did not live to see it enacted.

Honourable senators, in moving the second reading of Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto, I commend it to your favourable consideration.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorow at 8 p.m.

THE SENATE

Tuesday, July 5, 1977

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

Prayers.

DOCUMENT TABLED

Senator Perrault tabled:

Report of the Unemployment Insurance Commission for the year ended December 31, 1976, pursuant to section 130(2) of the Unemployment Insurance Act, 1971, Chapter 48, Statutes of Canada, 1970-71-72.

CANADIAN HUMAN RIGHTS BILL

REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals, and had directed that the bill be reported without amendment.

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

Senator Goldenberg moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, July 6, 1977, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Flynn: Would the deputy leader explain why the Standing Senate Committee on Banking, Trade and Commerce intends to sit tomorrow afternoon? I was not notified that it was sitting tomorrow morning, and I am wondering why this permission is being sought.

Senator Langlois: My information is that notices have been sent out about a meeting tomorrow morning. At any rate, this meeting was announced last Thursday in the house on the adjournment motion, as usual.

Senator Flynn: Agreed, but without a notice it is very difficult to understand why permission is asked to sit while the Senate is sitting tomorrow.

Senator Langlois: Honourable senators, I do not think I have to elaborate on the very heavy burden imposed on that committee due to legislation presently before this house. If we want to get out of this place before the fall season sets in we will have to get our committees working. This is the purpose. I regret that we have to do that, but due to the pressure of business I think it is a must. We have no choice.

● (2010)

Senator Flynn: That was not my question. I was merely asking if the committee is sitting tomorrow and, if so, what the agenda is.

Senator Langlois: I simply wanted to explain.

Senator Flynn: You explain, but you rarely reply to the question.

Senator Langlois: The motion speaks for itself.

Senator Perrault: Most eloquently.

Senator Flynn: As I say, I am a member of that committee, but I did not get any notice that it would be sitting tomorrow afternoon. I would like to know why.

Senator Langlois: I am told that the notice has been distributed.

Senator Flynn: That's fine. But if you didn't know before just being told now, why didn't you simply say you didn't know?

Senator Langlois: I am not a member of the committee.

Motion agreed to.

FOREIGN AFFAIRS

LOANS TO FOREIGN COUNTRIES—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Monday, June 13, 1977, the Honourable Senator Desruisseaux asked the following question:

(1) How much, on what dates, at what interest rates, and for how long, has Canada loaned, advanced, and transferred money as foreign aid or help or for whatever reasons, from January 1, 1945, to December 31, 1976, to what foreign countries?

(2) How much of it has been repaid by what countries and on what dates during the same period?

(3) How much has been written off or erased without payment, on what dates, for what countries, during the same period, and for what reason?

(4) On what authority have such write-offs been given?

Honourable senators, I have a rather extensive partial answer to this question this evening. In view of its length I would ask leave of the Senate to have the reply printed in today's *Hansard*. The reply is extremely detailed, covering a dozen or so statistical pages.

Senator Flynn: The Leader of the Government would have leave under the new rules that will come into force with the next session. We certainly will not be faced with this same problem from then on.

Senator Perrault: In the other place this reply would certainly be presented in written form. I agree that the new rules here will certainly be an improvement.

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

Hon. Senators: Agreed.

(*For text of answer see Appendix, page 1077.*)

Senator Desruisseaux: Honourable senators, I should like to ask the Leader of the Government whether the answer he has provided is complete, that there is no other answer forthcoming?

Senator Perrault: Honourable senators, it would appear that the reply relates to the CIDA portion of our foreign aid program, and I would hope that in the near future we can obtain more extensive information.

Senator Desruisseaux: I think that information would be important, because of the statements made in the press on May 31 about Canada cancelling some of these programs, a proceeding which could involve an amount of some $10 billion.

Senator Perrault: I felt I should bring to the Senate the information available up to this time, and it is my hope that more information can be provided at a later date.

Senator Desruisseaux: Thank you.

NATIONAL GALLERY OF CANADA

ORIGINAL PAINTINGS—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Thursday, May 12, Senator Godfrey asked for the following information:

1. How many original paintings are owned by the National Gallery of Canada?

2. How many of those paintings are being presently exhibited at the premises of the National Gallery?

3. How many of those paintings are presently being exhibited or hung in other federal government premises?

4. How many of those paintings are presently being exhibited in places other than the National Gallery or federal government premises?

5. How many of those paintings are presently not being exhibited or hung anywhere?

6. How many of those paintings are presently being restored or are awaiting restoration?

The answers are as follows:

1. Original paintings—2,761.

2. Paintings exhibited at the National Gallery—513.

3. Paintings in other federal government premises—145.

4. Paintings on loan—75.

5. Paintings in storage—2,028 (including those mentioned in 6).

6. Paintings awaiting restoration—22.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

MOTION FOR THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion in amendment of Senator Flynn to the motion of Senator Bourget for the third reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

Hon. George I. Smith: Honourable senators, it seemed to me that I heard a shout of "carried" when this order was called. If that related to the amendment, I will be glad to spare the Senate the time necessary to consume the wisdom I was about to dispense. If, however, the cry was only intended to indicate that I might as well sit down, that would be a challenge to stand up for quite some time.

Honourable senators, this is a debate which has been going on for some time. It has engendered some warmth, and certainly in the early stages, especially during the speech of the Leader of the Opposition, it must have shed a great deal of light. I am not sure whether my efforts in this respect will be very helpful, or not. In any event, I am optimistic enough to think that they might serve some useful purpose.

I should like to congratulate those rather numerous participants in the debate who have preceded me and hope that I will be able to live up to their liveliness, if not to their wisdom. I would like to begin by taking a very short time to set before us all once more the general circumstances in which we find ourselves and in which we must consider what to do about the bill and the amendment before us. I do this because it seems to me that, perhaps, in the lively discussions and skirmishes which have taken place recently in this matter the general history of the facts and circumstances may have slipped a little from that vividness in our memory which we would like them to have.

It will be recalled, I am sure, that as the minister responsible said in the other place on December 7, 1976, which now is somewhat more than six months ago, this particular aspect of the problem began away back in 1971. In that year the Province of Quebec announced its intention to develop the energy resources of and in the territory covered by the provisions of this bill. This announcement was not accompanied by any indication whatever that the rights of the native peoples in the area were to be taken into serious account. However, expressions of concern about their land rights were put forward by the Crees who lived in the area, or some of them. This led to periodic meetings between officials of the Department of Indian Affairs and Northern Development, representatives of the Province of Quebec and representatives of the Crees. During the next two years—I emphasize this lapse of two years—no satisfactory arrangements had been reached between the parties. Thereupon, the Indians and the Inuit brought an action in the Superior Court of Quebec asking for an interim injunction to halt the project which had been announced and which, indeed, was then under way. In November of 1973 a judge of the Quebec Superior Court granted that application, but shortly thereafter, indeed with unusual speed, the Quebec Court of Appeal reversed that decision. This reversal had the effect of allowing the project to go ahead though, of course, the matter could have been carried to the Supreme Court of Canada, as no doubt all the parties were well aware. Following these court proceedings and shortly after, in January 1974, the Government of Quebec made a proposal. The terms of this announcement or proposal were considered by the Crees and the Inuit as containing a basis on which negotiations might proceed, and they did not carry on further with the litigation which they had begun.

About this time the federal government became more intimately associated with the negotiations, no doubt in order to assist in making sure that the position of the Indians and the Inuit was more substantially supported. An agreement in principle was reached in November, 1974. A year later the final agreement was signed after detailed negotiations involving the two governments, the Crees and the Inuit, as well as the various agencies of the Government of Quebec mentioned in the agreement which we now have before us as the James Bay and Northern Quebec Agreement, which this bill is intended to validate.

● (2020)

According to the minister the land area covered by the agreement, and therefore by the bill, is about 410,000 square miles, which is a very large slice of territory. In fact, it is about 60 per cent of the total area of Quebec, and nearly as large as the total area of Ontario. The area appears to have a population of about 20,000 people, including some 6,000 Crees and 4,000 Inuit, and to use the minister's words, "is rich in wildlife, forest and mineral resources."

It will be seen that there are probably as many people living in the territory who are not party to this agreement as the 10,000 Inuit and Crees who are parties to it. It will be noted that the agreement and the legislation does not purport to apply to any people except Indians and Inuit of whom there are said to be about or perhaps over 12,000. Incidentally, there seems to be a good deal of uncertainty about exact numbers in this whole problem, but looking at the various figures that have been given in the other place, in the committee proceedings there, before the Senate committee and in this debate, it would seem reasonable to believe that there are somewhere in the vicinity of 1,600 who did not sign the agreement, but to whom the agreement purports to apply.

One of the particularly relevant sections of the agreement is 2.14, which reads:

> Quebec undertakes to negotiate with other Indians or Inuit who are not entitled to participate in the compensation and benefits of the present Agreement, in respect to any claims which such Indians or Inuit may have with respect to the Territory.
>
> Notwithstanding the undertakings of the preceding subparagraph, nothing in the present paragraph shall be deemed to constitute a recognition, by Canada or Quebec, in any manner whatsoever, of any rights of such Indians or Inuit.
>
> Nothing in this paragraph shall affect the obligations, if any, that Canada may have with respect to claims of such Native persons with respect to the Territory.

Then it ends up with the somewhat surprising statement that:

> This paragraph shall not be enacted into law.

The amendment put forward by the Leader of the Opposition deals only with people who did not sign the agreement either directly or by any authorized representatives, and to whom I shall refer hereafter as non-signatories. It may be remembered that I indicated there were probably something in the vicinity of 1,600 of these human beings who are bound if this legislation passes, but who did not sign the agreement.

It will be noted that the above section of the agreement, the one I have just read, binds Quebec to negotiate with the non-signatories about any claims which they may have with respect to the territory, but does not bind Quebec to pay any compensation in respect thereof.

As is stated in the preamble to the bill, its intent is to approve the agreement, give effect to the agreement, declare the agreement to be valid, and to extinguish all native claims of all Indians and Inuit in and to the Territory; that is, it purports to extinguish the native claims, not only of the people who signed the agreement but of the non-signatories.

At this point I think I should draw the attention of the Senate to two other provisions of the agreement, both of which, I believe, have been mentioned in previous discussions. The first is section 2.5 which, among other things, provides as follows:

> Canada and Quebec undertake that the legislation which will be so recommended—

Meaning recommended by the two governments.

> —will not impair—

And these are the words to which I particularly want to draw attention.

> —will not impair the substance of the rights, undertakings and obligations provided for in the Agreement.

I think those words are of particular significance. They have played some part in some of the arguments presented already, and it is important to keep in mind exactly what they are:

> . . . the legislation which will be so recommended will not impair the substance of the rights, undertakings and obligations provided for in the Agreement.

I emphasize "rights, undertakings and obligations."

The other section to which I wish to draw attention is section 2.6, which provides as follows:

> The federal legislation approving, giving effect to and declaring valid the Agreement shall extinguish all native claims, rights, title and interests of all Indians and all Inuit in and to the Territory and the native claims, rights, title and interests of the Inuit of Port Burwell in Canada, whatever they may be.

That, of course, is the paragraph in the agreement on which is based clause 3(3) of the bill, which reads, in part:

> (3) All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit, wherever they may be, are hereby extinguished—

So, we get to the place where we see it is clear that the Government of Canada agreed that the legislation it put forward to Parliament would contain a clause effectively extinguishing all native claims, rights, title and interests, whatever they may be, of all Indians and all Inuit in and to the Territory.

Remembering again, if you will, that this includes the approximately 1,600 non-signatories, we find ourselves faced with a situation in which all claims, rights, title and interests of all people, whether Indian or Inuit, who live in the area are extinguished.

● (2030)

There is another provision, of perhaps some interest but not central to the discussion, which is a portion of section 2.5. It provides that if there is any conflict between the legislation put forward as a result of the agreement and any other legislation of either Quebec or Canada that affects the territory, then the legislation now put forward will prevail. This, of course, means that if there should be a conflict between this legislation and the Indian Act, it is this legislation that prevails and not the Indian Act.

Perhaps you will bear with me if I simply repeat again that the words I read from the bill would extinguish the claims, rights, title and interests in and to the territory of all Indians and all Inuit whether or not they were signatories to the agreement. There have been some discussions as to the meaning of the word "extinguished." But, clearly, I think and submit, honourable senators, it simply has the ordinary everyday meaning that one would naturally attach to it—that is, any rights that all the Indians and Inuit in the territory have will cease to exist when the bill becomes law.

In the case of those who signed, this is extinguishment by agreement; but in the case of those who did not sign, it is extinguishment by compulsion. That is, it is clearly a compulsory taking of an interest in land, which, after all, is commonly called expropriation.

Senator Flynn: Despoliation.

Senator Smith (Colchester): Compulsory taking or expropriation is, of course, a procedure well known to all western countries. It is a double-barrelled concept, honourable senators. There is the concept of compulsory taking, and then the necessarily accompanying concept, namely, that of compulsory compensation to those from whom the lands or rights are taken. These two concepts go hand in hand, and I know of no western jurisprudence anywhere that provides for compulsory taking of an interest in land without at the same time providing for compulsory compensation.

A good example, one familiar to all of us really, of compulsory taking accompanied by the concept of compulsory compensation is found in the various expropriation acts that exist in Canada. In particular, I should like to draw attention to the federal Expropriation Act, chapter 16, 1st Supplement, Revised Statutes of Canada, 1970, as amended. The general concept of compulsory taking is set out in section 3, which reads quite simply:

> Any interest in land, including any of the interests mentioned in section 5, that, in the opinion of the Minister, is required by the Crown for a public work or other public purpose may be expropriated by the Crown in accordance with the provisions of this Part.

Note, if you will, honourable senators, that the compulsory taking is not confined to actual lands but includes any interest in land, and particularly any interest in land mentioned in section 5 of the act; and there one of the interests is "easement, profit or servitude." That, I suggest, certainly includes hunting, fishing, trapping or any other use of land to which a right has been acquired by usage.

Remember, too, honourable senators, if you will, that under the federal Expropriation Act, as is the case similarly with all expropriation acts, the actual vesting in the Crown of whatever interest in land is taken occurs when a certain notice is registered in the registry of deeds where the land is situated. Section 13 provides:

> Upon the registration of a notice of confirmation,
>
> (a) the interest confirmed to be expropriated becomes and is absolutely vested in the Crown;

It further provides that any inconsistent right is thereby lost. In other words, such right is then extinguished, precisely as is the case in the bill now under discussion. But, honourable senators, note how the concept of extinguishing the right is followed immediately by the provisions as to compulsory compensation, for in the very next section the minister responsible is required to make an offer of compensation in writing, based on an appraisal and, of course, to make it to the person from

whom the interest in land is taken. The sections which immediately follow then deal with the question of how the compensation is determined, if it cannot be determined by agreement.

Attention is also directed to section 23, subsection (1), which reads in part:

> Compensation shall be paid by the Crown to each person who, immediately before the registration of a notice of confirmation, was the owner of a right, estate or interest in the land—

Thus I submit again that it is clear that the concept of compulsory taking goes hand in hand in the closest possible harmony with the concept of compulsory compensation. To put it another way, our law says that when the government takes an interest in land by compulsion, it is compelled to pay compensation and it is compelled to pay an amount which is either agreed upon by the parties as a fair amount or is determined by a proper tribunal to be a fair amount.

I say again that I know of no place whatever in the western world where there is a provision for compulsory taking under the law without a provision for compulsory compensation. But if this bill passes, honourable senators, we will have one such example. It will be observed, of course, that the bill deals with the rights of two groups of people. The first group are those who signed the agreement and by doing so they agreed that their rights could be extinguished in return for the compensation agreed to be paid. The other group are those with whom the amendment is concerned, and they are those who did not sign. The bill by compulsion takes away their rights but does not provide for compulsory compensation. Thus it seems to me to be perfectly clear that in respect of this second group the bill before us does not follow the completely accepted principle of fairness that where there is compulsory taking there must be compulsory compensation. These people must rely upon nothing but the undertaking of the Government of Quebec to negotiate—and to negotiate, mark you, after their rights are extinguished, not before.

● (2040)

It is one thing, honourable senators, to negotiate from the strength of possessing a right, or at least a claim to a right, as you negotiate. It is something else indeed to negotiate after all your negotiating rights have gone. To use the words of Mr. Narvey, one of the witnesses who appeared before the Legal and Constitutional Affairs Committee, which will be found on page 1:74 of the proceedings of that committee for June 7, 1977:

> —their rights are being taken away in advance of an agreement as to compensation.

Or to quote Mr. Narvey again, at page 1:76:

> Their rights are extinguished, or the bill says so in any case. They then go to negotiate; the Government of Quebec is obligated to negotiate, but there is a fear that its negotiation will consist of saying, "We don't think you ever had any rights. And even if you did you certainly don't have any today."

Perhaps I should have said, by way of explanation, that Mr. Narvey is a consultant to the Canadian Association in Support of Native Peoples. I point out the words I have used are his words, not mine; but it does not seem unreasonable to believe that they probably represent the views of a good many of the people who are concerned in this matter and in respect of whom the amendment is aimed.

Let me ask how any one of us would like to find ourselves in the position of this group of non-signatories. Suppose, for instance, that one of us had an interest in land which the Government of Canada decided it would take by compulsion. Would we for one moment stand quietly in a position where that land could be taken by compulsion, leaving us to the mercy of negotiations for compensation without any compulsion upon the government to pay us anything? The public of Canada would not stand for it overnight if it affected one of us—unless perhaps they have not as much sympathy with senators as they have for the general citizens.

These people are precisely in that kind of situation, and that is the kind of situation we are being asked to approve for them—not for ourselves, but for them—in this bill.

I now invite the attention of honourable senators to the text of the amendment moved by the Leader of the Opposition:

> Notwithstanding the extinguishment under subsection (3) of the native claims, rights, title and interests referred to therein, nothing in that subsection affects the right of any person or group of persons in Canada who was not a party to, or who was not represented by a party to, the Agreement to receive, in respect of any valid claim relating to the Territory, compensation on the same basis as it would have been accorded had such person or group of persons been entitled to participate in the compensation and benefits of the Agreement.

I wish to emphasize that this amendment, as I have read it—if honourable senators wish, I shall be glad to read it again and again—does not in any way attempt to cut down or prevent the extinguishing of the claims, rights, title and interests referred to in the bill. I repeat, it does not attempt to cut down those things in any way. It leaves the extinguishing subsection untouched. In other words, it simply says that extinguishing the claims, rights, title and interests does not extinguish the compensation if there was any right to compensation. It does not even say that the payment of fair compensation will be compulsory. It does not even go so far as to make the concept of compulsory compensation go hand in hand with the concept of compulsory taking or extinction.

It merely provides that the right to compensation is not extinguished in itself. To put it another way, the amendment merely seeks to preserve, in the case of non-signatories, the ordinary principles of fair play and fair treatment which I believe every honourable senator would insist upon for himself and any other citizen of Canada.

Let me turn for a moment to some of the arguments made against the amendment. I do not purport to deal with all of them, because that would take a very long time, and I suspect

the patience of honourable senators would in due course begin to wear a little thin. However, I do want to deal with some of them.

One argument made against the amendment is that to adopt it would be contrary to the undertaking in the agreement which I read, that legislation introduced by Canada and Quebec must not impair the substance of the rights, undertakings and obligations provided for in the agreement. Indeed, at page 1011 of *Debates of the Senate* for June 28 the Leader of the Government said:

> The proposed amendment goes beyond the agreement in purporting to impose additional obligations on one of the parties, namely the Province of Quebec.

With the greatest respect, I must and do take the most vigorous issue with any such argument. The agreement deals with that subject matter, in section 2.5, which in part reads as follows:

> —legislation to approve, to give effect to and to declare valid the Agreement and to protect, safeguard and maintain the rights and obligations contained in the Agreement. Canada and Québec undertake that the legislation . . . will not impair the substance of the rights, undertakings and obligations provided for in the Agreement.

And I say as vigorously as I can that there is nothing in this amendment which in any way would impair the substance of the rights, impair the substance of the undertakings, or impair the substance of the obligations provided for in that agreement. It does not impair the substance of any right to the province of Quebec, any undertaking of the province of Quebec, or any obligation of the province of Quebec. It does not in any way prevent the extinction of the rights of all Inuit and Indians in the territory, including those who did not sign. It does not compel Quebec to pay compensation to non-signatories. It does not compel Quebec even to negotiate with non-signatories, because that obligation is already imposed by the agreement. I am unable to find in any way, then, that the provision contravenes the agreement in the slightest way, shape or form. It merely preserves, for these unhappy non-signatories, whatever negotiating strength they may have.

The Leader of the Government also said that any amendment that compels or has the effect of compelling the Province of Quebec to enlarge its undertaking is not acceptable. I say again, there is nothing in this amendment which in any way compels or would have the effect of compelling Quebec to enlarge its undertaking. Quebec gave an undertaking to negotiate with these people. There is nothing in this amendment to enlarge that or to enlarge any other provision with relation to Quebec.

Some argument, honourable senators, has been made that since negotiations are already going on with the Naskapi, who are not signatories to the agreement, that should be sufficient assurance to the others. But I must point out that these negotiations have begun before the passage of this bill and before the Naskapi rights have been extinguished, and have not yet been completed.

● (2050)

Considerable emphasis has been laid by various speakers upon the assertion by the Prime Minister of Quebec to the National Assembly of that province—

Senator Ewasew: Premier.

Senator Smith (Colchester): That is your choice of words. I did him the justice and the courtesy of following his own choice, but you may be right.

Some emphasis has been laid upon the assertion by the Prime Minister of Quebec to the National Assembly of that province that Quebec would negotiate in good faith, which I presume will mean negotiating with a view to paying fair compensation. If that be so, surely there could be no objection to an amendment which merely prevents the extinguishment of the right to compensation if any such right exists.

Senator Robichaud, in his very eloquent address last evening, as reported at page 1039 of *Hansard*, drew attention to section 25.2.1 of the agreement, which appears on page 397 thereof, and which reads as follows:

> The James Bay Crees and the Inuit of Quebec forever and absolutely renounce any and all claims, if any, past, present or future, against Quebec with respect to royalties, mining duties, taxes or equivalent or similar benefits and revenues, derived and resulting from development and exploitation in the Territory.

That is the full text of section 25.2.1. He said:

> This is one of the terms of the agreement that the amendment, which was sought in all honesty by the Leader of the Opposition, would destroy.

Honourable senators, with the greatest respect, and with great reluctance, but nevertheless very strenuously, I must take issue with my very old and good friend Senator Robichaud. I submit to you that there is no way that anyone can show even a plausible argument that this amendment in any way destroys the effect or usefulness of that section.

If the bill passes, the rights, claims, title and interests of the non-signatories in relation to that section are extinguished, just the same as they are extinguished in every other particular. If they have any such rights, claims, title or interest, then by virtue of the agreement Quebec is compelled to negotiate with them to compensate them for their loss thereof. It is not the amendment which brings about the obligation of Quebec to negotiate but the agreement itself which does so.

Senator Robichaud also said that had Canada not agreed to the provisions included in the document we are discussing:

> —the Crees and Inuit would have been left with undefined "aboriginal rights", and would have been deprived of the specific benefits to be granted them under this agreement.

With respect, I have to say that I cannot accept this view, for it is based, if it is based upon anything, upon the premise that the native people could not have succeeded in the litigation

which went as far as the Appeal Court in Quebec. It is true they lost there, but they won before the single judge of the Superior Court of Quebec, and might very well have won an appeal to the Supreme Court of Canada, as they knew and as the Government of Quebec knew.

I now turn to Senator Frith for a moment. I thought he enunciated last night a legal theory or legal doctrine which I found it very difficult to follow, and when I had an opportunity to read over again today what he said I found it even more difficult to understand. In effect, as I read it, and as anyone can read it in last night's proceedings, he was saying that if those who did not sign the agreement were aware that they had a chance or a right to sign it and did not do so, and were aware of any rights they had or might have, they were no longer entitled to complain or to sympathy. That was the effect of what he said. That is the first time I have ever heard a serious assertion made that if a person did not want to sell his land or a right in land and refused to sell, he could not expect any compensation when it was compulsorily taken away from him by a government.

Senator Frith's capacity to be generous to a government may be very great indeed, but really I would doubt if it extends to the proposition that if the Government of Canada offers to buy his land and he refuses to sell, the government can then take it without paying for it. I am sure he would recognize that the rights of native peoples to, in or over the lands in question are very serious and very important rights indeed—rights of ownership which, according to their way of life, are just as important to them as any European concept of ownership may be to us.

Let me ask him if he will be kind enough to listen to some extracts from a letter from the Inuit Community Council of Sugluk, dated April 15, 1977, addressed to Charlie Watt, President of the Northern Quebec Inuit Association, as read into the record of the proceedings before the Standing Senate Committee on Legal and Constitutional Affairs on June 7, 1977, and found at page 1:34. Here it is:

> We cannot go on with the agreement . . . We cannot give up what power we have. We have been living here for ages and we cannot give up what our fathers worked so hard for. We just cannot sell our ways and life because this is all very valuable to us. We cannot exchange our land for money. We will not let this land go just for money.

Surely, honourable senators, that is as eloquent an expression of the pride in ownership and occupation of one's land as any of us would be likely to make in respect of our own. Do we mean now that, because the people of Sugluk may have refused to sell their land for money, any government can take it from them without paying for it?

It is always an invigorating delight to hear Senator Greene, and as usual his comments of last evening caught my interest very keenly. However, when I came to consider what he said, particularly when I was able to read it today, I could not help but feel that he had misunderstood the situation rather substantially. He seemed to assume that passing the amendment would automatically block the whole agreement, and moreover that it would be paying altogether too much attention to a small minority group, and would also interfere with the smooth co-operation between Executive and Parliament.

Senator Flynn: Rather naive.

Senator Smith (Colchester): He did not appear to deal with the importance of compulsory compensation for compulsory taking of land or rights in land. Therefore, I am afraid I shall have to say, with regret, that, although his remarks were both lively and eloquent, and would have been very convincing if they had been relevant, I do not find them applicable at all to the present situation.

● (2100)

Senator Flynn: What's new?

Senator Smith (Colchester): Well, I give Senator Greene credit for saying something new occasionally.

Senator Flynn: Not this time.

Senator Smith (Colchester): I have dealt at some length with the amendment, and with the arguments made against it by honourable senators. I have also given something of the history of this matter, and have submitted, as I now submit again, that in the case of those who did not sign this agreement this legislation, if passed, will be a compulsory taking of land or rights in land without the usual provision for compulsory compensation, though I do not ask that we provide for compulsory compensation.

I submit, too, that the amendment does not infringe in any way upon the provision of the agreement that the legislation will not impair the substance of the rights, undertakings and obligations provided for in the agreement. It does not go so far, of course, as to provide for compulsory compensation, and it does not lessen or prevent the extinguishment of the claims, rights, title and interests of the non-signatories.

Here, surely, is a proper place to strike a blow for the protection of minorities. Here is a place, surely, to hold out for fair play and simple justice.

A few days ago we were considering a bill which dealt with human rights. I believe it was reported tonight by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs. This bill began with the following declaration:

> 2. The purpose of this Act is to extend the present laws in Canada to give effect, within the purview of matters coming within the legislative authority of the Parliament of Canada, to the following principles:
>
> (a) every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex or marital status, or conviction for an offence for which a pardon has

been granted or by discriminatory employment practices based on physical handicap—

I submit that the amendment as moved is completely consistent with the intentions set out in that ringing declaration, that the bill without that amendment will certainly not be consistent with that declaration, and I submit that here is a chance, by voting for the amendment, to act in conformity with that eloquent statement of good intentions and in conformity with the rights of these human beings who did not sign this agreement. I therefore urge that we support the amendment.

Senator Greene: Will the honourable senator permit a question?

Senator Smith (Colchester): It is always a pleasure to hear a question from the honourable senator.

Senator Greene: As one who has had ultimate executive responsibility in one of the great provinces of this country, whereby he had administrative direction over the entire affairs of that province, and as one who executed his responsibilities with great distinction, which his career exemplifies, does the honourable senator allege that it is possible to function as a responsible government under our Constitution as we know it only if any person or group of persons not a party to any legislative action—

Senator Flynn: The agreement. Don't confuse the problems.

Senator Greene: —or not represented by a party to the agreement in respect of any valid claim, be consulted? In other words, does not the amendment itself involve the complete stultification of any utlimate resolution in the legislative process to any action by a legislature under the system of responsible government? In those circumstances we could never come to an ultimate conclusion about anything, because there might always be someone who has not been consulted, in the present or the future. I ask the honourable senator whether or not he believes that it is possible to function—indeed, could he have functioned as Premier of the great province of Nova Scotia?—under a blanket that says that you can never make a decision unless you consult with each person or each group of persons who, now or in the future, might some day have an interest in any matter.

Senator Smith (Colchester): I thank the honourable gentleman for his kindly reference to myself, and also for the opportunity of saying that in carrying out the duties which he so kindly referred to I never found it necessary to try to take somebody's land without paying for it. That is quite simply all that is involved here.

I also congratulate the honourable gentleman for exercising so skilfully his well-cultivated and long-used ability to produce a red herring whenever he thinks it will do any good.

Hon. Senators: Hear, hear.

Hon. David A. Croll: Honourable senators, we have had an interesting discussion. I was both interested and concerned when the question of minorities was raised, and whether it is a sub-minority, or a sub-sub-minority, or a minority that is well removed and far away, I am still as concerned as I ever was, and my view is that the members of this house, each in his own way, are trying to protect minorities.

In the course of the discussion we had last week one senator suggested that if we were to send the bill back the Indians might be shuffled out of existence entirely as far as the bill is concerned. Later in the same week some Indians got bumped off an Air Canada flight. It has been a rough week for the Indians, and I think they are entitled to have something said for them.

● (2110)

Clause 3(3) of the bill provides that:

> All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit, wherever they may be, are hereby extinguished—

There is no question what that means; exactly what is says, but there is no other way to deal with it.

Senator Flynn: Agreed.

Senator Croll: I did not interfere with you, now.

An Hon. Senator: It is one Irishman to another.

Senator Croll: He has first claim to that "Irishman."

They had to extinguish all possible claims for the reason that sooner or later something was going to be built by the Quebec Hydro-Electric Commission or some other organization. They had to go out into the market and raise not $10 million but $200 million, $300 million, $400 million in cash, perhaps not in Canada but in the United States or wherever it could be obtained. They all had their checklist and they all asked: "Are there any mortgages, any caveats, any outstanding claims? Is it possible that there are any liens? Is anyone owed anything on this land or this property? Is it possible?" And a lawyer somewhere had to sit down and write a letter saying: "This property belongs in fee simple; there are no claims whatsoever."

Senator Flynn: The letter could not be written before the legislation had passed.

Senator Croll: In order to deal with this, to begin with, that was the beginning.

What happened in this case is as Senator Smith (Colchester) has described. They came to the Crees and the Inuit, who said: "We do not want to sell the land; it is our home. This is everything we have. This is for us. It is our way of life." The reply was: "Well, we must have it; what do you want for it?" The Crees and the Inuit replied: "We are in no position to deal; we don't know the value of these things today, tomorrow or afterwards. We are not specialists in this." They were told: "Well, you had better get someone to advise you," and at that moment the governments jointly said: "Whatever you need in the way of advice, lawyers, accountants, surveyors, anyone else, researchers, get them and we will pay for them." I may be wrong in my figure, but I believe it was in the neighbourhood of $6 million. There was no way that these people had

the money; they needed the protection and were told to go out and get it, which they did.

So they went to court, and when they decided they would have to dispose of the property you may rest assured that smoke signals went across the country indicating to all Crees and Inuit that something was going to be done with the land. Those signals were sure to reach their mark, as could be seen by some of the mail that passed through our post office. Then the negotiations continued, and for five years the agreement was negotiated. It does not make any difference; that is how long it took to reach agreement. Is it conceivable that any Cree or Inuit did not know what was going on? Is that really conceivable?

We must understand when we read the agreement—and Senator Robichaud said he read it—that the government is not dealing with individuals. It is dealing with bands, and their own method of governing. There may be 10 or 12 of them altogether, or perhaps 15 or 20, and they deal with whatever problems they have. Now, any compensation there was went to the bands for the people who were part of them collectively.

It is all very well in this country of Canada. There is a census every 10 years, and half of us are missed. But Indians carry the census in their heads every day. They know who is a Cree and who is an Inuit. They know how many there are, and they know who have claims to a territory. No one is fooling them one bit, because they belong to families.

So I come now to the question—

Senator Flynn: It is about time.

Senator Croll: —of the Committee's recommendation. Senator Flynn put it on record, as follows:

> Your committee has nevertheless decided to rely on the good faith of the Government of Quebec to negotiate with such third parties, under the terms of section 2.14 of the Agreement, in order to ensure that, in any case where a valid claim in established, compensation will be accorded on the same basis as it would have been accorded had such parties been entitled to participate in the compensation and benefits of the Agreement.

That was the recommendation and it made a deal of sense, the important words being "valid claim." So I referred to the dictionary and found that the word "valid" was defined as "legally sound, effective or binding, having legal force, sustainable in law; a valid contract." I need not tell you; you know the difference between a valid and an invalid contract.

My friend Senator Smith (Colchester) quoted Kenneth Narvey, who appeared before the committee. Kenneth Narvey was advised by the Minister of Indian Affairs and Northern Development in April that:

> Quebec is legally bound, under the provisions of paragraph 2.14 to negotiate with other Indians and Inuit who are not parties to the Agreement concerning any claims they might have with respect to the Territory.

This is the part which I think will interest most of you:

> As proof of the Quebec government's intention to live up to its commitment to negotiate, I cite the example of the current negotiations with the Naskapis of Schefferville, who have proved their traditional interest in the Territory. Intensive negotiations have been carried on since early in 1976, in an attempt to arrive at a just settlement—

I am advised that within 10 days or less they have negotiated and that within 10 days or less a settlement will be announced in the sum of $10 million, of which the federal government will pay $2 million and the Quebec government will pay $8 million.

● (2120)

Senator Flynn: Let's wait ten days to pass the bill.

Senator Croll: Don't forget that this was the band that was encouraged, urged, and asked to make a claim. For a time they resisted. Finally, they were told, "Well, we will pay whatever costs are necessary, if you will go out and see if you have some rights or no rights." They did so. This is part of the deal that they were able to accomplish.

In the course of the discussion something troubled me. I did not like what I read. If you will remember, Senator Goldenberg quoted what Mr. Ollivier said in committee. This can be found at page 1010 of Senate *Hansard* of June 28:

> MR. OLLIVIER: I would say that it does not cover the right to compensation, but that right only arises following the extinguishment, so we do not extinguish the right to compensation.

Again, Mr. Ollivier, in answer to further questions,

> I must say that I do not see how we can extinguish a right to compensation before the right arises and it only arises as a result of extinguishment.

And the answer lies in the fact—

Senator Flynn: Don't be so silly.

Senator Croll: The answer lies in the fact that they have negotiated and they have compensated.

Senator Flynn: Don't be so silly.

Senator Grosart: It was all discussed when you were not present.

Senator Croll: At page 1042, Senator McElman had another view entirely, and a surprising view, as far as I am concerned. He said:

> Please understand me clearly.

And I hope I do.

> It is my understanding that Mr. Ollivier is a first-rate and highly competent and responsible public servant. I cast absolutely no aspersions in his direction.

He is from the Department of Justice.

> But when you consider the background from which he gave his opinion, I am sure you must agree that Mr. Ollivier was in an impossibly compromised situation before the committee, for which he has only my sympathy.

Senator Flynn: Very well put.

Senator Croll: Well, Mr. Ollivier does not need his sympathy, and if the suggestion is that he writes opinion to suit the government, or suit the occasion, it is an unworthy suggestion to make under any circumstances.

Senator Flynn: Do not be so naive. For God's sake, come down to earth.

Senator Langlois: Restrain yourself.

Senator Croll: I am not at all naive, but I do not recall a time in my years here when I have come across a member of the Justice Department who gave opinions that worked for the department no matter what he himself thought. I always felt that whatever opinion he gave, he gave as a lawyer having in mind his responsibility, not only to the government but to other lawyers who knew he was giving the very best opinion he was able to give.

Senator Flynn: I am very sorry that you were not in committee that morning. I asked the official of the department if he always gave his own opinion, or that of the department.

Senator Perrault: Is this a question or speech?

Senator Flynn: It is whatever you like to make of it.

Senator Croll: Anyway, Senator Greene, as usual, made a very potent point.

Senator Flynn: Though it may not have been relevant. Agreed.

Senator Croll: There must be some finality to these matters. Some day, some place, some time we must say, "There it is. We have settled it once and for all"—if in not five years, then in six or seven years. But we cannot just go on to deal with claims that are uncertain, nebulous, almost come-by-chance, day after day after day. As a matter of fact, there is a provision, and it has been asserted here on many occasions, indicating that the Government of Quebec will negotiate. I indicated to you that it has negotiated in whichever way it can. As has been said from time to time, all that they say is, "If you have a claim, it had better be a valid claim."

Those people have been asked for many years to exercise their rights. I do not think their rights are extinguished if they did not exercise them. I do not know if they have rights. Rights must be valid. That means legal. They can establish them today, tomorrow, or at any time.

Senator Flynn: Without compensation.

Senator Croll: If they can establish them, there must be some finality, and someone must know that they have an agreement. They can deal with it, and for all purposes the other claims are extinguished and gone.

I cannot urge this any more than to suggest that those people who have been asked directly, those people who have been encouraged, and those people who have been asked indirectly, have had ample opportunity. There is not much more that can be said or done. Someone here raised the matter and said that the department suggested to the Quebec department that they should look into it again, or the department here sent to the Quebec department something that they had been asked to send on. If there was something the matter with this agreement, the federal department should have seen to it. They signed it. They signed it claiming that the matter was dealt with fairly; that the matter was dealt with for all purposes. The band is no different from those people that Senator Marchand dealt with in labour relations, or any group that has a majority and a minority. The majority speaks, and there it is. In most cases the minority falls. In this case the minority, if they can prove they have rights, have rights. They have had an ample opportunity to present their claims. If they did not do it, there is not much that I or anybody else can do. I think it is time that we dealt with this matter with some finality. The members of these governments, although we may not agree with their political views, are honourable people.

Senator Flynn: They certainly do not agree with your views anyway.

Senator Croll: They deal with these matters in the same way. When they give undertakings, they intend to live up to them. They want to do what is fair. They cannot afford to stand out in the world as people who break their word on things as important as this. The federal government, a provincial government, or any other government cannot do that. They must do what is right by these people, particularly because they are a minority of a minority. That is what I think they want to do. That is what I think this agreement does, and I am going to vote against the amendment.

Hon. John Ewasew: Honourable senators, I have been trying to get the floor for some time.

Senator Flynn: Bravo!

Senator Ewasew: First of all, I am for the amendment in principle but not for the same reasons as Senator Smith, and I should like to explain why. I am also partially in agreement with Senator Croll, but again not for the same reasons.

• (2130)

I want to point out, first of all, that it is incumbent upon this house not to be stampeded into being a rubber stamp simply because the government of the day brings forward measures such as this at such a late date. I do not think it is justification for quick passage to say that the agreement provides that the Government of Quebec will negotiate. Who will force the Quebec government to negotiate?

We should keep in mind that the groups in question were subservient to the federal government before the coming into force of the Quebec Boundaries Act. I think it is incumbent upon the federal government, and the Senate in particular, that the rights of these minorities are truly protected for all time and to see to it—and this has not been done—that those who are not signatory to this agreement can still put claims forward without fear of unknown future legal complications, but there should be a time limitation on such claims. I do not think this can go on forever. In all conscience and justice, there would be nothing wrong with the amendment moved by Senator Flynn, provided it had a rider to the effect that such claims have to be established within a period of five, 10 or 20 years, or whatever is deemed an appropriate time period.

Moreover, I think it is incumbent upon us to not to be too concerned about the fact that, should this bill not be passed at this time, it may never be passed, with the result that certain parties will be hurt. We should do our duty as we see it, and we should do so in a non-partisan way.

The amendment, in principle, is correct, but it should have a rider to the effect that there be a time period during which the establishment of any claims must be made. Thereafter, by the application of any law of prescription, as is the case in Quebec civil law, or by a statutory limitation, as is the case in common law, such claims are or would be wiped out forever.

Senator Williams: Honourable senators, I should like to direct a question to my colleague, Senator Croll.

By his reference to smoke signals was he implying that smoke signals are the only form of communication which the small and large groups of Crees understand? I should also like to know where the smoke signals originated, and their content. I would inform him that smoke signals went out when the fur traders came.

Senator Grosart: Hear, hear.

Senator Croll: I thought it was a light reference. It gave me an opportunity to take a good crack at the mail service in this country, which I did. I hope that got across.

Senator Grosart: And a nice crack at these people, too.

Senator Croll: I made no crack whatsoever directed at the native peoples.

Senator Williams: The poor mail service in that area is not the fault of the Crees, nor is it the responsibility of the Crees. If the mail service is poor, that is your problem.

[*Translation*]

Hon. Léopold Langlois: Honourable senators, I will open my remarks with a word of thanks to all my honourable colleagues who participated in this important debate.

I do not think I need to remind honourable members of the Senate Committee on Legal and Constitutional Affairs of the attitude I held when Bill C-9 was being considered in committee.

However, I must inform the other honourable members of this house of my opposition to this bill which I voiced both in the various questions I put to the witnesses and in the suggestions I made.

I concluded my opposition to the bill by proposing that the committee agree to attach to this bill a very strong recommendation addressed to the Minister of Indian Affairs and Northern Development suggesting that he exert the necessary pressures on the Quebec provincial authorities with a view to having them clarify their position on their future attitude concerning the rights of the parties which did not sign the agreement which this bill is all about.

This was in keeping with the attitude I have always held both in this house and in committee to come charging whenever I thought that a bill did not agree entirely with my views and was not consistent with the dictates of my conscience. I did not hesitate to do so despite the position I hold in this house with the government in power and also on the side of the house on which I sit because I am not prompted by partisan considerations in such circumstances but quite simply by the interest of those who must call on Parliament to have their grievances redressed, or to see their rights upheld, and especially of those who may suffer from legislative action on the part of the Parliament of Canada.

On the other hand, I must add that I opposed and voted against the original amendment introduced in committee by the Honourable Senator Flynn, an amendment that differed in substance from the one that is now being considered in this debate. The original text of that amendment reads as follows, and I quote:

[*English*]

> Notwithstanding the extinguishment under subsection (3) of the native claims, rights, title and interest referred to therein, nothing in that subsection affects the right of any person or group of persons in Canada who was not, or who was not represented by, a party to the Agreement to receive equitable compensation in respect of any valid claim relating to the Territory that has been established in law as a valid claim.

My objection to this amendment was based on the fact that, first of all, I considered that the phrase "any claim relating to the territory that has been established in law as a valid claim" was too restrictive and was negating the value of the proposed amendment in view of the legal proceedings entered upon by the Indians to stop the James Bay project.

Because of my objection, the honourable senator agreed to withdraw the words to which I objected and this is why we have the amendment now before us.

Indeed, as the honourable senators will remember, the Crees and the Inuit of the Territory won their case in the lower court since a temporary injunction was granted by the Quebec Superior Court. This victory was only of relative value since such an injunction is decided mostly on the balance of inconveniences for the parties involved. However, this first judicial victory turned into defeat following the decision of the Quebec Appeals Court, which reversed the judgment of the lower court.

However, it must be noted that the provincial government's victory was short-lived and that soon afterwards, the various decisions of the Appeals Court were submitted to the Supreme Court of Canada. However, before this appeal was finally heard before the Supreme Court, the Province of Quebec had decided to call the Crees and the Inuit to the negotiation table, which produced the agreement involved in this bill.

Given those circumstances, I suggest it is important that we put this debate in its true perspective. I have expressed the view before the committee that an amendment based on the legal recognition of the rights of the native people to that territory as purported in the original amendment presented by the Honourable Senator Flynn would be of no value and would not help in any way the Indians involved in this agreement.

Following my remarks, as I mentioned earlier, the Honourable Senator Flynn changed his amendment.

I now come to the second reason why I refuse to support the amendment proposed by the honorable senator. That second reason for my opposition is the fact that in my opinion, such an amendment would cause irreparable damage to the beneficiaries of the agreement reached between the Government of Quebec and the native people of the James Bay area.

In saying that, I am only reiterating what the spokesman for the Indians, Mr. James C. O'Reilly, their legal counsel in negotiating the agreement, said on pages 109, 110, 111 and 112 of the June 7 issue of the Proceedings of the Committee for Legal and Constitutional Affairs and, if you will allow me to quote from page 108, I will read an excerpt from his testimony as follows; and I will quote it in the language used by Mr. O'Reilly when he came to testify:

● (2140)

[*English*]

MR. O'REILLY: If I may respond, Mr. Chairman, the reason that was put in was to make it very clear that the agreement was in addition to whatever other benefits they might enjoy as Canadian citizens—for instance, workmen's compensation, or other benefits. It was put in at the suggestion of the government to make that very clear, and it corresponds to a section in the agreement. Section 9 provides for new federal legislation, which is dubbed the Cree Act, to provide for local government on these new Category 1A lands. In other words, this new special act for the Crees will succeed the Indian Act, insofar as the Crees are concerned, for most matters of local government.

And then on page 1:109 Mr. O'Reilly says:

All right. Insofar as compensation is concerned, my opinion is that a right to compensation continues; it is not taken away. The right in the land is taken away.

And then follow a few questions by Senator Flynn, after which Mr. O'Reilly continues:

Because the concept would recognize that there is such a thing as an aboriginal right, they say.

He is referring here to the objections by the Province of Quebec to recognizing aboriginal rights, and here Mr. O'Reilly, after another question by Senator Flynn, adds:

It is there, in the last paragraph of 2.14:

Nothing in this paragraph shall affect the obligations, if any, that Canada may have with respect to claims of such Native persons with respect to the Territory.

Which, to me, means the 1870 orders in council, by virtue of which this land was originally transferred over.

After some further questions by Senator Flynn and by Senator Asselin, Mr. O'Reilly then went on to make the following statement:

They went through three years of court battles maintaining, to this very day, that the Crees and Inuit have no rights. That is going to be their official position, and they are not going to give any kind of an opening which will recognize that any native people have aboriginal rights in the Province of Quebec. That was discussed and rediscussed and hashed over on many occasions. That was consistently their position, and that is part of the problem with which you are faced, I agree, and with which all of us were faced in the negotiations. They say they do not want anything:

—to constitute a recognition, by Canada or Quebec, in any manner whatsoever, of any rights of such Indians or Inuit.

That is the second paragraph of section 2.14. They say, "Whatever the legal situation is, we will battle it when the time comes. We will settle it through negotiation." As honourable senators pointed out, the Naskapis said they felt they needed additional protection. Obviously they prefer to have additional protection, but their agreement in principle right now is invalid if there is no settlement on the matters remaining to be negotiated.

After some further questions by Senator Flynn, Mr. O'Reilly closed this part of his evidence with the following remarks:

Quite frankly, that is certainly not the understanding of the Province of Quebec, because it is giving $9 million to the Naskapis. I do not think it has money to throw around these days.

Honourable senators, I am quoting all of this material in order to put the claim of these Inuit and Indians in the right perspective. At page 1:111, Mr. O'Reilly continued in this way:

If I may, sir, I would add that there were at least eight legal advisers. At one point in time we counted 200 people directly involved in negotiations round the clock with secretarial staff and all the rest. There are at least eight legal advisers on the other side. This was thrashed out backwards and forwards. All parties were asked to comment on the bill after it was in draft form, after it was introduced as Bill C-98, and they sent their comments in. There was a tremendous effort to make a correlation between the provincial bill and the federal bill.

The very great concern I would have as legal adviser, and I suggest it is a consideration for your committee, is that what this honourable committee or others might feel does not affect the substance of the bill others might feel does affect the substance of the bill. The real problem you have is that any possible amendment is obviously going to go back to the House of Commons and then may or may not go, I don't know, to a committee. Then Quebec will obviously look at it to determine what it will do with its bill, because it passed its bill in June, 1976, and the bills are parallel.

[*Translation*]

Further to the remarks of Mr. O'Reilly, it must also be borne in mind that the agreement must be assented to officially by all parties concerned before a certain date, including the

two governments, federal and provincial. I understand that this ultimate date is but a few months or so away.

Therefore, if the agreement were to be delayed by the legislative process, for any reason at all, it is quite possible that the benefits accruing from this agreement to those who have signed it and who represent, as we heard yesterday from the honourable senators who took part in the debate, as I said, approximately 90 per cent of the native people who live in the territory involved or whose livelihood depends on it.

I come now to the third reason why I objected to the original amendment proposed by the Honourable Senator Flynn, and that is, the fact that, to my mind, the amendment would add absolutely nothing to the situation, nor to the substance of the bill now before us, considering not only the provisions of Bill C-9 but any Canadian legislation on expropriation.

The Honourable Senator Smith, a while ago, addressed himself at length to the compensation principles that apply when property is taken over by compulsion, or for reasons of public interest, but I believe he failed to make an important distinction between the rights of our native people and the rights that may exist to property such as, for instance, a stretch of land in the territory.

Indeed, aboriginal rights and probably—as I am used to expressing myself in English when I give an answer to an English-speaking senator, perhaps I should respond to Senator Smith (Colchester) in the language he used when he made his representations earlier this evening.

● (2150)

[*English*]

Aboriginal rights are not an interest in the land that is recognized as being registrable in the land titles or land registry system. It is, after all, at best an undefined and unspecified interest, which interest must be proven by negotiations that can be entered into. As outlined yesterday by Senator Robichaud, only the Naskapis of Schefferville have come forward to assert their rights and they are—as I have mentioned and as Senator Croll mentioned a few moments ago—about to conclude that very important negotiation or settlement with the Quebec government which would involve payment of some $10 million. I think this is the only way to look at the situation. We cannot make any comparison with the expropriation laws and the processes of these expropriation laws in our country, although there could be a parallel drawn between the principle involved in, for example, our Canadian Expropriation Act and those special statutes which give authority or power to some crown agencies to expropriate. As far as the principle is concerned, in these other statutes, as in the Expropriation Act of Canada, the mere fact that a competent authority—in the case of a province it is the provincial government, and in the case of the dominion it is the federal government—gives notice of its intention to expropriate, means that the right of the property and the use of same pass to the government as soon as such notice is registered in the registry of the district where the property is located. Of course there are processes of negotiations recognized by the law, and there is even recourse to a court of law if the indemnity is not satisfactory to the expropriated person, but the principle underlying this legislation is the same. It applies in this case and it is not denied in any way, shape or form in the bill before us. This is not only my opinion, and it is not only the opinion of the Deputy Minister of Justice; it is the opinion given, and not challenged by anybody, by Mr. O'Reilly who is the legal adviser of the Crees and the Inuit.

Senator Flynn: Not challenged by anybody? I challenged it all the time.

Senator Langlois: My honourable friend can take all the merit he wants, but there was no valid challenge offered. My honourable friend always does as he is doing now. He always objects when anyone says something with which he is not in accord. But this is not a challenge. It is merely an objection which he voices and which has no validity at all. Anyone can do that. You don't have to be a lawyer to do it.

Senator Flynn: You said that nobody challenged it, and I did challenge it.

Senator Langlois: It was not challenged at all. You spoke out of turn in committee, as you do very often in this house.

Senator Flynn: I spoke in committee, and I can tell you what you said in committee too.

Senator Langlois: I am not ashamed of that, and I am ready to repeat it any time.

Senator Flynn: You may be ashamed of what you are saying tonight.

Senator Langlois: Oh, no, wait a minute, my friend. Listen, speak for yourself. I speak for myself. I know that when you run out of arguments you use insults, but I am not interested in going on that ground with you. It is not my way of dealing with friends and with colleagues in this place.

Senator Perrault: Hear, hear.

Senator Langlois: Now, after I have dealt with this I think I should go back to my speech in French, and carry on with my third objection to the amendment.

Before passing judgment on this amendment, one must read very carefully the text of Bill C-9, subclause (3) of which reads as follows:

> (3) All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit, wherever they may be, are hereby extinguished, but—

And the "but" is very interesting.

> —but nothing in this Act prejudices the rights of such persons as Canadian citizens and they shall continue to be entitled to all of the rights and benefits of all other citizens as well as to those resulting from the Indian Act, where applicable, and from other legislation applicable to them from time to time.

It is clear that this does not affect any rights that any Indian, as a Canadian citizen, may have, including the right to

compensation, and I cannot find where it could be clearer than this to show that the right to compensation exists in this act. My honourable friend has been referring to what took place in committee this morning. This morning we had a very brief exchange on this bill after we had finished our discussion on Bill C-25, the Canadian Human Rights bill. My honourable friend, Senator Flynn, came out with the argument, "How come that the Quebec government does not accept my amendment if it changes nothing in the bill?" My reply was: "If your amendment does not change anything, how come you insist on it?" It is that simple.

● (2200)

Senator Flynn: I rise on a question of privilege. Senator Langlois is quoting a personal conversation and he is not quoting accurately or completely. I don't know yet what I am going to say about the speech he is making now or about the way he is discussing matters, but I am really incensed.

Senator Langlois: It was a very confidential conversation.

Senator Flynn: I said personal.

Senator Langlois: There were about 20 people present. You were not addressing yourself to me; you were addressing the members of the committee.

Senator Flynn: No sir. We were leaving the committee room.

Senator Langlois: We were still in the committee room. Are you rising again on a question?

Senator Flynn: Yes. I rise on a matter again of privilege. You said three things that were wrong. You said that it was in committee. The committee was over. You said there were 20 people; there were only about three or four of us; and you raised another matter which you did not complete and you did give my answer.

Senator Langlois: What was it that you said?

Senator Flynn: I said, taking into consideration the fact that those who are not parties are asking for the Government of Quebec to recognize that they are entitled to compensation if the government says no, it is in the agreement—

Senator Langlois: Is this a question of privilege?

Senator Flynn: Yes. You said three things that were entirely wrong.

Senator Perrault: It is another speech.

Senator Flynn: It is not another speech. You said three things that were entirely wrong, and you base your argument on a personal conversation. I could reveal a lot of your personal conversation with me that would make you blush.

Senator Langlois: I am sorry that I have hurt your feelings.

Senator Flynn: You have not only hurt my feelings but also lowered yourself in my esteem.

Senator Langlois: Go ahead, be as nasty as you wish. That is your way, not mine.

Senator Flynn: I'm only nasty when provoked.

[*Translation*]

Senator Langlois: Honourable senators, I now come back, hopefully in peace, to the bill and to clause 3.

Senator Flynn: Try coming back to the truth.

Senator Langlois: Paragraph 3 of the clause in no way prejudices the rights that signing and non-signing Indians have as citizens of the country under the statutes of Canada or any specific statute concerning Indians.

It therefore follows, through the statutory provision included in this clause, and in the same manner, because of the principles of the Canadian Expropriation Act and the special legislation conferring the authority to expropriate on crown agencies, either provincial or federal, as I said earlier, that these principles continue to apply to the signatories and to the non-signatories to the James Bay Agreement. It is absolutely recognized as the principle of these statutory provisions concerning expropriation that the expropriated party is entitled to a compensation which becomes due as soon as the expropriation notice has been filed at the registration office of the district where the expropriated property is located.

There are also provisions for the publication of such an expropriation notice in the *Canada Gazette*, or that of Quebec, for instance, according to the case. For example, in the case of expropriation by the federal government of property owned by the provincial crown there must be notice to the attorney general of the province concerned. Moreover, as I said earlier in English, these statutes provide for a negotiation process and an appeal to the courts. Here it is recognized as an absolute principle in the statutory provisions that the right to compensation exists from the moment the notice stating the intention of the government to expropriate is filed. This applies in the present case, which was stated, as I said earlier, by the legal counsel of the government and the Indians concerned, and the right to compensation in this case comes into existence upon the extinguishment of the rights mentioned in the first part of paragraph 3 of clause 3 of the bill.

Not only does the bill before us say nothing about this right to compensation for the expropriated party, but paragraph 3 of clause 3 is quite clear in stating that the bill does not prejudice the rights of the Indians concerned as Canadian citizens to continue to be entitled to all the rights and benefits of all other citizens and to those resulting from other legislation applicable to them from time to time.

We must therefore conclude from all this that the signatories and the non-signatories to the James Bay Agreement are not totally deprived of all their rights, as have suggested certain people who have opposed this legislation. I have listened with a great deal of attention to the speeches made during this debate and especially to the discussions which took place last evening. I think it is my duty to correct some errors made during those exchanges, which errors were surely made in good faith and through oversight in the heat of the debate.

Some reference was made, for example, to the evidence given before the committee about the refusal of a group of non-signatories to participate in the negotiations which led to

the agreement. On page 1047 of the *Debates of the Senate* for yesterday, Senator Goldenberg stated the following in reply to a question of Senator Forsey, and I quote his reply in the original language:

[*English*]

> That is as to the opportunity afforded to the non-signatories to participate. The evidence before the committee was that they were visited by leaders of the Inuit and were asked to participate in the negotiations, but that they refused to do so.

Later on, after some questions by Senator Flynn, the following question was asked by Senator McElman during the debate in the Senate on July 4:

> May I ask the honourable senator whether they were visited by representatives of the Government of Canada?

[*Translation*]

Senator Goldenberg's answer was negative but in agreement with the evidence given before the committee.

However, I had the opportunity during the day to obtain additional information on this matter from officials of the Department of Indian Affairs and Northern Development and also from Mr. Jean F. Fournier, executive director, Division of the Office of Natives Claims. Mr. Fournier informed me that not only the representatives of the Department of Indian Affairs but the minister himself, the Honourable Warren Allmand, had been in touch with, among others, the Montagnais of Schefferville to advise them to join the group and negotiate their rights.

While the Montagnais of Shefferville refused to take part in those negotiations, the neighbouring Indians on the other side of the street in the same reservation accepted to get involved in the protection of their rights and to negotiate with Quebec and the Canadian government.

Besides that, I have information that these Indians who were not signatories to this agreement were offered the same technical and financial assistance offered to other interested parties in the Territory.

However, I wish to say now to my honourable colleagues that I do not share the opinion of those who allege that the fact that a group of Indians did not avail themselves of their right when they had an opportunity during the negotiations prejudices in any way their rights. Still there can be prejudice, not having taken into account nor taken advantage of the particular circumstances in which the government of Quebec found itself during that period special circumstances which prompted the Government of Quebec and particularly Hydro-Quebec to try and reach an agreement for the settlement of a conflict which paralyzed an important project, which has even been called the project of the century and which required enormous investments and whose financing outside the country could have become difficult if those negotiations had not been concluded.

Therefore, if these Indians did not take advantage of those circumstances, it may be that it will cause them a certain prejudice because they are on the other side of the fence and no longer have the bargaining power to convince the opposite party to give way to their claims. But that is the only consequence I can see resulting from the absence of these people concerned in the agreement concluded at that time.

Also, while I am on the subject, I would like to elaborate on certain details which were given hastily and in good faith yesterday evening by certain senators without having at hand the necessary details as to the number of the non-signatory Indians who could have rights in the territory concerned. Here is my information.

Senator Flynn: Where does your information come from?

Senator Langlois: From the Department of Indian Affairs.

Senator Flynn: Could you not base your remarks on the work of the committee?

Senator Langlois: No, and that is my privilege, but if you do not wish to be informed, that is also your right; stay ignorant if you do not wish to be informed. It does not bother me.

Senator Flynn: I prefer my ignorance to yours.

• (2210)

[*English*]

Senator Perrault: For heaven's sake!

Senator Flynn: He is quoting figures.

Senator Perrault: You are rising on no point at all.

Senator Flynn: What the senator says should be based on the committee's evidence.

Senator Langlois: Not necessarily.

Senator Flynn: I want to correct you because I heard the evidence.

Senator Langlois: When you give information in this chamber you base it on information received and you give your source. One has to divulge the source of one's information and I have done so.

Senator Flynn: Divulge it.

Senator Langlois: I am divulging it.

Senator Flynn: I'm listening.

Senator Langlois: According to that information, there are 427 Montagnais at Schefferville who live on a reserve part of the year. They came originally from Sept-Îles, and their additional rights would apply to the southern part of the territory. The minister met that group, according to the same source of information, in March 1977. They oppose Bill C-9 today, yet they seem to have made no effort to substantiate their rights.

There is also a group of 362 Algonquins known as the "Abitibi Dominion" Amos, who gave up their rights, everywhere in Canada, by becoming party to the 1908 Treaty—more specifically Treaty No. 9.

In addition we have the Indians who live in the vicinity of Simon Lake; there are 444 of them. Those Algonquins met the officials of what is known as "The Indian Program" of the department to discuss what research and funding were

required to support their claims. I am advised that the department is willing to help them substantiate their claims.

Amongst those who did not sign the James Bay Agreement but are affected by it and live outside the territory—groups which can claim a legitimate interest or submit special claims, according to our information—we find the Obedjiwan and the Attikamek. Unless I am mistaken, those Indians live in the area of the Moisie River, east of Sept-Îles; there are 959 of them who are represented by the Council of the Montagnais Attikamek.

To this day they have made no claims, but have received some $50,000 in financial assistance.

The Labrador Inuit, or approximately 1,300 people, have also received research funds from the federal government to cover their claims. The only claim received to date is from Labrador. It is expected they will claim their rights on the land covered by the agreement.

Finally, there are in Labrador the Naskapi Montagnais, approximately 500 people. They have also received some research funds from the federal government. It is to be hoped they will submit their claims on the Labrador territory in the near future. If this information can be of any use to the honourable senators, I believe anyone interested can obtain it through the Department of Indian Affairs, Division of the Office of Native Claims, of which Mr. J. F. Fournier is the executive director.

Now, I believe it is easy to realize from what I have just said that it is most urgent for all these interested native groups to make a claim concerning this land, that is to say, to submit their claims as soon as possible. I do not think we are in a position—this is a suggestion I am making to my honourable colleagues—to prevent the agreement reached between the Inuit and the Crees from the James Bay area being approved before the above-mentioned deadline. Indeed, in so doing, we would not only prevent these Indians from enjoying the benefits arising from this agreement, but we might also foreclose any future claims from those who were not party to the negotiations. I can easily understand that should the James Bay project be stopped by other legal procedures which might not only delay the implementation of this important project but also contribute to an increase in its cost given the present inflation rate, as well as other more complex financing problems, any bargaining power for anybody, the signatory parties as well as others, could be almost entirely and irrevocably lost. In addition, this is what we must keep in mind, I think. We should not, as was suggested, deny the rights which these first citizens of this country, the native people, are claiming and to which they are entitled, but those are rights, as I said earlier, which are totally undefined. They cannot be compared with property rights or with rights of way on a property which may be established by titles, which may be registered in a registry district, but they are rights which are so vague—to use a word which is improper and inaccurate—and undefined that long periods of negotiation and advance research are required to establish them. They are rights which are not easy, and perhaps impossible, to establish legally. It might be said, for instance, that Quebec was afraid to bring the decision of the Court of Appeal before the Supreme Court, but who can say if the decision rendered by the court would have been one way or the other? Nobody could. But what I find important, even now, was that the Province of Quebec should take advantage of the "bargaining power" it had because it was trapped, up against the wall, and wanted to get rid of the obstacle to the project, I would not say at any cost, but at a high cost. They paid dearly enough to be able to continue the work, to get rid of the threat that was delaying the work and could even have put an end to the James Bay project, that important project, not only for the province of Quebec but for all eastern Canada and even perhaps central Canada.

Now, honourable senators, I am afraid I have exhausted your patience, so I shall quickly put an end to my remarks by saying simply that it is imperative that an impartial judgment be made, bearing in mind the circumstances, all of them, which in time and space surround this bill. It is of a very special nature. I would not want to see, as a result of a hurried decision, perhaps because all factors were not weighed, Canadian citizens who represent a vast majority, in fact almost all Indians who live in the territory, deprived of the rights they have acquired after many years of negotiations. Having said that, honourable senators, I apologize for having taken up so much of your time and recommend passage of this bill without amendments.

Senator Flynn: I move the adjournment of the debate. If you want to listen to me until one o'clock, that is your business, but, after so much silliness, it would take too long.

• (2220)

[*English*]

On motion of Senator Flynn, debate adjourned.

AUDITOR GENERAL BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Godfrey, for the second reading of the Bill C-20, intituled: "An Act respecting the office of the Auditor General of Canada and matters related or incidental thereto".—*(Honourable Senator Macdonald).*

Senator Macdonald: Honourable senators, I yield to Senator Walker.

Hon. David Walker: Honourable senators, Bill C-20 is really long overdue, dealing, as it does, with the office of the Auditor General of Canada, and matters incidental thereto.

We all remember the Auditor General of 20 years ago—Senator Macnaughton will certainly remember. He was a remarkably able man who always stood up for what he thought was right, regardless of pressure from any side, with the result that the Public Accounts Committee of the other place achieved things which were nothing short of miraculous, including the exposé of the Printing Bureau in Hull, the cost of which, through no fault of the Liberal government, had increased by 300 or 400 per cent, and which took eleven instead of two years to build.

We have also had a good Auditor General in the interim, Mr. Max Henderson. He was not only able but also very abrasive to his friends as well as to his foes. Furthermore, he was completely independent, and free of any indication of deference towards the government in power.

I am very glad to say that Mr. Henderson was succeeded by another man who, from all I hear, is a completely independent, fairminded and fearless man. I speak, of course, of Mr. J. J. Macdonell, F.C.A. Mr. Macdonell set his terms before taking the appointment. He is very conscientious, and will receive very wide powers under this bill which, I may say, did not come about by accident but did so, in fact, at the instigation of Mr. Macdonell himself. It will enable him to carry on untramelled audits of the different agencies of the federal public service.

This bill does not cover as many crown corporations as perhaps we would like, although it does cover some. Of course, I appreciate that all changes such as this cannot be made at once. There is some benefit in maintaining for these huge crown corporations independent firms of regular auditors, but I look forward to the time, which I think must inevitably come, when the work of the Auditor General will include not only audits of all departments of government but those of crown corporations as well. It is only a question of organization, and under a good minister matters could be so arranged that the Auditor General's department would cover all departments of government including the crown corporations.

• (2230)

Senator Barrow, in moving second reading, very ably set out the purposes of the bill, including the background which led to its preparation. The new Auditor General, Mr. Macdonell, is not to be confused with our distinguished Whip, Senator John M. Macdonald, although they have one thing in common in that they are both plain-spoken and outright and have a free-wheeling, frank form of expression. They are both the same in that respect.

Senator Macdonald: Hear, hear.

Senator Walker: The only difference is that Senator Macdonald is a lawyer and Mr. Macdonell an auditor.

The committee—which was a committee hand-picked, with the consent of Mr. Macdonell, from distinguished chartered accountants—reported in 1975. It met for a long time and finally recommended legislation which was prepared and sent to the House of Commons Standing Committee on Public Accounts for study. This resulted in the report's having the full support of the Auditor General, and it was put into legislative form and is now before us.

It involved two basic issues concerning the office of the Auditor General: first, the independence of the office, which is more important than anything else; second, the scope or extent of the audit to be performed. In this bill, which is very simple and very interesting to read, the Auditor General is identified as a separate employer. This status is most unusual in the public service and it authorizes him to do what he likes. He is responsible to no one, neither the Public Service Commission nor anyone else. He is a separate employer who employs his own staff on his own terms; and they become appropriate employees of his office. Thus it gives him complete freedom in retaining professional services. He can make reports to the House of Commons at any time, which is also provided for in the bill. Therefore, if something drastic happens we will not have to wait for the annual report in order to learn of it. Provided the matter is important enough, we will obtain a report from the Auditor General's office.

The important point of whether the Auditor General should be the auditor of all crown corporations has not yet been decided. However, this measure does make the Auditor General eligible at any time to be appointed the auditor or the joint auditor of a crown corporation. In other words, if a crown corporation needs some investigation, but not to be fully taken over, the Auditor General can be appointed a joint auditor until the investigation is completed.

The Auditor General, I should say, was consulted fully in the preparation of this legislation and is very satisfied, I understand, with it. Finally, I wish to point out—and I commend Senator Barrow for bringing this out—that there is nothing contained in this legislation which would allow the Auditor General to interfere with the policy-making powers of the cabinet, which is as it should be. When the times comes that public servants, no matter how exalted they may be, can set, or try to set, the policy of the government, that will be the time when we shall have something other than a democracy in our country. I can assure you that with this Auditor General as the watchdog over the spending practices of the government we have a very good protection against wrongdoing. The Auditor General reports to the House of Commons and to the Senate, which is as it should be.

I must say that I have no alternative but to support this bill, and I do so in the expectation that it will be referred to the Standing Senate Committee on National Finance for perusal and study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Barrow moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Lang, for the second reading of the Bill C-18, intituled: "An Act to amend the Bretton Woods Agreements Act"—(*Honourable Senator Smith (Colchester.)*)

Senator Smith (Colchester): Honourable senators, at this hour, despite the large number of items remaining on the Order Paper, I believe it might meet with the satisfaction of the majority of senators if I were to move the further adjournment of this debate.

Order stands.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, June 29, the debate on the motion of Senator Lang for second reading of Bill C-5, to amend the Currency and Exchange Act and to amend other acts in consequence thereof.

Hon. Allister Grosart: Honourable senators, perhaps I should ask the government leader and the deputy leader what their wish is? It is 10.30. I am prepared to proceed if that is the wish; otherwise I would also adjourn the debate. I am at their disposal.

Senator Perrault: Honourable senators, in view of the work schedule we have before us, I am certainly of the opinion that it would be the feeling of many honourable senators to have Senator Grosart contribute to the debate at this time. It is expected that two bills will arrive from the other place this week, and perhaps another two next week. We face very difficult time limits.

Senator Grosart: Honourable senators, the bill before us at this time for second reading was introduced by Senator Lang. It deals with amendments to the Currency and Exchange Act and, of course, is the corollary—not entirely but in many aspects—of Bill C-18, the debate on which was just adjourned by Senator Smith (Colchester).

In introducing the bill, Senator Lang said that he had approached his examination of the Currency and Exchange Act with "trepidation"—that was the word he used, referring, of course, to the very complex nature of the bill. I would be inclined to go a little farther than that and say that this is a bill which to some extent has been a bit of a nightmare to me over the years, because it was matters arising out of the use and interpretation of the Currency and Exchange Act that created a certain crisis in about the year 1962, when there was a devaluation of the dollar in the middle of an election in which at that time I was very much interested. It is interesting that some of the amendments proposed in this bill would attempt to, and perhaps would, remedy some of the causes of the crisis that arose at that time.

● (2240)

The purpose of the act, as Senator Lang said, in the first part, is to provide for the establishment of the legal coinage in Canada, and so on. But it is part two that deals with the Exchange Fund Account. This is a very important account in the affairs of Canada, which has had a rather chequered history and has caused some problems over the years. Some of the provisions of this bill are intended to meet those problems, and to prevent them from arising in the immediate future.

The bill deals, first, of course, with bringing Canadian law, as it stands, into conformity with the recently concluded amendment to the so-called Bretton Woods Agreement relating to the International Monetary Fund. Senator Lang suggested that the details were such that they should perhaps be examined in committee by experts. Having reviewed the progress of the bill through the other place in committee and up to this stage, I am not entirely sure that any useful purpose would be served by referring this bill to a committee. I am not sure to what committee it would go. It deals, in one case, with our international obligations under the Bretton Woods Agreement and, in other and very substantial clauses, it deals with certain changes that seem to be necessary in domestic law.

As I said, the bill deals, first of all, with these obligations that we have undertaken under the amended International Monetary Fund Agreement. It then has some technical amendments. The parliamentary secretary, as he is called now, in introducing the bill, said that the government had taken the opportunity in the amendment to the Currency and Exchange Act to introduce the so-called technical amendments. The impression was given that these were not terribly important; they were merely technicalities. But I hope I will be able to indicate that at least two of them really refer to very important policy decisions that have been taken by the government.

Finally, of course, in any discussion of such a bill, there must be some reference to the whole matter of the stabilization of Canadian currency, the external value of the Canadian dollar and its utilization in international trade.

In the international obligations we have assumed, and the necessity to implement them in a bill such as this, there seems to be no very great difference of opinion. The technical amendments—and there are seven of them, according to my count, although they are not numbered as such—are generally not controversial, with the exception of two. I will refer to them in a moment. Senator Lang gave us a quick rundown, but perhaps I should say a little more about them.

The purpose of the first of the so-called technical amendments is to give legal sanction to the Special Drawing Rights (SDRs) that were explained by the sponsors of both bills, which are, of course, units of international currency exchange,

and other composite units of exchange—to give these legal status for use in domestic Canadian contracts.

The second just carries this on a little farther, to say that the values expressed by these SDRs by gold and certain foreign currencies—and I will speak of those in a moment—are to be calculated in terms of Canadian dollars. The purpose of this is to remove what appears to be a legal ambiguity that might arise because of the changing role of gold and SDRs which is part of the IMF Agreement. Certain ambiguities might arise because of this changing role of gold and SDRs as international units of account. Other changes are to permit the Governor in Council to determine the current exchange rate values in Canadian dollars, so that the values of the assets held in the Exchange Fund Account can be readily ascertained in Canadian dollars. There is then a three-year averaging provision, which is somewhat controversial, and I will speak of that in a moment.

The fifth amendment is to permit the Exchange Fund Account to hold as assets certain securities of foreign governments with maturity of less than two years. The sixth empowers the Fund to lend its gold holdings.

The last of these amendments is at the request of the Auditor General's office and the Auditor General himself, which would change the present status of the Auditor General's audit report on the Fund from a direct report to Parliament to a report to the Minister of Finance. This has raised some discussion, and it was the subject of some amendments in the other place, which were not carried but were given very sympathetic consideration by the minister, who said that he did not care if it was the wish that the Auditor General report directly to Parliament on the Exchange Fund Account, that he would not object. However, the amendment was not carried.

I refer now to the items of the so-called technical amendments which impinge certainly on overall fiscal and monetary policy. I mentioned the three-year averaging. I do not think it is necessary for me to explain what the Fund is, but this is a fund utilized, under close surveillance by the Bank of Canada, to trade in international currencies.

● (2250)

The main purpose of the Fund is to protect the external value of the Canadian dollar. As was explained by the sponsor, the original Bretton Woods Agreements sought to establish international stability of currencies. Canada broke free of the Bretton Woods Agreements, and for very good reason. We were actually out of step with the undertakings when it seemed to become necessary, from the Canadian point of view, to float the Canadian dollar.

Over the years, there have been deficits in this account. Obviously, in international trading, sometimes you win; sometimes you lose. A rather extraordinary situation developed in that there was no way in which the Auditor General, or the Fund, could report its losses to the public accounts, or the Consolidated Revenue Fund, or the financial statement of Canada, whatever name you want to put on that document. It is, of course, the financial statement of Canada for the fiscal year.

The reason was that, given the IMF undertaking and the long history of stability in currency comparisons, it had never been contemplated that there would be a loss. When the Canadian dollar started to float, losses ensued. From 1970, those losses have been carried as a kind of footnote to the public accounts. This bill provides that those losses will be accounted for, and will be shown, in the public accounts of Canada. The Exchange Fund, again is, in effect, a part of the assets of Canada. It shows in the public accounts as such. However, up until now it has been impossible to show any losses. It made no sense to merely show a net profit in any given year. The result is a carry-over of the deficits in the account from 1970 to the present time. Those losses, presumably, will be written off in due course.

Up until the present time, the Auditor General has reported to Parliament on the operation of the Fund and, as I said, his audited report shows up in the public accounts. Up until now, it has been done on an annual basis. It has now been decided by the government that it would be better to make a report on the state of the Fund only every three years. A reason for that, notwithstanding that there are obvious reservations, is that the Fund will have variations in interest earnings, net profit on various exchange trading, net valuation adjustments, and so forth. Whether it is advisable to show the net position only once in three years or not is subject to some concern. The principle seems to have been generally accepted. The rationale, of course, is that, were it done on an annual basis, the report would merely set out the offsetting credits and debits which, in themselves, might not be entirely realistic.

To give you one example, in November of last year we experienced a tremendous outflow of capital from Canada in the amount of $800 million. In the following month, that $800 million came back. So, the argument is that to account for the Fund on an annual basis would not be realistic in terms of the whole set of transactions in which the Fund is involved, some of which, obviously would have longer term impacts.

Another one of these seven amendments which has caused some concern is the decision to require the Auditor General to report through a minister, or to a minister. No one seems to be quite sure as to what the difference is. Some of us have tried to find out in committee. I have asked that question myself several times in committee, but no one seems to be able to give me an answer.

At the present time, and until this bill becomes law, if it does become law, the situation is that there are two accounts, and only two accounts, on which the Auditor General reports directly to Parliament as opposed to reporting either through or to a minister. The first is the report of the Auditor General on the Consolidated Revenue Fund itself—the public accounts—and the other is his report on the Exchange Fund Account. No particular rationale has been given for this change. The Auditor General asked for it himself. His explanation is that the audits of crown corporations which are audited by the Auditor General—and that represents the

majority of them—are reported to the responsible minister, and are tabled in Parliament in due course by the minister with the annual statement of the corporation. The argument put forward was that this fund, given its importance, should not be compared to the crown corporation situation; rather, it should be taken as an entirely different type of fund, with the Auditor General reporting directly to Parliament. The account would then be the subject of a different type of examination by Parliament from the examination it would be given were it merely tabled as part of an annual report of a given minister.

A rather interesting situation developed in that respect in that the act required the audit reporting on this fund to be made to Parliament. Actually, the exact wording is "to the House of Commons." No one seems to know why that is so. Even the Deputy Auditor General, in giving his testimony before the committee, kept saying that it is a report to Parliament. He later corrected himself and said that it is a report to the House of Commons.

This is a matter, I suggest to the Leader of the Government, with which the Senate might concern itself. Fortunately, from that point of view, this reporting to the House of Commons will disappear should this bill become law. Although the specific problem will no longer be there, the thought behind it remains.

As we all know, every time we have royal assent, for some reason—and, again, no one has ever been able to explain the reason to me—certain bills which have been passed by Parliament, the House of Commons and the Senate, are tendered for royal assent by the Speaker of the House of Commons. They are not regarded as bills that require the consent of the House of Commons and the Senate. That is another matter which the Leader of the Government might wish to look into on some occasion.

Senator McIlraith: There is a reasonable explanation, but I do not think it would be wise for me to go into it at the moment. It is much too lengthy an explanation.

● (2300)

Senator Grosart: I know there is a reason for it, and I am aware of the reason. The very language used at the time indicates it, because it is when the Deputy of the Governor General in Her Majesty's name thanks her loyal subjects for their beneficence—I have forgotten the actual phraseology, but he thanks the loyal subjects outside of this chamber for their beneficence, but he does not thank the Senate for its beneficence on the very same bills.

Senator McIlraith: It is a correct usage.

Senator Grosart: Of course it is, but is it a sensible one? It is a matter that does arise in this connection, but I would say it was hardly sensible that the Auditor General would report on the Exchange Fund Account only to the House of Commons. That seems to have been an error and, whereas this other situation I am dealing with has some tradition behind it, I should still like to see the Senate thanked "for its beneficence" in passing these money bills.

Senator McIlraith: It can't be done.

Senator Grosart: It can be done, but I will not argue that point now. It is late at night.

The third aspect of the bill is the whole question of the external value of the Canadian dollar. We are in a period of very serious problems because of the deficit on our current account transactions internationally. All of the OECD countries last year had a deficit of about $20 billion. That is all the OECD countries. Of that, one-quarter was in Canada—$5 billion. This year that $5 billion has become $10 billion. There were other countries, of course, which had deficits. The United States deficit was $3.5 billion. That was the United States total deficit. Ours was $5 billion. The United Kingdom's was $2.5 billion. We think of the United Kingdom as having serious problems in relation to the International Monetary Fund in all of its external current account transactions, but their deficit was $2.5 billion compared to our $5 billion. Italy's was $2 billion. On the other hand, Japan and Germany had surpluses.

The minister was asked if he was not concerned about this. He said that it was a matter of concern, of course, but that there were explanations and he thought we could live with it. Well, I will not discuss that. I have my doubts as to whether we can live with a galloping deficit now of $10 billion when the total OECD deficit is $20 billion, but that is a matter really outside the scope of this bill.

Apart from these more or less so-called technical and somewhat policy amendments, the bill deals with this whole problem. It attempts—and one hopes it will be a successful attempt—to bring some kind of improvement into our international trade and, perhaps, to use another phrase, merchandise and currency account relations. They are not in good shape at the moment, but there are indications in this bill that there are ways by which improvement can be brought about.

It is rather interesting to note the minister's comments. He was asked why Germany is in such good shape when we are not. "Well," he said, "Germany has had inflation, too, but Germany has some millions of migrant workers who take the inflation back home." We don't have that situation. There are exceptions as between our situation and that of other countries.

So we can hope that this bill will give some kind of better control to our international currency transactions than we have had in the past. It may well raise a precautionary note about some of our lending. We have tended to be rather generous lenders from this account to others whose security may not be all that we would wish it to be. It certainly raises questions as to international policy and third nations, but there are other nations to whom we are lending money from this account—in effect, lending money—whose assurance of repayment, principal and interest, may not be all that one would expect in a normal transaction.

This raises the question as to whether the bill needs to go to committee. There are these technical matters. There are only two that have really raised any discussion, and I do not see any expectation that a discussion in any of our committees would

really change the situation or bring forward any information that has not already been given to Parliament. However, I leave that to the sponsor or to the Leader of the Government to decide. So far as I am concerned I would not regard it as necessary that this bill go to committee. There may be other views.

Motion agreed to and bill read second time.

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

Senator Lang: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting. In doing so, may I extend my thanks to my colleague across the way for his elaboration on the contents and implications of this bill in a way which, frankly, I did not gather from the briefing papers I received from the department. I think it is because of his intervention that we now have a far better knowledge of the subject than we would otherwise have had. Therefore, I wish to express my personal appreciation for the work and study he has done and for the experience he has brought to the matter.

Motion agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-3, to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act, which were presented on Tuesday, June 28.

Hon. John Morrow Godfrey moved that the amendments be now concurred in.

He said: Honourable senators, this bill was originally introduced into the Senate on February 22. It received second reading on February 24 and was considered by the Standing Senate Committee on Banking, Trade and Commerce on March 9, just two weeks after it had received first reading. The insurance industry was well aware of the contents of the bill and made several suggestions of a drafting nature which were accepted by the committee. Amendments were made to the bill at that time, and it received third reading on March 16. Apparently it took about two months before the investment community became aware of the implications of this bill, and it was not until that time that they had their lawyers examine in detail its contents. The result was that they came up with some suggestions to improve the drafting and to clarify certain parts of the bill which were accepted by Mr. Humphrys, the Superintendent of Insurance, and were proposed by the government in the committee of the House of Commons which sat on June 20. If the investment community had been aware of the contents of this bill earlier, before the Senate committee hearing, no doubt the proposals would have been made in time to be considered at those hearing.

• (2310)

There are 24 amendments in all, but since the bill deals separately with Canadian companies, British companies and foreign companies, 12 of the amendments are repetitions. Of the remaining 12, six deal with investment provisions. The first relates to bonds that are secured by a pledge of real estate, plant or equipment. Under the present act, plant and equipment can be accepted as a pledge only if it is owned by a corporation. Currently, some large projects are developed in the form of a limited partnership. Plant and equipment owned by the partnership, although it may be good security, would not qualify under the present wording because it is not owned by a corporation. One of the amendments, therefore, broadens this provision to accept plant and equipment pledged to a trustee as security where the plant and equipment is owned by a partnership as well as where it is owned by a corporation.

A second amendment deals with debentures. The bill, as passed by the Senate, provided that debentures issued by a corporation would qualify as investments for an insurance company, if the common or preferred stock of that corporation also qualified, provided that the indebtedness of the corporation evidenced by bonds, debentures or other evidences of indebtedness, other than mortgage debt, at the date of investment, did not exceed three times the average of this indebtedness, plus capital over the five years preceding the date of investment.

Objections were raised by the investment community and, in particular, legal counsel advising security issuers to the effect that this test, as written, would be difficult to interpret. It is noted that it is to be averaged over five years, but it did not say whether the average was to be taken daily, weekly, monthly or yearly. Furthermore, if the average started on the day of the investment it would mean that you would have to have an audit of the company on the dates the average was to be taken going back five years. Accordingly, it would have been practically impossible for any lawyer to give a legal opinion on a new issue as to whether it would qualify under this clause as an investment by an insurance company.

One of the amendments changes the wording slightly to base the test on a comparison of the total indebtedness of all kinds at the date of investment, with the average of the company's total indebtedness capital, and then they added the word "surplus" as well because some companies operate on retained earnings which represent a surplus, and this is now taken into account, as shown in the financial statement in each of its five financial years preceding the date of investment. So this clears up that ambiguity. You take the average of the investment shown at the end of each fiscal year, and, of course, there has already been an audit for those periods. A further change would make it clear that a company may apply this test on a consolidated basis if it owns subsidiaries. Also, if the company has been formed as a result of a merger or amalgamation, then the consolidated accounts of the merged corporation can be used in applying the test.

A further amendment, having to do with debentures, makes it clear that where it is necessary to determine the earnings of the corporation over a period preceding the date of investment

and where the corporation has been formed as a result of an amalgamation, the consolidated record of the amalgamated companies can be taken into account.

With respect to common stocks, the bill, as passed, provides that common stocks would qualify as investments if the issuing corporation had paid a dividend in four of the five years preceding the date of investment, or had had earnings up to a specific standard in four of those five years. It was not clear whether a company could apply the test on the basis of either earnings or dividends, year by year. Accordingly, an amendment was made to make it clear that the test could be applied on the basis of dividends in the five-year period of earnings in the five-year period, but not dividends in some years and earnings in others.

Two other amendments relate to investments that may be deposited in Canada with a trust company by British and foreign companies. One relates to debentures. It provides that in addition to debentures that otherwise qualify, debentures of a Canadian corporation may be deposited if they are guaranteed by a foreign corporation and if the foreign corporation has an earnings record that would qualify its shares as investments, provided that the total indebtedness of the corporation, at the date of investment, does not exceed three times the average of its indebtedness, capital and surplus, as shown in its financial statement in each of its five financial years preceding the date of investment. This is the same test as is required for a domestic corporation. A second amendment in this respect would give the Minister of Finance power to refuse to accept securities payable in foreign currencies as deposits or assets in trust to cover Canadian liabilities or, alternatively, would empower him to impose conditions in respect of the acceptance of any such securities.

Apart from the above changes relating to investments, there were a few other minor ones. One deals with the provision in the bill permitting the par value of shares to be reduced below one dollar. The bill, as passed, would permit this to be done by by-law, where the by-law established a new class of shares. The amendment permits shares to be split, even if a new class of shares is not established. Now under the previous act, you could have par value down to one dollar, but you could only vote the shares for every $5 of par value shares that you had. In other words, if you owned one dollar par value shares, each five shares would have one vote. When this amendment provided that the shares can be below one dollar, a consequential amendment has to be made which similarly limits the right of voting to shares which have a below par value—e.g., if they have a par value of 50 cents it will take 10 of those shares to have one vote. This is done to maintain a balance between the voting power of shareholders and the voting power of participating policyholders.

The bill as passed by the Senate limited the assets that a Canadian company can maintain outside Canada. The provision was that, except with special consent of the Minister of Finance, a company could maintain outside of Canada only sufficient assets to cover its policy reserves, plus a pro rata portion of surplus. An amendment changes the reference to policy reserves to a reference to total liabilities, since the company may have liabilities other than its reserves.

A further amendment would make it clear that the actuarial bases chosen for the valuation of accident and sickness policies must be satisfactory to the superintendent. This is consistent with the provision relating to the valuation of life insurance policies.

Two other minor amendments are for the purpose of correcting cross-references.

● (2320)

Might I say that if the explanation I have given is sufficiently clear and I can answer satisfactorily any questions which any senator might wish to ask, I would suggest that there is no particular reason for sending this bill back to committee.

Senator Grosart: I thank the honourable senator for his full explanation of this amendment. However, the question seems to arise as to whether these were amendments to the amendments that were passed by the Senate, or whether they were not new amendments that someone thought should be made to the act when it was being amended. This raises the question as to how good a job the Senate did on the original amending act. Could we have an indication of the general nature of these amendments? Were they to the amendments or to new amendments to the act?

Senator Godfrey: These were amendments to the amendments that the Senate passed. I do not think the Senate can be criticized. I think it is an illustration that in the parliamentary process technical bills of this kind need an input from not only the industry concerned directly, but other segments of the business community indirectly concerned and the public generally. The Superintendent of Insurance overlooked the fact that it was of equal importance to the investment industry, and for some reason or other that industry was not aware of it. Had they been aware of it, they would have come forward with amendments or suggestions which could have been considered by the Senate committee.

I believe it is an illustration of the efficiency of the bicameral system in that there was sufficient time between passage of the bill by the Senate and consideration in committee by the House of Commons—about three months—for other members of the general public to go through the bill with a fine-tooth comb and, in effect, improve the drafting of the bill. That is really what the amendment amounts to.

Senator Lang: May I ask the honourable senator, following upon Senator Grosart's question, whether he thinks our technique in the Senate of giving notice of bills like this is adequate? Have we failed somewhere to give adequate notice to an interested section of the community, which has resulted in this referral back?

Senator Godfrey: I would say that we did. It did not occur to me or to the committee that in addition to the insurance industry the investment industry was vitally affected by the bill. I suppose it was a slip-up that they were not notified. However, they should have their own methods of finding out. The investment industry must take part of the blame for this, because it took them literally two months before they suddenly woke up to the fact that the bill affected them. Two months is

too long a period. It was fortunate that there was a delay in the consideration of the bill by the House of Commons, and they were able to have a useful input. The bill had been improved by their suggestions, which were accepted by the Superintendent of Insurance and recommended to and proposed by the government.

Senator Grosart: Could Senator Godfrey give us an indication of the persons or entities that brought these suggestions to the House of Commons committee? Was it the investment industry or individual firms?

Senator Godfrey: I believe it was certain investment dealers. I do not know their names, but they suddenly woke up to the fact and asked their legal counsel to act for them and to look into the matter, which was done. They went through the bill with a fine-tooth comb and came up with their suggestions. It was probably the investment dealers, one or more of the larger houses.

Motion agreed to and amendments concurred in.

THE SENATE

APPOINTMENT OF SENATORS—DEBATE CONCLUDED

The Senate resumed from Monday, June 27, the debate on the inquiry of Senator Flynn, calling the attention of the Senate to the question of the appointment of senators.

Hon. George I. Smith: Honourable senators, I have some reticence about imposing on your good nature twice in one evening, particularly at this late hour after a dissertation of some length. I hasten to assure honourable senators that I shall be somewhat more brief on this occasion than I was when I spoke before, perhaps because of the advancing hour or perhaps because I do not have as much to say.

When I moved the adjournment of this debate, I did so after asking some questions of the government leader as to reasons why no Conservative senator had been appointed to replace Senator Blois who resigned some time ago. The Leader of the Government was, I believe it fair to say, a little reluctant to answer my question fully, but he did suggest that if I agreed to see him in private or wished to carry on some correspondence with him, he might be prepared and able to give some information, which I rather understood that he would prefer not to give in a public manner. I said I would be glad to consider his suggestion and to discuss it with my leader and colleagues to see what I should do.

That I have done. I have given considerable thought to the matter and have come to the conclusion that it would not be prudent of me to accept information on a confidential basis or on a basis, if not altogether confidential, which might inhibit me from making use of it. I would rather remain in a position where, if information becomes common knowledge, I could be sure that I was not the person who made it so. Consequently, although I thank the Leader of the Government for his very kind suggestion, he might agree that it would be prudent of me not to take advantage of his kindness.

There are one or two comments that I should like to make on the subject generally. It is clear from the remarks of the Leader of the Government, and indeed of others, that there are conditions attached to this question of appointing Conservative senators to replace those Conservative senators who for reasons of death, illness or age have ceased to be members of this chamber.

I recognize, of course, whose prerogative it is to make such appointments or, at any rate, to recommend them. I recognize that that is a prerogative which naturally is very jealously guarded. I think, however, it is a matter of public concern and public interest, and therefore a matter for public comment. I am not going to make very much comment, except to say that if, as seems to be recognized by the general tone of the discussion, it is right that the numbers of the opposition in this chamber should be maintained—some would say even increased—surely it is right to do it without the imposition of conditions. It is either right or it is wrong. If it is right, then it should be done. If it is wrong, then let us accept it as such and see what comes of that.

● (2330)

One apparent condition, from comments that have been made, is that a Conservative senator ought to resign before death takes him or before he reaches the magic age of 75. It seems to me that to make a stipulation of this kind is to deprive a Conservative senator of the right, which is his by virtue of his appointment, just the same as it is the right of every other senator, to serve out his term. It is a right that no Liberal senator is asked to give up in order that he may be replaced by a new Liberal senator.

Anyway, although I appreciate the suggestion that it would be a good thing to go round and remind Conservative senators that it is more important for them to watch the effluxion of time or the fleeting of health than it is for Liberal senators, I just suggest to the Leader of the Government that he embark upon a program of going around to some of his colleagues who might be in a condition to be the subject of such representations and say, "Look here, old man, I don't think you are going to live very long. You had better resign," or, "Look, you are going to be 75 in a little while and you are not as good as you used to be. How about resigning so that we can get a younger man?" One has only to state such a proposition to realize at once that it is not an easy thing to do. I suggest it is really not a fair thing to expect anybody to do in order to bring about something that seems to be right to accomplish.

I therefore close these brief remarks with my thanks to the Leader of the Opposition—

Senator Grosart: The Leader of the Government.

Senator Smith (Colchester): I was only thinking optimistically, as I heard today there was going to be an election this fall.

Senator Perrault: Where did you hear that?

Senator Smith (Colchester): I am sure my colleague was not being pessimistic. He was only doing what comes from practising very careful accuracy.

As I was saying, I thank the Leader of the Government for his suggestion. I would like to take advantage of it, but on reflection I think I should not. I do say I feel that the imposition of conditions in order to achieve something that appears to be right and in the public interest is not a course of action that commends itself to me.

Senator Perrault: I wonder if the honourable senator would permit a question? Would the honourable senator explain why, from the time of the Prime Minister's offer to appoint Conservative senators under certain conditions, I have yet to receive any list of any proposed Conservative appointments? Indeed, I cannot recall any suggestion advanced, except in a most peripheral and oblique way. Even with respect to "Conservative vacancies" in the Senate, or vacancies alleged to the Conservative by the loyal opposition, no names have yet been made known to me for any one of them. I must admit bafflement and some consternation about this fact.

Senator Smith (Colchester): I take it the Leader of the Government is saying that is one of the conditions.

Senator Perrault: No, that is not a condition.

Senator Smith (Colchester): If it is a condition—

Senator Perrault: I did not say it was.

Senator Smith (Colchester): If it is, there are two comments—

Senator McIlraith: He did not say that.

Senator Smith (Colchester): Just a second. Perhaps my honourable friend will be patient with me. If he wishes to ask me a question too I will be glad to answer him. Although I do not mind taking on three or four at once, it might be more conducive to orderliness if we did it one at a time.

I would say, first, that if that is a condition, my comments of a few moments ago are applicable. I think it is a condition which ought not to be imposed. I do not want to be too harsh, and I have tried to be very careful in what I have said. I think it is really not something that should be imposed. There are plenty of Conservatives who are well known to the Leader of the Government here and in the other place, although I must say that the Prime Minister has exhibited too close a knowledge of the weaknesses of some of those Conservatives, which perhaps means that he knows more about Conservatives than he ought to. In any event, I do not think he suffers from any lack of knowledge of Conservatives of very substantial ability who would make good appointments to this house, or to any other public institution.

It is true, I know—and I do not want to have the Leader of the Government feel I am in any way evading answering his question directly—that the proposition was made to one very prominent Conservative, which was not accepted. I know that.

Senator Perrault: I was aware of that.

Senator Smith (Colchester): I am well aware of that. I think, however, before the offer was made it was well known to the Prime Minister, and to the Leader of the Government in the Senate, that that particular person had committed himself to serve out his term as a member of Parliament, and had done so in such a way that it really would not be honourable of him to go back on that commitment, no matter what he might have thought of the proposition made to him. I do not express any view on whether he thought it was good or bad; I merely say that he had made a commitment. He is a man of honour and he felt, I am sure, that he had to keep that commitment.

I have talked almost as much in answering the question as the Leader of the Government did in asking it. I think my real answer is that the imposition of the condition of putting up a list is not an appropriate one. Consultation with the Leader of the Opposition in the other place and in this place would be appropriate, and could very readily be carried out. I believe satisfactory suggestions might arise from such consultation. But it must be perfectly obvious, to bring the obvious to everyone's attention, that the submission of a list is not a very satisfactory way for the leader of the party, whether he is in office or not in office, to deal with matters of this kind.

● (2340)

If my very good and honourable friend who wanted to embark upon the question a few minutes ago still wishes to do so, I shall be glad to entertain his inquiry.

Senator McIlraith: Honourable senators, I was merely trying to be helpful to the honourable senator, and point out to him that he had misrepresented, inadvertently and innocently, what the Leader of the Government in the Senate had said when he used the word "condition." What he did, in fact, was make a helpful suggestion to the honourable senator, rather than outline a condition. There is a distinction. That is the point I was seeking to make, but I apparently did not make it clearly.

Senator Smith (Colchester): I suppose the record will show just what was said. I thank the honourable senator for his desire to be helpful. Certainly, if it turns out that his understanding of what was said is correct, then what he said will have been very helpful because it will have corrected an impression I had which, with all respect to the honourable senator, I have not yet found to be dissipated. I may find that it is dissipated, however, when I look at the matter in print.

Senator Grosart: I wonder if I could ask the Leader of the Government if he did speak of conditions in his statement in reply to Senator Flynn.

Senator Perrault: No, senator, that was certainly not the thrust of my comments.

To clarify the situation, I think I should say, first of all, that the Prime Minister suggested a number of conditions in the case of those senators presently occupying seats in this chamber who may wish to resign, and for the ultimate appointment of replacements. I would go beyond that. I think, for example, of the late and respected Senator O'Leary. There is a vacancy there. I have, however, yet to receive, even in an informal way, any proposals as to a replacement for Senator O'Leary. I could go through the list of Conservative senators, but I am not suggesting that this is a condition at all. It seems to me that the opposition party knows the talents which exist in its ranks

far better than the party in government. If there are outstanding people who should be considered for Senate appointment, I will welcome knowing their names. I want to be helpful, and that is the only spirit in which I advanced the proposal.

Senator Macdonald: May I ask the leader a question? He mentioned the possibility of names being submitted to him. Have names ever been submitted to him, or is it the understanding that the names should be submitted from the Leader of the Conservative Party to the Prime Minister's office, rather than through the leader as an intermediary?

Senator Perrault: I think there are two routes. First of all, because it is the Prime Minister's prerogative, the Leader of the Conservative Party should certainly communicate the names of those who he feels are appropriate for consideration for appointment to the Senate to the office of the Prime Minister. However, I suggest that there may be some value in having good communications on this subject with the Leader of the Government here, so that certain names may be made known and appropriate representations made from this chamber as well.

Senator Grosart: In this connection I wonder if I could make my own suggestion to the Leader of the Government. I suggest that he recognize the problems created by some of the suggestions that have been made, one of which is that nobody on this side knows at any given time whether it is the intention of the Prime Minister to recommend a summons from the Queen—which is what an appointment to the Senate is—for a particular vacancy. If the Prime Minister is disposed to make such a recommendation, the proper initiative might be for him to communicate with the Leader of the Opposition in the other place and say, "I am prepared to appoint a Conservative senator to fill a vacancy," and thus start the process of consultation.

With regard to our putting forward suggestions, I will say that I have been asked to do so. I have not put forward any suggestions, and do not intend to. I would regard it as presumptuous of me, as an individual senator, to go around suggesting names without consulting the Leader of the Conservative Party. Such a course of action might create difficulties for him, and I would not want to be in a position of forcing the Prime Minister to choose, in order to replace a Conservative senator, between a suggestion put forward by myself and a suggestion of the Leader of the Opposition in the other place. I merely suggest that if that initiative were taken by the Prime Minister, and perhaps it should be, it might solve this whole problem.

Senator Perrault: I think initiatives may be required on both sides. Certainly there is value in consultation concerning every aspect of this process. The Prime Minister, I am sure, feels a responsibility to consult with the opposition about any appointments of this kind. Perhaps a better system can be evolved, but in the meantime I hope initiatives will be taken on both sides in order to achieve the required result.

Senator Smith (Colchester): Since this has been rather an informal debate, I wonder if I might be permitted to say something more, which I think ought to be on the record.

There was some reference—and I am not prepared now to say precisely what the words were—to my questions in an earlier discussion as to a replacement for Senator Blois. There was some indication that what I thought was being called a condition was not met, namely, that notice of the intended resignation had not been given. I was closely connected with that matter, as was my colleague, the Whip, and the Leader and the Deputy Leader of the Opposition in the Senate. The intention was, I am quite sure, to submit that resignation either to the Whip or to the Leader of the Opposition in the Senate for the purpose of giving that notice. Somewhere, however—perhaps as a result of the somewhat sudden decision, or in the documentation which followed it—that went astray through no fault of any member of this house, or of any person in authority. I should think that in the circumstances, these very difficult consultations with the honourable senator having taken place, it is not really appropriate to say that because notice was not given the condition was not met. Every effort was made and intended to be carried out to see that that particular stipulation was met, and it was the fault of no one that it was not.

• (2350)

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1053*)

FOREIGN AFFAIRS

LOANS TO FOREIGN COUNTRIES—ANSWER TO QUESTION

All loans to foreign governments made by CIDA fall into the following two categories except those noted in the footnotes to the table:

—30-year loan at 3 per cent interest including 7 years of grace prior to the commencement of repayment. Repayment is made in 46 equal semi-annual installments.

—50-year loan at 0 per cent interest including 10 years of grace prior to the commencement of repayment. Repayment is made in 80 equal semi-annual installments.

There were two write-offs of debts due to the crown by Pakistan shortly after the Pakistan-Bangladesh war. These were loans made to Pakistan for projects in the Bangladesh region prior to the war.

The write-offs were in the amount of $1,136,825.00, authorized by Vote 25b, Appropriation A at #1,1976 and $5,104,-852.09, authorized by the Minister for External Affairs on May 23, 1972.

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Antigua						
Expansion Of Telephone System	April 24/74	$ 5,200,000.00	—	50	—	
Barbados						
Water Supply System	August 7/70	2,600,000.00	3%	30		
Dairy Livestock	Sept. 20/67	250,000.00	—	50	—	
Water Supply System II	August 29/75	3,100,000.00	3%	30	—	
Sugar Industry	January 29/73	1,650,000.00	—	50	—	
Dairy Development II	Sept. 7/73	560,000.00	—	50	—	
Seawell International Airport	Sept. 27/73	10,000,000.00	3%	30	—	
Belize						
Water & Sewage System	Sept. 6/74	7,904,000.00	—	50	—	
Grain Storage Marketing Facilities	Nov. 23/76	2,293,000.00	—	50	—	
Agriculture	March 14/75	1,000,000.00	—	50	—	
Industrial & Tourism	March 14/75	1,000,000.00	—	50	—	
Dominica						
Banana Industry Development	July 30/73	800,000.00	—	50	—	
Poultry Processing Plant	April 25/74	205,000.00	—	50	—	
Purchase Of Fertilizer	Nov. 11/76	500,000.00	—	50	—	
Improvement Of Port Facilities	Aug. 11/76	800,000.00	—	50	—	
Grenada						
Supply Of Fertilizer	May 28/75	850,000.00	—	50	—	
Guyana						
Pure Water System	March 19/71	2,315,000.00	—	50	—	
Electricity Corporation	Jan. 19/73	5,150,000.00	—	50	—	
Topographical Survey I	Nov. 3/66	2,235,100.00	—	50	30,313.75	March 1977
Installations of Navigational Aids	May 30/74	380,000.00	—	50	—	
Well Drilling Equipment	June 12/75	965,000.00	—	50	—	
Purchase of Twin Otter Aircraft	Aug. 29/74	1,100,000.00	—	50	—	
Twin Otter Aircraft	May 16/68	452,490.98	—	50	—	
Purchase of Aircraft	Dec. 22/69	2,397,616.96	—	50	—	
Aerial Survey II	May 22/68	1,370,000.00	—	50	—	
Aerial Mineral Survey	Oct. 8/70	615,772.96	—	50	—	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Jamaica						
Construction of 9 Bridges	Nov. 4/71	$ 599,000.00	3%	30	—	
Feasibility Studies	Aug.2/67	1,294,065.30	3%	30	168,791.10	Sept. 1974
Construction Material	Oct. 2/68	304,269.98	—	50	—	
Prefab Rural Schools	July 13/66	590,354.80	—	50	14,758.86	Sept. 1976
Prefab Rural Schools II	April 9/68	927,789.20	—	50	—	
Jamaican Development Bank III	Aug. 23/74	500,000.00	3%	30	—	
Olivier Bridge	Sept. 7/65	400,471.36	—	50	20,023.56	Sept. 1975
Jamaica Development Bank I	Nov. 11/70	1,290,331.00	3%	30	—	
Water Supply System	Oct. 7/70	500,000.00	3%	30	—	
Line of Credit	Nov. 12/76	10,000,000.00	—	50	—	
Construction of 9 Bridges	April 13/76	1,600,000.00	3%	30	—	
Jamaican Development Bank II	Aug. 23/74	2,000,000.00	3%	30	—	
Construction 42 Primary School Units	Feb. 18/74	2,000,000.00	3%	30	—	
Purchase of Paper	Nov. 28/73	300,000.00	3%	30	—	
Construction of 11 Bridges	June 8/73	1,020,000.00	3%	30	—	
Montego Bay Hospital II	Jan. 12/72	1,000,000.00	3%	30	—	
Hospital Supplies Montego Bay	Mar. 31/69	729,230.67	—	50	—	
Water Supply System	Aug. 2/67	1,200,000.00	3%	30	156,521.70	Sept. 1974
Water Resources Program	Aug. 15/69	1,500,000.00	3%	30	65,217.40	Sept. 1976
Road Engineering Studies	Oct. 20/71	3,000,000.00	3%	30	—	
Technical Teacher Education Facility	Aug. 10/73	480,000.00	3%	30	—	
Harbour View Sewage System	Sept. 7/65	819,395.26	—	50	40,969.76	Sept. 1975
Construction of 6 Bridges	Dec. 18/70	191,096.60	—	50	—	
V.H.F. Radio System	Nov. 1/66	768,584.81	—	50	9,607.31	March 1977
Rural Housing Supply	Feb. 7/67	173,702.77	3%	30	26,432.98	March 1974
Public Works Project	Nov. 1/66	666,508.20	—	50	8,331.35	March 1977
Montserrat						
Port Development	Aug. 13/76	550,000.00	—	50	—	

PROJECT DESCRIPTION		DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
	St Lucia						
Construction Water Development		July 25/74	$ 970,000.00	-	50	-	
Water Supply System		Jan. 13/72	308,737.55	-	50	-	
	St Vincent						
Marine Navigational Aids		June 10/75	350,000.00	-	50	-	
Water Development		Sept. 21/73	795,000.00	-	50	-	
	Trinidad						
Dairy Development	(Sept. 76)	Aug. 13/69	810,000.00	3%	30	35,217.40	Sept. 1976
Piarco International Airport		Feb. 28/75	10,000,000.00	3%	30	-	
Road & Bridge Maintenance Study		Nov. 25/74	400,000.00	3%	30	-	
Aerial Survey (Phase II)	(Mar. 76)	Dec. 20/68	750,000.00	3%	30	48,913.02	March 1976
Supply of Hospital	(Mar. 76)	Dec. 20/68	486,000.00	3%	30	31,695.66	March 1976
Prefab Factory Shells	(Mar. 76)	April 26/66	800,000.00	-	50	30,000.00	March 1976
Rural Electrification III		Feb. 5/73	2,313,000.00	3%	30	-	
Forest Inventory		Mar. 31/76	300,000.00	3%	30	-	
Dairy Development	(Mar. 77)	Mar. 31/68	398,183.95	-	50	5,000.00	March 1977
Air Survey	(Mar. 76)	May 13/66	750,000.00	-	50	28,125.00	March 1976
Rural Electrification I	(Sept. 75)	Dec. 15/65	648,873.44	-	50	32,500.00	Sept. 1975
Lumber	(Sept. 75)	Dec. 15/65	400,000.00	-	50	20,000.00	Sept. 1975
Transportation Survey	(Mar. 76)	Feb. 24/66	392,600.00	-	50	14,722.50	March 1976
Dairy Development	(Sept. 76)	April 26/66	500,000.00	-	50	12,500.00	Sept. 1976
Water Resources Survey	(Mar. 76)	May 13/66	340,000.00	-	50	12,750.00	March 1976
Cargo handling Equipment	(Sept. 76)	July 12/66	336,844.73	-	50	8,421.10	Sept. 1976
Feasibility Highway Study	(Mar. 76)	Dec. 20/68	754,133.36	3%	30	49,182.60	March 1976
Rural Electrification II	(Mar. 76)	Dec. 20/68	1,253,581.96	3%	30	82,565.22	March 1976
Fisheries Development	(Mar. 76)	Dec. 20/68	226,987.81	3%	30	16,304.34	March 1976
	Botswana						
Power Development Scheme		Nov. 16/70	30,000,000.00	-	50	-	
Road Construction		Jan. 20/75	5,000,000.00	-	50	-	
Aeromagnetic Survey		July 18/75	2,000,000.00	-	50	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID
E.A.C.					
Locomotives	Oct. 28/70	$ 14,000,000.00	-	50	-
Port Handling Equipment	Dec. 18/72	33,500,000.00	-	50	-
Ghana					
Akosombo Generator Station	July 24/69	6,113,000.00	-	50	-
Transmission Lines	July 24/69	1,750,000.00	-	50	-
Transformers & Equipment	July 17/71	1,317,000.00	-	50	-
Technical Training Centre	May 31/72	3,000,000.00	-	50	-
Water Supplies	July 23/73	3,000,000.00	-	50	-
Road Maintenance Equipment	Jan. 24/75	6,000,000.00	-	50	-
Lines of Credit	Jan. 24/75	5,000,000.00	-	50	-
Topographical Mapping	May 31/73	1,000,000.00	-	50	-
Water Supply System	Dec. 6/74	7,009,000.00	-	50	-
Purchase of Feed Grain	Nov. 30/76	5,000,000.00	-	50	-
Lines of Credit	June 22/71	998,129.00	-	50	-
Topographical Mapping	Sept. 24/71	1,200,000.00	-	50	-
Kenya					
Road Maintenance Equipment	July 18/72	3,750,000.00	-	50	-
Construction Technical Teachers College	Dec. 20/73	5,350,000.00	-	50	-
Road Maintenance Equipment II	Dec. 10/74	11,400,000.00	-	50	-
Range Water Development Prog.	Nov. 29/74	2,600,000.00	-	50	-
Rangelawd Ecological Monitoring Unit	Nov. 12/74	1,097,500.00	-	50	-
Aerial Mapping Survey	Oct. 22/69	409,873.00	-	50	-
Malawi					
Purchase of Locomotives	July 22/71	1,600,000.00	-	50	-
Railway Development Project	Feb. 12/74	26,500,000.00	-	50	-
Malta					
Lines of Credit	April 24/74	1,000,000.00	-	50	-

80014—31½

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Nigeria						
Telecommunications III	Oct. 15/68	$ 8,000,000.00	3%	30	173,900.00	Sept. 1975
Locomotives	Mar. 11/71	20,000,000.00	-	50	-	
Rehabilitation & Development	Dec. 8/72	3,000,000.00	-	50	-	
Kainji Dam Generating Station	May 4/72	1,000,000.00	-	50	-	
Telecommunieations II	April 4/67	1,600,000.00	3%	30	82,981.00	March 1974
Lines of Credit	May 4/72	5,000,000.00	-	50	-	
Telecommunications	Oct. 11/72	1,750,000.00	-	50	-	
Lines of Credit	Jan. 28/74	12,000,000.00	-	50	-	
Telecommunications System	Nov. 5/65	3,423,789.41	6%	35	1,225,000.00 (1)	Sept. 1970
Swaziland						
Purchase of Livestock & Equipment	Nov. 30/76	1,200,000.00	-	50	-	
Tanzania						
Power Transmission Lines	May 27/72	7,550,000.00	-	50	-	
Water System	Jan. 31/73	33,700,000.00	-	50	-	
Semi Automatic Bakery	Aug. 6/71	1,350,000.00	-	50	-	
Electrical Equipment	Nov. 26/70	2,000,000.00	-	50	-	
Lines of Credit	May 27/72	2,000,000.00	-	50	-	
Topographical Mapping	Mar. 2/73	14,050,000.00	-	50	-	
Ruaha Hydro Electric	Jan. 31/73	15,000,000.00	-	50	-	
Investment Bank	Mar. 4/75	2,000,000.00	-	50	-	
Master Plan Dares Salaam	Dec. 23/66	430,000.00	-	50	5,625.00	
Forest Inventory	Nov. 26/70	1,041,133.41	-	50	-	March 1977
Study of Makuyuni Road	Mar. 16/71	286,482.00	-	50	-	
Investment Bank	Aug. 3/72	2,000,000.00	-	50	-	
Mapping Survey & Material	April 19/69	1,065,213.62	-	50	-	
Transmission Lines	Jan. 26/67	1,999,430.80	-	50	25,000.00	March 1977
Uganda						
Tourism & Appliance Industries	Jan. 27/72	1,350,000.00	-	50	-	
Cattle & Equipment	Nov. 17/69	1,100,000.00	-	50	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Zambia						
200 Railway cars	Dec. 11/73	$ 4,700,000.00	-	50	-	
40 Railway Tank Cars	July 5/73	1,300,000.00	-	50	-	
Lines of Credit	Nov. 5/75	10,000,000.00	-	50	-	
Railway Board	Nov. 11/70	4,000,000.00	-	50	-	
Afghanistan						
Twin Otter Aircraft	May 23/71	1,272,153.00	-	50	-	
Bangladesh						
Earth Satellite Station	Aug. 30/73	8,000,000.00	-	50	-	
Purchase of Wheat	May 29/73	10,000,000.00	-	50	-	
Burma						
Purchase of Twin Otter Aircraft	Sept. 4/76	8,400,000.00	-	50	-	
Sri Lanka						
Mechaniled logging	Jan. 26/71	3,449,000.00	-	50	-	
Locomotives	Oct. 16/73	6,076,414.00	-	50	-	
Commodities	Aug. 1/74	2,200,000.00	-	50	-	
Commodities	Mar. 12/75	2,100,000.00	-	50	-	
Purchase of Commodities	Nov. 11/75	12,000,000.00	-	50	-	
Agriculture Sector Line of Credit	Oct. 21/76	10,000,000.00	-	50	-	
(Asbestos) Commodities	Feb. 18/69	1,000,000.00	-	50	-	
Commodities & Equipment	Aug. 13/71	2,500,000.00	-	50	-	
Commodities	Jan. 11/66	994,814.55	-	50	37,305.54	March 1976
Industrial Commodities & Machineri	Aug. 15/70	2,300,000.00	-	50	-	
Asbestos (Commodities)	Sept. 8/67	499,797.93	-	50	-	
Hydro-Electric Development	May 20/68	553,064.50	-	50	-	
(Newsprint) Commodities	Feb. 18/69	1,000,000.00	-	50	-	
Commodities	Aug. 31/72	1,000,000.00	-	50	-	
Commodities & Equipment	Oct. 16/73	1,615,000.00	-	50	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Newsprint (Commodities)	May 15/68	$ 1,250,000.00	-	50	-	
Commodities	Sept. 21/69	2,000,000.00	-	50	-	
Katunayake Airport	Mar. 22/66	1,500,000.00	-	50	56,250.00	March 1976
India						
Commodities & Fertilizer	July 18/73	50,000,000.00	-	50	-	
Turbine Generator Equipment	Aug. 9/73	3,972,000.00	-	50	-	
Potash Fertilizer	Nov. 27/73	10,000,000.00	-	50	-	
Potash Fertilizer	Dec. 6/74	10,000,000.00	-	50	-	
Purchase of Fertilizer	Oct. 24/75	10,000,000.00	-	50	-	
Potash Fertilizer	Oct. 27/76	10,000,000.00	-	50	-	
Synthetic Rubber	Mar. 16/73	7,500,000.00	-	50	-	
Earth Satellite Stat	Dec. 30/72	1,742,000.00	-	50	-	
Commodities & Fertilizers	June 10/72	50,000,000.00	-	50	-	
Port of Kandla & Halda	Aug. 12/71	3,600,000.00	-	50	-	
Development Line of Credit	July 16/71	20,000,000.00	-	50	-	
Industrial Credit	July 16/71	16,500,000.00	-	50	-	
Equipment & Material	Feb. 8/68	19,481,128.47	-	50	264,250.00	
Commodities & Fertilizers	April 7/71	40,000,000.00	-	50	-	March 1977
Oil & Natural Gaz	April 7/71	15,000,000.00	-	50	-	
Diesel Locomotives	Sept. 2/70	5,914,720.50	-	50	-	
Commodities & Fertilizers	Aug. 25/70	13,000,000.00	-	50	-	
Commodities & Fertilizers	Aug. 22/70	17,000,000.00	-	50	-	
Telecommunications Equipment	Sept. 30/69	40,000,000.00	-	50	-	
Fertilizer Material	Aug. 6/69	8,000,000.00	-	50	-	
Commodities	Aug. 6/69	22,300,000.00	-	50	-	
Fertilizer Material	Dec. 20/68	15,000,000.00	-	50	-	
Commodities	Dec. 20/68	15,000,000.00	-	50	-	
Industrial Commodities	Oct. 27/67	10,000,000.00	-	50	-	
Electric Power Project	Oct. 27/67	11,000,000.00	-	50	-	
Geological Survey	July 28/67	2,000,000.00	-	50	25,000.00	March 1977
Chemical Fertilizer Material	July 28/67	10,000,000.00	-	50	-	
Specific Commodities	Feb. 21/67	11,726,229.30	-	50	148,125.00	March 1977
Mainland Locomotives	Dec. 28/66	6,998,127.38	-	50	87,500.00	March 1977
Diesel Locomotives	April 20/66	2,201,142.00	-	50	82,542.00	March 1976

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Indonesia						
Two Twin Otter Aircraft	Mar. 10/72	$ 1,306,665.45	-	50	-	
Industrial Commodities	Sept. 6/71	4,000,000.00	-	50	-	
Lines of Credit	Oct. 30/72	6,000,000.00	-	50	-	
School Equipment	Aug. 11/75	2,000,000.00	-	50	-	
Sulawesi Bridges	April 19/73	7,200,000.00	-	50	-	
Textbook & Textbook Cover Paper	Aug. 15/73	13,000,000.00	-	50	-	
Civil Aviation Project	May 4/73	25,000,000.00	-	50	-	
Lines of Credit	May 4/73	22,191,471.21	-	50	-	
Lines of Credit	Jan. 28/76	25,000,000.00	-	50	-	
Gaz Turbine Generating Sets	Feb. 27/75	12,420,000.00	-	50	-	
Water Resources Project	Aug. 25/76	10,000,000.00	-	50	-	
Korea						
Dairy Development	Sept. 15/67	999,241.71	3%	30	130,335.90	Sept. 1974
Laos						
Nam Noum II Hydroelectric	June 25/74	2,500,000.00	-	50	-	
Malaysia						
Power System Expension	Aug. 27/76	7,500,000.00	3%	30	-	
Temengor Hydroelectric Project	June 30/71	3,500,000.00	3%	30	-	
Sabah Forest Inventory	Feb. 11/75	557,050.15	3%	30	36,329.34	March 1976
Feasibility Studies Airport	May 21/70	396,276.00	-	50	-	
Pahang Tenggara Region	May 21/70	2,426,100.81	3%	30	62,500.00	March 1977
Nepal						
Twin Otter Aircraft	Nov. 16/70	2,500,000.00	-	50	-	
Pakistan						
Exploration Equipment	Nov. 30/74	8,200,000.00	-	50	-	
Commodities	Sept. 18/73	30,000,000.00	-	50	-	
Fuel Fabrication Olant	Dec. 10/73	1,700,000.00	-	50	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Line of Credit	Dec. 22/73	$10,000,000.00	-	50	-	
Well Drilling Rig	May 27/76	6,500,000.00	-	50	-	
Two Hydroelectric Generators	July 20/74	13,000,000.00	-	50	-	
Commodities	July 5/75	35,000,000.00	-	50	-	
Line of Credit	April 4/75	5,000,000.00	-	50	-	
Line of Credit	Nov. 12/75	10,000,000.00	-	50	-	
Earth Satellite Station	April 30/70	7,095,421.00	-	50	-	
High Voltage Transmission Lines	June 23/70	4,500,000.00	-	50	-	
Nuclear Power Project	Dec. 29/65	23,362,900.00	-	50	876,108.75	March 1976
Motor Vehicles & Data Equipment	July 3/70	71,604.82	-	50	-	
Commodities	Aug. 16/69	4,700,000.00	-	50	-	
Fertilizer	Nov. 12/69	12,300,000.00	-	50	-	
Industrial Commodities	Sept. 2/70	5,500,000.00	-	50	-	
Industrial Commodities	Oct. 13/67	6,000,000.00	-	50	-	
Chemical Fertilizer	Oct. 13/67	5,000,000.00	-	50	-	
Telephone Cables Copper	Aug. 20/68	2,000,000.00	-	50	-	
Tarbela fund Agreement	Nov. 23/74	5,000,000.00	-	50	-	
Commodities	Feb. 20/69	9,500,000.00	-	50	-	
Commodities	Mar. 27/73	10,000,000.00	-	50	-	
Phosphate Fertilizer	Jan. 2/75	9,400,000.00	-	50	-	
Commodities & Fertilizers	April 24/70	10,500,000.00	-	50	-	
Locomotive Spare Parts	April 2/71	1,000,000.00	-	50	-	
Single Circuit Transmission Line	Dec. 10/73	41,000,000.00	-	50	-	
Phillipines						
Lines of Credit	Nov. 12/74	6,330,000.00	-	50	-	
Thailand						
School Equipment	May 9/67	1,000,000.00	-	50	-	
Turkey						
Telephone & Communications	Jan. 9/73	9,850,000.00	3%	30	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	
Algeria						
Equipment-Merchant Marines	Sept. 25/74	$ 1,000,000.00	-	50	-	
Silo's	May 16/73	40,000,000.00	-	50	-	
Preliminary Studies	April 3/69	700,000.00	-	50	-	②
Fish Refrigeration Facilities	Nov. 13/70	500,000.00	-	50	-	
Line of Credit	June 1/73	15,000,000.00	-	50	-	
Inped I	Sept. 4/76	2,550,000.00	-	50	-	
Inped II	Sept. 9/76	1,000,000.00	-	50	-	
Forest Protection & Conservation	Nov. 13/70	600,000.00	-	50	-	
Cameroun						
Trans-Cameroun Railway	Aug. 21/75	8,000,000.00	-	50	-	
Road Development	May 17/74	5,500,000.00	-	50	-	②
Expansion Port of Douala	Jan. 29/76	29,000,000.00	-	50	-	
Lines of Credit	Oct. 2/74	1,500,000.00	-	50	-	
Congo Brazzaville						
Civil Aviation	Dec. 29/73	4,080,000.00	-	50	-	
Congo Ocean Railway	Nov. 30/74	11,675,000.00	-	50	-	
Zaire						
Forest Development I	July 19/71	870,000.00	-	50	-	②
Forest Development II	June 11/74	3,800,000.00	-	50	-	②
Transportation Study	Sept. 9/72	4,993,000.00	-	50	-	②
Telecommunications	June 19/73	36,000,000.00	-	50	-	
Benin						
Polytechnique University	Sept. 6/72	11,500,000.00	-	50	-	
Hydor-Transmission Lines	Aug. 23/69	4,160,000.00	-	50	-	
Panafrican Telecommunications	May 14/75	5,040,000.00	-	50	-	

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID
Ivory Coast					
Geological Survey	May 10/72	$ 3,300,000.00	-	50	-
Educational Television	April 24/76	2,500,000.00	-	50	-
Line of Credit	Jan. 22/74	6,000,000.00	-	50	-
Transmission Lines	May 2/70	6,450,000.00	-	50	-
Mali					
Civil Aviation	June 8/73	1,680,000.00	-	50	-
Panafrikan Telecommunications	May 14/75	6,720,000.00	-	50	-
Mauritania					
Road Construction	Dec. 10/75	4,200,000.00	-	50	-
Morocco					
Land Development	Dec. 18/70	500,000.00	-	50	-
Teachers Training Schools	Sept. 8/75	1,745,000.00	-	50	-
Line of Credit	Sept. 13/73	5,000,000.00	-	50	-
National Cadastral Survey	Dec. 20/69	4,385,000.00	-	50	-
Niger					
Purchase of Small Boats	Mar. 8/72	1,850,000.00	-	50	-
Transmission Lines	Mar. 21/74	6,500,000.00	-	50	-
Panafrican Telecommunications	May 14/75	4,080,000.00	-	50	-
Construction of Highway	Dec. 18/70	32,500,000.00	-	50	-
Senegal					
Motorisation of Boats	July 12/72	2,710,000.00	-	50	-
Civil Aviation	June 15/73	1,680,000.00	-	50	-
Panafrican Telecommunications	May 14/75	3,840,000.00	-	50	-
L'Ecole Polytechnique de Thiès	Feb. 21/75	4,555,000.00	-	50	-
Refrigeration Plant for Fish	July 12/72	880,000.00	-	50	-

80014—32½

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID
Togo					
Hydo Electric Lines	Aug. 19/69	$ 4,216,200.00	-	50	-
Tunisia					
Commodities	May 13/72	3,000,000.00	-	50	-
Construction of a Dam	Mar. 7/75	55,000,000.00	-	50	-
Irrigation Equipment	June 8/74	1,600,000.00	-	50	-
Lines of Credit	June 8/73	15,000,000.00	-	50	-
Purchase of 22 Locomotives	May 13/72	9,300,000.00	-	50	-
Transmission Lines	June 8/73	23,925,000.00	-	50	-
Korba Transmission Lines	Aug. 23/69	1,175,000.00	-	50	-
Wireless Telephone System	May 13/72	2,300,000.00	-	50	-
Equipment Agriculture Exploration	June 8/74	2,640,000.00	-	50	-
Commodities	Dec. 10/70	2,900,000.00	-	50	-
Commodities	Aug. 24/68	2,600,000.00	-	50	-
Airport Equipment	Nov. 18/72	400,000.00	-	50	-
Medical Equipment	Nov. 18/72	1,975,000.00	-	50	-
Upper Volta					
Public Transportation	Sept. 9/75	900,000.00	-	50	-
Panafrican Telecommunications	May 14/75	2,750,000.00	-	50	-
Argentina					
Feasibility Study	Feb. 21/67	756,000.00	-	50	-
Bolivia					
Study of Roads (Rio Beni)	Nov. 17/71	1,717,000.00	-	50	-
Central American Bank					
Financing Sub Loans	April 26/67	2,812,000.00	-	50	-

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID	COMMENCEMENT DATE OF REPAYMENTS
Brazil						
Hydro Electric	Mar. 12/69	$ 9,320,000.00	3%	30	364,496.23	March 1976
Mineral Resources Survey	July 9/74	4,400,000.00	3%	30	-	
International Airport	Mar. 12/69	847,000.00	-	50	-	
Chile						
Technogical Field	June 28/67	4,320,000.00	-	50	-	
Telecommunications	May 23/68	4,320,000.00	3%	30	365,738.36	April 1975
Colombia						
Pre Investment Studies	April 21/68	1,080,000.00	-	50	-	
Fonade	Mar. 18/76	3,000,000.00	3%	30	-	
Line of Credit	July 10/75	5,000,000.00	-	50	-	
Intergrated Rural development	Dec. 17/76	13,500,000.00	3%	30	-	
Hydro Electric	Sept. 4/69	16,740,000.00	-	50	-	
Cuba						
Line of Credit	Mar. 18/75	10,000,000.00	3%	30	-	
Dominican Republic						
Electrification Program	Mar. 6/72	7,474,000.00	-	50	-	
Ecuador						
Guyas River Basin	Aug. 5/66	1,260,000.00	-	50	15,555.56	Sept. 1976
Feasibility Studies	Feb. 24/71	2,808,000.00	-	50	-	
Electrification Program	April 19/72	8,888,000.00	-	50	-	
Ec Salvador						
Acayulta Port Development	Mar. 16/76	3,240,000.00	-	50	637,377.00	March 1971
Expansion Port of Acayatla	Nov. 19/70	2,000,000.00	-	50	94,426.92	Sept. 1975

PROJECT DESCRIPTION	DATE SIGNED	AMOUNT OF LOAN	INTEREST	NUMBER OF YEARS	AMOUNT REPAID
Guatemala					
Construction of Coffee Plant	Mar. 16/76	$ 500,000.00	-	50	-
Mexico					
Engineering Studies	Mar. 31/66	112,239.00	-	50	-
Nicaragua					
Equipment for Reconstruction in Managua	July 30/73	1,900,000.00	-	50	-
Paraguay					
Highway Studies	Nov. 9/66	799,843.48	-	50	-
Peru					
Feasibility Studies	Feb. 8/68	151,008.74	-	50	-
Financing of Cofide	Sept. 25/75	3,000,000.00	3%	30	-
Line of Credit	Sept. 25/75	5,000,000.00	-	50	-
African Dev Bank					
Lines of Credit	July 3/73	5,000,000.00	-	50	-
Ardean Dev Corp					
Lines of Credit	Mar. 29/74	5,000,000.00	-	50	-

Notes:
1. 35 year loan at 6% interest including 5 years of grace prior to the commencement of repayments. Repayment is made in 60 equal semi-annual installments.
2. 50 year loan at 0% interest including 10 years of grace prior to the commencement of repayments. Repayment is made in 40 equal annual installments.

THE SENATE

Wednesday, July 6, 1977

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

Prayers.

FOREIGN AFFAIRS

HELSINKI DECLARATION—CANADIAN DELEGATION AT REVIEW CONFERENCE IN BELGRADE—QUESTION ANSWERED

Senator Langlois: Honourable senators, on June 28 Senator Yuzyk asked two questions of the leader.

The first question was:

> Honourable senators, I should like the Leader of the Government in the Senate to provide us with the names of the chairman and members of the Canadian delegation representing Canada at the Review Conference on the Helsinki Declaration in Belgrade.

The answer is that those representing Canada at the meeting which began in Belgrade on June 15 to prepare for the main substantive meeting which is to take place in the fall are as follows:

Head: W. T. Delworth, former Ambassador to Stage II of the CSCE negotiations at Geneva, Ambassador to Hungary.

Members: L. A. Delvoie, Canadian Embassy, Brussels; Commander J. Toogood, Department of National Defence, Ottawa; C. T. Court, Canadian Embassy, Belgrade.

The second question was:

> Can we expect parliamentarians from both chambers to be chosen to participate actively in the Canadian delegation?

The answer is:

A decision on the composition of the Canadian delegation to the main meeting will be taken closer to the event. The government has an open mind on this question. It will, however, want the composition of the delegation to be consistent with the pattern set by other friendly countries.

● (1410)

Senator Yuzyk: I am grateful for this information, and I am pleased that the answer has been put in such a fashion. We are aware, of course, that the United States is sending parliamentarians—that is, members of both houses—to this conference, as well as, Greece. Both those countries are friendly.

JAMES BAY AND NORTHERN QUEBEC NATIVE CLAIMS SETTLEMENT BILL

MOTION FOR THIRD READING—MOTION NEGATIVED

The Senate resumed from yesterday the debate on the motion in amendment of Senator Flynn to the motion of Senator Bourget for the third reading of Bill C-9, to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, it has been up till now—I suppose I am not closing the debate, but if that were the wish of the house I would have no objection—an interesting debate on the amendment I moved, but I would say also that I have the impression it has been a strange debate.

What prompted me to propose that amendment is the report of the committee reporting the bill without amendment and expressing the unanimous concern—unanimous, I insist—of its members with regard to third parties' rights, people who are not party to the agreement which this bill seeks to ratify and which affects those third parties. I repeat, members of the committee unanimously agreed that third parties were affected by this legislation without being party to the agreement, without having the possibility of deriving any benefit from it.

Why did the committee not move an amendment reflecting that concern? I feel two senators have explained why in different ways, Senator Laird and Senator Buckwold. Senator Laird feared that an amendment at this stage of the legislative process could prevent the legislation being passed during this session. A valid reason, but not very serious in my opinion. And then Senator Buckwold said he feared that acceptance of an amendment would lead the Quebec government to make a pretext of that amendment for not abiding by the terms of the agreement vis-à-vis the parties with whom they agreed. As I said, that is a little illogical since on the one hand the report called upon the good faith of the Government of Quebec, and on the other hand Senator Buckwold feared that the Quebec government would see that as a pretext for not accepting the obligations they had assumed under the agreement. But it was acknowledged in the report of the committee that third parties were affected, that there was at least a serious doubt that their rights could be jeopardized and that something should be done.

Therefore we had a debate in which we heard some interesting and some rather naive speeches. But all of a sudden, it was felt that things were changing. The government, I repeat, the government realized that the Senate was concerned, that the Senate might possibly accept and vote for the amendment. So the question of principle vanished. Tactics became the order of the day. What mattered was the faithfulness, loyalty

and the protection of the government. Then we noted the strategy in which, first of all, the government leader said: The government does not want any amendment and I call on your loyalty. A call to arms. That faithfully sums up what Senator Perrault said. His speech did not mean anything else: you must support the government, whether or not you believe the amendment to be relevant. The debate continued and as concern was still lingering, because it could not be allayed by such an unconvincing speech, then they called on other combatants who were eager to join in the argument. Senator Robichaud was the first one chosen because, in the public opinion, he is a defender of the minorities in general, and when Senator Robichaud rose, the government leader applauded in advance the speech he was going to make. So what he said did not surprise me. His speech was mostly beside the point. He defended the agreement itself. He said: "The agreement is right". We never thought of voting against the agreement. The amendment does not change at all the agreement as far as the Crees and the Inuit represented are concerned. The problem was not on the agreement itself. Finally, the defender of minorities said: "Well, the small minority which is not party must fend for itself." So that was the first shot to rescue the government which, of course, does not want the amendment to be passed.

Then a second shot, from Senator Croll. Why? Because Senator Croll is reputed to be the defender of the ordinary citizen. So, it is quite natural. They said that if Senator Croll is not concerned about that minority, it is a sign that it has no importance because he is reputed to be the defender of the weak. That is just about what the speech of Senator Croll amounts to, because he spoke in terms that ran somewhat contrary to the report of the committee, though he had approved it.

But that was yet not enough, because there was still some concern in the Senate. So out with another big shot, the biggest of them all, the Deputy Leader of the Government. Yesterday, he delivered a speech he had not written himself, but which he made his, and which was prepared by the Department of Justice.

Senator Langlois: That is totally untrue.

Senator Flynn: Written by the Department of Indian Affairs then. He told us himself that his source was the Department of Indian Affairs.

Senator Langlois: I said no such thing.

Senator Flynn: He recited it with disconcerting fervor, disconcerting, because last night his attitude was totally different from the stand he took in committee. His complete turnabout cannot be qualified in parliamentary terms.

Senator Langlois: You are asked not to preach.

Senator Flynn: Ah! preaching is what my learned friend tried to do to us, yesterday. That was quite interesting. He said, "You know, sir, you are quite right but, on the other hand, you are quite wrong.

We know all about Senator Langlois' sermons. He has to correct everybody and there is not a single word which remains untouched in the official report, if it does not suit him.

At any rate, that is the way I describe the debate until now. That may not be the end; we may see others because you never know if worry prevails. As far as I am concerned, there is no more worry. I know beforehand that the amendment will be defeated. I do not make a personal thing of it. It has been said, "It is Senator Flynn's amendment". That amendment results from the proceedings of the Senate committee to which the bill had been referred. It is not an amendment from Senator Flynn. It is not an amendment from the opposition. It is an amendment resulting from the feelings of the members of the committee. The problem in the Senate is not raised by Senator Flynn nor by the opposition but by a minority which expresses concern that their rights be extinguished with that legislation. That is the matter at issue in the Senate.

● (1420)

[*English*]

I have described the debate up until now as I see it. A great many things have been said that have no relevance whatsoever to the question that brings about the proposed amendment. For that reason I must again try to summarize the question before the Senate. The question is one of the acquisition by the Government of Quebec of an area comprising 400,000 square miles in the northern part of that province. The Government of Quebec is asking the Parliament of Canada—the Parliament of Canada, not the National Assembly of Quebec—to extinguish all claims, rights, title and interests, whatever they may be and wherever they may be, in and to the territory, and it is doing so on the basis that it has concluded an agreement with two groups, one being the Inuit and the other the Crees. The Government of Quebec is asking the Parliament of Canada, on the basis of its having reached a settlement with two groups, to extinguish all claims, rights, title and interests of all Indians and all Inuit, whether a party to the agreement or not.

I realize that the Government of Quebec needs this authority for the realization of the James Bay project. There is no doubt about that, and no one on this side of the chamber, or anywhere else in Parliament, has taken issue with the fact that the Government of Quebec needs to acquire the territory in question and that, to that end, all claims, rights, title and interests must be extinguished.

The only problem is whether by doing so—and this is precisely what happens under clause 3(3) of the bill—whether by doing so we would be extinguishing the claims, rights, title and interests of persons who are not a party to, or represented by a party to, the agreement. That is the question before the Senate.

I suggest that the committee came to the conclusion that there were third parties—parties who were not included in the agreement. These parties would not be able to participate in any of the advantages contained in the agreement, notwithstanding the fact that they had—and I think the evidence was clear on this point—claims, rights, title and interests in the territory in question.

Are we going to dispossess these people in this way? Are we going to take away their claims, rights, title and interests in this way? That was the concern of the committee. That is why the committee added a rider to its report.

It was strange to see the number of about-turns in connection with this report. The report, after all, was unanimous. To my mind, of those who spoke in opposition to the amendment, only Senators Laird and Buckwold did so in a logical way. There was some logic to their respective positions. Since I have already dealt with their arguments, I see no need to discuss them further.

One has to keep in mind that the parties to the agreement are a certain number of Indians and a certain number of Inuit. These people, by the agreement, have agreed to transfer all their claims, rights, title and interests in the territory in question to the Government of Quebec in consideration of the payment of a sum of money and other valid considerations, such as the right to occupy, hunt, fish, and so forth. But you will realize, honourable senators, that nobody who is party to a contract can give anything other than what he himself possesses. *Nemo dat qui non habet*. I am sure Senator Goldenberg, who is very well versed in Latin, knows what that means.

[*Translation*]

No one gives what he does not have, and even the most beautiful woman in the world, they say, cannot give more than what she has.

Senator Goldenberg: That is true.

Senator Riel: It is not a literal translation.

Senator Flynn: To a free-thinker, this translation is quite literal, Senator Riel.

[*English*]

Anyway, you cannot ask these parties to give what does not belong to them but that which belongs to third parties.

[*Translation*]

Senator Marchand, for instance, was concerned about the number of people who might not be covered by the agreement. Well, in committee, for example, Mr. Daniels stated that in his view there are as many Indians or Inuit who are not covered by the agreement than there are who are covered. I do not think it is necessary for me to quote his words, but I have his statement here, should anyone question my assertion.

Besides, last night, Senator Langlois provided us with a lot of information, as I said, which be obtained—and I have no objection—from the Department of Indian Affairs. This information shows that approximately 4,000 Indians or Inuit have interests, have maintained they have interests. Therefore, if we consider their numbers, they form quite an important group. As far as Senator Marchand is concerned, there is another matter I would like to raise briefly. Senator Marchand stated that if these 4,000 people did not want to join others, it was too bad for them, just like under labour law. Well, I want to point out to Senator Marchand that from what I know of labour law—

Senator Marchand: Madam Speaker, on a point of order, I did not say such a thing as Senator Flynn suggests.

Senator Flynn: Let us say that I was paraphrasing his remarks, but what I meant is that in any case, when a union is certified by a majority of workers, when they negotiate a collective agreement, even those who do not want to be members of that union benefit from the collective agreement. They may have to pay dues according to the Rand formula, but those conditions which are negotiated by the union apply to all, whether they are members of the union or not. Therefore, this is not quite—

Senator Marchand: This is a simplified explanation.

Senator Flynn: Maybe so, but it had to be given as a result of the remarks you made.

Senator Marchand: I am sorry, but this is not a good interpretation.

Senator Flynn: I believe it is undeniable, anyway, that one cannot argue that because two different groups have been parties to the negotiations, those who have not been—and, in most cases, they had good reasons to do it, as was proved in committee—are deprived of their rights because they did not take part in the negotiations. That is also what Senator Frith suggested but, frankly, I find it unacceptable. First of all, it was established that, in some cases, those people could not afford to make claims, that in some cases they got help later, not from the Quebec government, but from the Department of Indian Affairs. Now, that is a fact. Others said they would not give up their rights. Now, because I refuse to give up my rights, does that mean someone else can sell them for me? That is every bit as ridiculous as to claim that that important minority must be ignored.

And so, will the act affect the rights of third parties? I say, yes. I say in addition that the act is very clear.

● (1430)

[*English*]

Paragraph 3 of the bill clearly says this:

> All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit, wherever they may be, are hereby extinguished—

All Indians and all Inuit. That goes further than the agreement, because in the agreement you can look at the parties who are there and they do not include all of the Indians and all of the Inuit. There are Indians and Inuit, as I have just shown, who are not included in the agreement but who maintain that they have claims, interests and title.

Why, then, are we asked to do this? Simply because the Government of Quebec has said to the Government of Canada—the government, not Parliament— "You will have to ask Parliament . . ."—well, now it is "force Parliament" because of the way the debate is going—"You will have to force Parliament to pass legislation that will extinguish all of these rights, whether they are the rights of parties within or without the agreement." In other words, it was part of the undertaking of the Government of Canada to ask Parliament to pass legislation that would extinguish everyone's rights.

It is now clearly up to us, as part of Parliament, to decide whether we will agree to despoil these people simply because the government has agreed to ask us to do so.

It has been said, and this is a most interesting point, that the right of compensation is not extinguished. Senator Langlois said that last night. In doing so he relied on the opinion of Mr. Ollivier, the Assistant Deputy Minister of Justice, who was a party to the negotiations or who helped in the drafting of the agreement and who also, I should point out, appeared before our committee. I suggest to you that, in relying on Mr. Ollivier's opinion, Senator Langlois relied on the opinion of a person who has a vested interest in affirming that the right of compensation is not extinguished. Mr. Ollivier's argument is quite simple. He says the right of compensation cannot be extinguished because the right of compensation does not exist until after the other rights are extinguished. The one follows from the other. Well, I think Senator McElman provided the proper answer to that argument. Senator McElman made a most reasoned and balanced speech in this debate and I congratulate him.

Hon. Senators: Hear, hear.

Senator Flynn: He has provided the proper answer.

I merely want to add to what Senator McElman said by quoting article 407 of the Civil Code of the Province of Quebec, which Mr. Ollivier and possibly Senator Langlois have long forgotten. It reads as follows:

> No one can be compelled to give up his property, except for public utility and in consideration of a just indemnity previously paid.

I suggest that the right of compensation is attached to the right of property, and I do not think that any serious jurist would contest that. It is part of the right of property. I repeat:

> No one can be compelled to give up his property, except for public utility and in consideration of a just indemnity previously paid.

Senator Langlois then relied on Mr. O'Reilly, the attorney for the parties who are the signatories to the agreement. Of course, he also has a vested interest. He said, "Oh no, there is no problem." There is no problem! But just think of what Mr. Allmand himself, the Minister of Indian Affairs, said when I questioned him in committee. At page 1:25 of the committee proceedings of June 7, I asked:

> But taking for granted that the rights are established and proof is adduced respecting the existence of those rights, would it not have been better to oblige the Government of Quebec not only to negotiate but also to settle on the same basis as the settlement with the parties to the agreement?

Mr. Allmand replied:

> Yes, it would have. It might have been better to have some type of arbitration provision. However, that was not possible.

"However, that was not possible." Is that clear enough?

I might add the opinion of Senator Langlois himself who, on June 21, when speaking in committee about the Naskapi, a group which is presently negotiating with Quebec, said:

> The Naskapi are not fooled by that. They have asked Mr. Allmand not to proclaim the legislation until the negotiations have been concluded. They realize that once this bill is passed into law, they will lose their bargaining position. There would be no basis upon which the negotiations could proceed.
>
> It is one thing for Mr. Ollivier to compare the situation to the expropriation laws, but at least there is an appeal tribunal in the case of expropriation. Once one's rights are abolished by law, how can one appeal to any court? These individuals would simply be left to the mercy of the government of the Province of Quebec.

He went on to say of the Government of Quebec:

> What is the recourse if the government refuses to negotiate? I suggest there is no recourse.

Do honourable senators need additional evidence? They simply have to read the text. When we say "claims, rights, title and interests", that includes everything. As I put it to Mr. Ollivier, if he wanted to extinguish the right of compensation, would he use other words? He could not use other words. "Rights, claims . . .", without qualification, includes everything. It is quite obvious.

Therefore there is no doubt that by this section we are extinguishing the rights of parties outside the agreement, if they have any.

● (1440)

Now, there is another authority. The Government of Quebec has refused the amendment which was moved in committee, to the effect that, notwithstanding the extinguishment of these rights the third parties—the persons not represented, or parties to the agreement if they can establish valid rights—are entitled to compensation. If the right of compensation disappears, of course one would resist that; but if it does not disappear why should Mr. Bérubé say that this would be contrary to the agreement? That is the interpretation of the Government of Quebec, and that is the interpretation of the Minister of Natural Resources of Quebec, namely, that to say that the extinguishment does not include the extinguishment of the right of compensation would change the agreement.

What more do you need in order to be convinced that we are being asked to deprive these persons of their rights without compensation? If there is an answer to that question, I would like to hear it, but I do not think there is.

I moved an amendment, and some criticisms were levelled against it. In some cases I think this was only rationalization, a way of escaping from having to vote for the amendment. In other cases, the criticisms may have been more serious.

Senator Marchand said that the amendment goes too far because it includes everybody. It is quite clear, however, that it applies only to people who would have rights in the territory in

question, and who are not parties, or represented by a party, to the present agreement. I do not see how it could go less far than it does, and I do not see how it could be said that it goes too far.

Senator Neiman said that we did not adopt the same wording as was used in the committee. The reason why I added a reference to the same basis of settlement as is provided in the agreement was that objections were raised in the committee. "Compensation", it was suggested, could be understood as being only monetary compensation, and since there were other kinds of compensation provided in the agreement, we should not limit it to monetary compensation. I agree with that, but that does not change the substance of the amendment, and I have no objections to changing it, if it is voted.

Senator Ewasew put a valid question. He asked, "What about limitation of actions?" I have no objection to that. It seems to me that without providing for a limitation of actions, the law of Quebec would say that that is 30 years anyway, since it relates to property, although this may be too long a period. If honourable senators wanted a shorter period, I would have no objection. Indeed, if anybody wanted to move an amendment in order to arrive at a text that would be suitable to the majority here, I would have no objection. If anyone wanted to move that, instead of adopting this amendment now, the matter be referred back to committee for the purpose of drawing up an amendment along these lines, that would be acceptable. But I suggest to you, honourable senators, that as things are now we should not simply refuse to vote for the amendment because of a technicality, since there are ways of correcting such problems.

The decision that you will be called upon to make on this matter goes to the principle of whether we are or are not going to take away all the rights of this minority of possibly 4,000 or more which—and this was the unanimous conclusion of the committee—we would be doing.

I now wish to say just a word about the effect of the passing of this amendment, if it does pass or, after a new reference to the committee, if it passes in a form more acceptable to the majority of the Senate. Do you think for a moment that the House of Commons would not be able to accept this amendment? If the government makes it a question of confidence, asking Parliament to do this dishonest thing, and it wins, very well; but I suggest to you that if Parliament adopted the amendment Quebec would be in a position that would make it impossible for it to renege on its obligations. Quebec already occupies this territory, and already has in fact possession of all the titles and interests of the Indians, Métis and Inuit there. Quebec could not renege unless it were to act in bad faith. The committee, in its recommendations, expressed the desire that the Government of Quebec act in good faith. I think, therefore, that we have to take it for granted that the Government of Quebec, if Parliament passes this amendment, would act in good faith. I ask you, honourable senators, to do the same.

Senator van Roggen: Would Senator Flynn permit a question? Is it his position, the agreement having been signed subject to ratification by Parliament, that it would continue to be binding on the parties to it, even with this amendment, and that this amendment could be passed and the agreement still enforced by the parties thereto in a court? Is that a correct understanding of his position?

Senator Flynn: Let me clarify that, although I thought I had made the point clear. The agreement between the Indians and Inuit and the Government of Quebec and its agencies, as far as these two groups are concerned, refers to the title, claims and interests of the Indians and Inuit, and to the rights that Quebec will acquire, on these rights that they possess.

In the agreement the Quebec government has asked the federal government—not Parliament—to have legislation passed that would extinguish not only the rights of those who have ceded these rights, but of those who have not. As regards the parties that are immediately concerned in the agreement, my point is that the Government of Quebec could not tell the Crees and Inuit, "Because the federal Parliament has refused to extinguish the rights of your colleagues who are not parties to the agreement, we are not going to pay you for the rights you have ceded." I say that if the Government of Quebec were to renege on the obligations it had undertaken towards the signatories because of the third party, Parliament, refusing to be involved and refusing to be an accomplice in the undertaking to despoil these people, I think the Government of Quebec would be acting in bad faith.

Honourable senators, I say to you again that if the government asked you to do something illegal, or something dishonest, or something unjust, simply because it had promised somebody else to do it, you should never consider yourself bound by such an undertaking. It would be up to the Government of Canada in the case at hand to make good in some other way its undertaking to the Government of Quebec.

● (1450)

Senator Ewasew: Honourable senators, I should like to ask a question of Senator Flynn, in view of the fact that the basic James Bay agreement, to which the federal government acceded, took into account the constitutional position of the Indians, and also concerned itself with the language and customs of the Indians, whereby the signatories thereto were protected as to their schooling and their customs. This is a very important matter in latter-day Quebec, having regard to Bill 1. Would it not be fair to ask if the phrase, "All native claims, rights, title and interests, whatever they may be," could possibly cover rights of language and customs.

Senator Flynn: Possibly. I think that is the reason why Mr. Allmand has been asked to postpone royal assent, or to amend it, until an agreement is reached with the Government of Quebec as far as language rights are concerned. I read in this morning's papers that the Government of Quebec has agreed that the Indians of this territory are entitled to instruction in the language of their choice, namely, English.

Senator Ewasew: My question with regard to that is: Would it then not be possible that only the signatories to this agreement stand to benefit in the linguistic and cultural domain as

well as the financial compensation rights? But the traditional rights of language and schooling would then, in my opinion, be extinguished, as are all other rights for those not already a party to this agreement. If this amendment does not pass, such parties then would stand to lose something far more precious than money.

Senator Flynn: It is a delicate question, I agree. What I read in the press did not apply only to the signatories, but to the whole population in this area. I do not think it is possible to imagine that the Government of Quebec would recognize the education rights of only the parties to this agreement, and refuse to recognize those of the rest of the population. It seems to me that would be rather illogical and impolitic.

Senator Ewasew: It can be very logical. If they have done it already to the English-speaking population and the immigrants of Quebec, then why can't they do it to the Indians of this territory?

Senator McElman: Is it not clear, Senator Flynn, that Senator Ewasew read only a part of clause 3(3)? It reads:

> All native claims, rights, title and interests, whatever they may be, in and to the Territory—

This has nothing to do with language.

Senator Flynn: I agree.

Senator Ewasew: I disagree with that interpretation, honourable senators.

Senator Langlois: Question.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Bourget, P.C., seconded by the Honourable Senator Goldenberg, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that the bill be not now read a third time, but that it be amended by adding immediately after subclause 3(3) on page 3 the following:

> (3.1) Notwithstanding the extinguishment under subsection (3) of the native claims, rights, title and interest referred to therein, nothing in that subsection affects the right of any person or group of persons in Canada who was not a party to, or who was not represented by a party to, the Agreement to receive, in respect of any valid claim relating to the Territory, compensation on the same basis as it would have been accorded had such person or group of persons been entitled to participate in the compensation and benefits of the Agreement.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those in favour of the amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those against, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the vote is about even.

Senator Flynn: The "yeas" have it.

The Hon. the Speaker: I will ask the questions again. Will those in favour of the amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1500)

Motion in amendment of Senator Flynn negatived on the following division:

• (1510)

YEAS

THE HONOURABLE SENATORS

Argue	Grosart
Bell	Haig
Bosa	Lang
Choquette	Macdonald
Cook	Manning
Eudes	McElman
Ewasew	Phillips
Flynn	Quart
Forsey	Smith (Colchester)
Fournier (Madawaska-Restigouche)	Sparrow
	Thompson
Fournier (Restigouche-Gloucester)	Walker
	Williams—24.

NAYS

THE HONOURABLE SENATORS

Adams	Greene
Barrow	Hayden
Bonnell	Hays
Buckwold	Inman
Carter	Lafond
Connolly (Ottawa West)	Laird
Cottreau	Lamontagne
Croll	Langlois
Davey	Lucier
Denis	Macnaughton
Deschatelets	Marchand
Desruisseaux	McIlraith
Goldenberg	McNamara
Graham	Molgat

Norrie	Rizzuto
Olson	Smith
Petten	(Queens-Shelburne)
Riel	Steuart—36.
Riley	

Senator Flynn: You should applaud.

The Hon. the Speaker: I declare the motion in amendment lost.

THIRD READING

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

Senator Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

CANADIAN HUMAN RIGHTS BILL

THIRD READING—DEBATE ADJOURNED

Senator Goldenberg moved the third reading of Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

Senator Flynn: Honourable senators, I do not intend to inflict on you a second speech today. However, as I have a few words to say with respect to this bill, I move the adjournment of the debate, even though it has not yet commenced.

On motion of Senator Flynn, debate adjourned.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—THIRD READING

Senator Lang moved the third reading of Bill C-5, to amend the Currency and Exchange Act and to amend other acts in consequence thereof.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE (COUNTERFEIT OF RARE COINS AND NOTES)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill C-256, to amend the Criminal Code (counterfeit of rare coins and notes).

He said: Honourable senators, this is a private member's public bill introduced in the other place by one of the back-bench members, Mr. Bob Kaplan. It purports to amend section 406 of the Criminal Code, a definition section which defines counterfeit money. The definition of "counterfeit money", includes false coins, genuine coins altered to resemble coins of higher value, a coin to which new milling has been added, and a coin cased with silver, gold or nickel to pass for a current coin which is completely of silver, gold or nickel. Those are the general definitions, among others, of counterfeit money that are found in section 406 of the Criminal Code. It is now proposed to add to those definitions a provision which will include a coin that resembles a coin of numismatic interest—that is to say, a copy of a coin of numismatic interest—unless such copy is marked as prescribed in this amending bill.

● (1520)

This bill has the support of the Canadian Association of Numismatic Dealers and the Canadian Numismatic Association. The testimony before the committee of the other place was provided by representatives of those two associations, as well as by a representative of the RCMP and a representative of the Bank of Canada.

I am told that the problem arises from the fact that the minting of copies of coins of numismatic interest is conducted in various countries. The countries particularly mentioned, and where this industry is fairly large, are Lebanon, Switzerland, Italy and Germany. In those jurisdictions, it is legal and appropriate for minting organizations to mint copies of coins which are of interest to numismatists. These copies, in time, find their way into Canada. According to the evidence given before the committee of the other place, there are hundreds of thousands of such coins in the world.

I am also told that investors buy gold coins of this character because the coins themselves are thought to appreciate in value faster than wafers or ingots of gold. The evidence of the RCMP before the House of Commons committee was to the effect that there are millions of dollars' worth of counterfeit currency in circulation in Canada, a great deal of which is of the type of coinage that I have described.

The Congress of the United States recently passed a Hobbies Protection Act, the provisions of which are somewhat similar to those of this bill. The justification for the bill can be stated in the following way: If a coin of numismatic interest is not an original coin, but a copy of that original coin, and a buyer is interested in acquiring it, he should know that he is acquiring a copy and not the original.

Honourable senators, Bill C-256, in my opinion, should be referred to committee. It is incumbent upon me, as sponsor of the bill in this house—and I do so at the request of its sponsor in the other place—to say that I am less than enamoured with its draftsmanship. The bill was amended at the report stage in the House of Commons.

An opinion expressed in the committee of the other place was that there might be cases in which dealers in Canada might buy quantities of copies of coins of numismatic interest from abroad for resale in Canada and, quite innocently, put them on sale without stating that they are copies. By doing so, they might mislead buyers, but it could not be thought of as too serious an offence. Under the relevant sections of the Criminal Code, namely, sections 406, 407 and 408, the offences are indictable offences. There is no provision for procedure by way of summary conviction. The amendment made to the bill by the House of Commons at the report stage was to provide for a summary conviction procedure in such cases as I

have just described. That was attempted by adding at the end of the proposed subsection 406(g) the following:

> —and everyone who commits an offence under this Part with respect to counterfeit money as defined in this paragraph (g) is guilty of an offence punishable on summary conviction.

Honourable senators, that is an inappropriate addition to a definition clause. If there is to be provision for the availability of procedure by summary conviction, it should be made available in other sections of the Criminal Code. Perhaps some of the provisions of sections 407 and 408 would have to be modified.

When I told the sponsor of the bill in the other place that to amend the bill in that way would result in destroying the economy of Part X of the Criminal Code, which deals with offences respecting counterfeit money, he readily agreed that the appropriate thing to do would be to withdraw the amendment. I suggest that might be done—and I hope it will be done—when the bill is before committee.

There are other technical changes which the committee will have to look at. To give one example, the bill contains a short title. Bills which amend existing public statutes do not have short titles. This bill will never appear as a separate act of the Parliament of Canada. It will simply amend the Criminal Code.

In addition, there are some consequential technical amendments which the committee should consider. In that respect, I suggest that the proposed subsection 406(g) might be redrafted to make it more clear. I do not fancy myself a great draftsman, but in lieu of what is contained in the first four lines down to the word "unless," I should like the committee to consider the following wording:

> (g) a coin, token or medal that resembles a genuine coin, token or medal of any origin or date, of numismatic interest, unless—

The subsection could then carry on with the details as to how the coin, token or medal should be stamped.

● (1530)

Honourable senators, in view of the evidence which was given before the committee of the other place, and which I have mentioned, I think this is an appropriate amendment to this part of the Criminal Code. It will protect innocent buyers who have an interest in copies of original coins, medals and so on, of numismatic importance. This is, in principle, the kind of bill that the Senate can give second reading to. I shall, of course, move that the bill be referred to committee as and when the Senate gives consent to second reading.

On motion of Senator Grosart, debate adjourned.

FISHERIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, June 30, the debate on the motion of Senator Cook for the second reading of Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof.

Hon. Orville H. Phillips: Honourable senators, during the last few days I have awaited and anticipated the opportunity to speak on Bill C-38. Unfortunately, the order was called at an hour when the sitting of the Senate had been extended beyond that permitted by the rules, without any authority, and so on two occasions I had to sit in the pews and wait. Perhaps the motion in amendment of the Leader of the Opposition on Bill C-9 unduly disturbed the government. I had hoped that in the meantime the government would have considered fisheries, but the last two sittings have clearly indicated to us that the government has not considered fisheries.

In his introductory remarks, Senator Cook referred to an alliteration made in the House of Commons by the honourable member for South Shore (Mr. Crouse). May I say that I appreciate that Senator Cook referred to the remarks of the honourable member for South Shore. I have done so frequently in the last number of years, because I have found that he has always been a reliable, accurate and informed source of information. The alliteration referred to by Senator Cook was something of this nature, that Bill C-38 deals with pollution, power problems, penalties, poachers, police officers, protection policies and prohibition. In order to complete that alliteration may I suggest that one word is necessary—"production." It goes very well with power problems, poachers, protection policies and production—they fit very nicely into the same alliteration. But unfortunately, the honourable member for South Shore could not include that word in his alliteration for the simple reason that the bill does nothing to increase production. Senators who have gone to a supermarket recently will have found that the price of codfish is equal to that of steak, but codfish begins at 4 cents a pound and steak begins—and here I am referring to the total beef—at about 70 cents or 75 cents a pound.

Surely, somewhere in this bill we should have been able to find something, some little suggestion of increased production. Senator Cook in finishing his remarks, which were helpful and informative, indulged in what I would call a crescendo of praise for the present Minister of Fisheries. I assume that when the Senate adjourns for the summer recess Senator Cook will be going back to Newfoundland and visiting various fishery ports. He will find that fishermen in Newfoundland, as do those in the rest of the Atlantic provinces, refer to the present Minister of Fisheries as Mr. Rip Van Winkle—the Mr. Rip Van Winkle of the cabinet. And, when we consider what a mopey, dopey lot the present cabinet are, to be described as the Rip Van Winkle of that lot is really not a compliment.

● (1540)

The bill before us attempts to deal with a number of serious problems concerning fisheries. It will be difficult to cover every aspect of the bill, but I should like briefly to mention just one or two aspects.

It is difficult for anyone who is unfamiliar with fisheries to understand what the terms "poaching" and "poacher" mean.

Basically, a poacher goes out and clandestinely catches fish which he is not entitled to take. He then sells them to a packer for a fraction of their worth. On the one hand, then, the government says that the poacher is not allowed to take these fish, but on the other hand the poacher looks at the situation in much the same way as someone trying to evade income tax. He figures he is only "cheating on the government." Basically, that is the attitude of poachers, I think.

I know from my own personal experience that there are complaints on both sides, because when I was elected to the other place I received complaints both from the poachers and those who did not believe in poaching. I finally came to the conclusion that the person who was really responsible for the situation was the packer, because without the packer there would be no market for the poacher's catch. The packer buys the fish at about one-third of the normal cost; he then mixes the illegitimate catch with the legitimate catch and makes quite a handsome profit. Unfortunately, this bill does nothing to eliminate the problem of the packer who is willing to sell poached fish. The bill is hard on individual fishermen caught poaching, but it does nothing to eliminate the other aspect of the problem, because it does not deal with the packer who purchases the illegitimate catch.

Senator Choquette: May I ask Senator Phillips a question? How would the purchaser know he was buying fish from a poacher? Did you perhaps leave something out of your definition of poaching? I realize that poaching involves fish which are caught illegally, but does "poaching" not imply that a poacher goes to a lake he is not entitled to go to and catches fish of any kind, not just of a particular kind?

Senator Phillips: I can appreciate your difficulty in understanding this situation, Senator Choquette, because it took me several years before I understood it. Basically, senator, assuming your desk was a packing unit and you were attempting to pack lobsters, you would be packing them out of tubs in front of your unit. If you were willing to pack an illegitimate catch of lobsters, all you would have to do is look the wrong way and, all of a sudden, the tubs in front of your packing unit would be filled with the illegitimate catch. No one would be the wiser, and the financial side of it could be looked after later.

I hope I have made the position a bit clearer for you, although I am sure I have not explained it as fully as it might be.

Last evening I suggested to Senator Langlois that perhaps he had lost several pages of his speech. I now find myself in a similar position—looking for certain parts of my remarks.

Senator Langlois: For your information, senator, they were merely simple notes. They were my own, too.

Senator Phillips: If they were simple, Senator Langlois, they sounded that way. I was going to suggest, however, that since I am not following a prepared text you may find me looking through my notes occasionally, and I hope if a time arrives when I am throwing certain pages aside you will encourage me a little bit.

The enforcement of regulations against poachers does merit certain support. I do, however, have certain doubts about the heavy-handed authority granted under this legislation in respect of licensing and other requirements. Under certain clauses of the bill the Minister of Fisheries is given power to make regulations; he is then given further authority to make regulations exempting persons from the regulations. For example, clause 5 of the bill reads:

> 5. Section 30 of the said Act is repealed and the following substituted therefor:
>
> "30. No person shall destroy fish by any means other than fishing except as authorized by the Minister or under regulations made by the Governor in Council under this Act.

I find that a rather strange sentence. It begins with the prohibition: "No person shall." Then, without the benefit of so much as a comma, a semicolon or anything else, the government reverses its stand and says: "except as authorized by the Minister." In other words, except or unless the minister says it is okay. I find it extremely difficult to accept a sentence of that nature. Surely somewhere between "prohibition" and "permission" there must be at least a comma.

● (1550)

In the past I have objected to legislation allowing the minister authority to make regulations. Essentially, this is the heart, the nub, of this bill. It grants permission for the minister to make regulations. I should like to ask the sponsor if the regulations will be tabled in both houses of Parliament.

Clauses 5 and 7 cause me some concern. Clause 5 says:

> 31. (1) No person shall carry on any work or undertaking that results in the harmful alteration, disruption or destruction of fish habitat.

That is a very inclusive clause. Shall it apply to projects such as dredging? Senator Cook will readily realize the necessity of doing emergency dredging in harbours. What will be the situation as a result of this clause? Will the Department of Public Works have to apply to the Minister of Fisheries to do dredging? How many months will it take to clarify the memoranda passing between the two departments?

What is of even greater concern to me is this wording on page 8 of the bill:

> "deposit" means any discharging, spraying, releasing, spilling, leaking, seeping, pouring, emitting, emptying, throwing, dumping or placing [in the aquatic habitat].

In both P.E.I. and New Brunswick, which are heavy potato-growing provinces, farmers normally apply heavy sprays at certain times of the year. Some of those sprays may not be as water soluble as advertised by the companies concerned. However, the farmer buys them, pays an exorbitant price, and applies them. Then, the evening after they have been applied, there may suddenly be a heavy thunderstorm. The spray is washed into the estuaries or rivers which are covered under the provisions of this bill, and the farmer ends up having to pay a $5,000 fine for each day that the spray washes into those estuaries or rivers.

In my opinion the fine is exorbitant. I do not know of any farmer who would intentionally cause that. It may be done accidentally, and if he has to pay a fine of, say, $5,000, $10,000, or $15,000, what will happen? The Minister of Fisheries will end up with an awful lot of potato farms. I have for some time advocated that the Minister of Agriculture should quit, and I cannot think of a more appropriate reason for bringing the Minister of Fisheries into agriculture.

I have a small typewritten note reminding me to ask what is the situation regarding provinces which conduct a spruce budworm spray program. For a number of years New Brunswick has conducted a spray program to kill the spruce budworm. A number of biologists have said that it has resulted in the killing of the salmon run. I should like to ask the sponsor of the bill what is the relationship between the spraying of the spruce budworm and this bill?

The bill provides that a fishery officer shall be a peace officer when performing his duties. Lately we have had a series of bills dealing with various categories of people who are made police officers. The list now includes immigration and customs officers, fishery officers, members of the armed forces, sheriffs, and certain wardens of jails. We could make quite an extensive list. We must ask ourselves why it is necessary to have so many police officers in a country supposedly as free as Canada?

The situation becomes even worse when we realize that most of these people have had no training whatsoever. The best and most effective fishery officers that I have known were those who led rather than directed the fishing. A fishery officer can arrive at a wharf and say, "I have certain authority. I am directing"; or he can arrive and say, "It is to your benefit to follow conservation measures."

● (1600)

I noticed in the debates and committee proceedings of the other place complaints that the number of fishery officers was decreasing. The Department of Fisheries, for some reason, is unable to obtain the number of officers they would like. May I suggest that we use biology students as fishery officers or, if you prefer, conservation officers? Many of these students would come from the communities involved and would be able to talk to the people concerned and present an understanding program to the fishermen. As I have said, you can lead a fisherman, but it is a difficult job to drive him.

The idea of consultation with the provinces concerning municipal pollution has some merit; however, we have had consultation in the past, and it has not really been too successful. Usually it follows this pattern: either the federal or the provincial government does a survey, they report their findings, and the next year the opposite government does a survey, the results of which then take one or two more years to study.

The fact that the municipalities must consider the damage they are doing by dumping raw sewage into harbours has to be seriously dealt with but this bill does not clarify the authority of the federal government, the provincial governments or the municipal governments in this matter, and this is a great weakness. Perhaps this is, to some degree, due to our Constitution. What would happen if the federal government were to tell the municipality of Hull, or, indeed, the municipality of Montreal, to cease and desist from discharging raw sewage into the rivers. I would like to be present for that conversation. I suggest that the federal government would have a very difficult time convincing Mr. Lévesque that sewage installations are necessary.

The ticketing of certain minor offences, as proposed in the bill, is a very worthwhile suggestion; however, I would point out that the idea of saving time for fishery officers must also apply to fishermen. A lobster fisherman has roughly 60 days in which to make his living, and if he had to attent court for perhaps three days out of the 60 it would be a serious thing. I would hope that government regulations would ensure that the fisherman would not have to do this.

A list of the offences included under the proposed new section 61. (2)(b) of the act, as set out in clause 18 of the bill at page 20, was tabled before the committee in the other place. May I ask the sponsor of the bill if he will do the same thing for us?

Clause 11 allows the government to establish a licence fee for the harvesting of marine plants under section 34.2 of the Fisheries Act. In the Atlantic provinces Irish moss washes up on the shores following a storm, and I have gone down to the beach and witnessed families gathering this moss. I recall on one occasion seeing a grandmother, parents and six children gathering it without a licence. The family had hoped to make about $1,600 as a result of that storm. This clause does not specifically indicate that those people will have to have a licence; however, I would ask the sponsor of the bill to suggest that families who normally do this type of moss gathering be exempt from having to obtain such a licence.

The sponsor of the bill also mentioned that the legislation provides for fishermen taking civil action against people who have caused pollution. This sounds very well in theory, but can you imagine fishermen, either on the Atlantic coast or the Pacific coast, beginning to sue paper companies? The fisherman does not have the resources to do so, and so in my view the clause is meaningless. I was amused, though, to read in the committee proceedings of the other house that this question was raised. Evidence must be presented that fish were destroyed, yet apparently it is an offence to bring a dead fish into court. I would ask Senator Cook what type of evidence a Newfoundlander can bring into court under this clause if he cannot bring in the dead fish, which, basically, is what the clause deals with.

Honourable senators, the bill has proposed a good many regulations. It will take a good deal of tact, even diplomacy, to handle or manipulate the regulations in the future. I wish the minister and his bureaucracy success in doing so.

● (1610)

Hon. Eric Cook: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Cook speaks now, his speech will have the effect of closing the debate.

Senator Cook: Honourable senators, I should like to thank Senator Phillips for his valuable contribution. It has given us all further knowledge of Bill C-38. I am sure that his comments will receive close and detailed consideration at the committee hearings, should the Senate give the bill second reading and, therefore, I do not think I should make any further observations at this time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Cook moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, June 29, the debate on the motion of Senator Everett for the second reading of Bill C-18, to amend the Bretton Woods Agreements Act.

Hon. George I. Smith: Honourable senators, as I rise to make some comments on this bill, I think it is fair to observe it is a bill which deals with a highly technical subject with which most of us do not come in contact in an active way very frequently, although it may well be that in a great many of our daily activities we feel the effects of its provisions and the provisions of the articles of agreement which it makes law.

I was not able to be present to hear the sponsor of the bill, Senator Everett, when he moved second reading. I have, however, read very carefully what he said on that occasion, June 28, and in my view he placed before the Senate the main features of the bill. I do not think it would serve any particular purpose for me simply to repeat what he said, but I might make a few comments about the history of it, and something of the contents of the agreements with which it deals.

To anyone who looks at the bill for the first time, it would appear indeed to be a lengthy one, but on closer examination it becomes clear that it consists of only three clauses. It amends an existing statute called the Bretton Woods Agreements Act, which is Chapter B-9, Revised Statutes of Canada, 1970. That statute is an act for carrying into effect the agreements for two institutions now widely known as the International Monetary Fund, and the International Bank for Reconstruction and Development, commonly referred to as the World Bank. It is perhaps interesting to recall that these institutions were founded as a result of the United Nations Monetary and Financial Conference, which was held at a resort hotel in a small place in New Hampshire called Bretton Woods, from July 1 to July 22, 1944. It was called at the invitation of President Roosevelt of the United States. Those whose recollections go back—and I think most honourable senators' recollections do—to July 1944 will remember that it was a time of great turmoil in the world. The conference was under the leadership of Mr. Henry Morgenthau, Jr., Secretary of the United States Treasury, and a total of 44 nations were represented.

I recall that the head of the Canadian delegation was the Honourable James Lorimer Ilsley, then Minister of Finance. It is a matter of particular pride for some of us to remember Mr. Ilsley was a native of Nova Scotia, and during this time and all the time that he occupied a seat in Parliament he represented the constituency of Kings in that province.

The conference was called, as I said, by President Roosevelt. Its purpose was to formulate definite proposals for an International Monetary Fund and for an International Bank for Reconstruction and Development. Preliminary proposals had been prepared in 1943 by officials of various departments of the government of the United States. These preliminary proposals were circulated to a large number of countries for consideration. In due course, as a result of informal discussions with such countries, it became apparent that it might be reasonable to hope that a broad measure of agreement could be achieved at a formal conference, so one was called at Bretton Woods.

It turned out that this feeling was fully justified by the event. The 44 countries represented there by their authorized representatives signed a final document consisting of two parts: the first part is entitled "Articles of Agreement of the International Monetary Fund"; the second part is entitled "Articles of Agreement of the International Bank for Reconstruction and Development".

The importance attached to this conference by those who attended it may be indicated very clearly by a few sentences from the closing address of Secretary Morgenthau. I will not try your patience very long, honourable senators, in doing so, but I think it worthwhile to read a few sentences. He said:

> The actual details of a financial and monetary agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can exchange freely, on a fair and stable basis, the goods which they produce through fair labor. And we have taken the initial step through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

He then went on to say what, in his opinion, were "the fundamental conditions under which the commerce among the nations" could once more flourish when the Second World War, then raging, should finish:

> First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

• (1620)

> This is the alternative to the desperate tactics of the past—competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices, and unnecessary exchange restrictions—by which governments vainly sought to maintain employment and uphold living standards . . . The International Monetary Fund agreed upon at Bretton Woods will help remedy this situation.

Secondly, he dealt with the World Bank, and said:

> Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. It is essential to us all that these nations play their full part in the exchange of goods throughout the world.

Each set of articles starts out with a statement of purpose, which I shall not explain at any length, but which is clearly designed to implement those sentences that I have just read. In due course, the articles were submitted to the legislatures of the 44 countries and approved and became law in those countries, and subsequently many other countries have adhered to the agreement.

Though there have been many aspects to the operation of the International Monetary Fund up to this time, there have been, as Senator Everett said, two main features. One feature has been that the par value of the currency of each member of the fund should be expressed in terms of gold as a common denominator, or expressed in terms of the United States dollar of the weight and fineness in gold in effect on July 1, 1944. The second feature was that no member should change the par value of its currency except within certain defined limits, and only after consultation with the Fund. It will thus be seen that gold was really the basis of the currencies of members of the Fund, and that they agreed always to have a fixed value for their currencies.

With reference to the fixed values for currencies, it is true that not always did all members strictly observe this feature. Canada, for instance, on more than one occasion decided to let her dollar float and find its own level of value against the currencies of the world. Other currencies sometimes did the same. Of course, as is well known, that has been the situation with the Canadian dollar for some time now. However, by and large, over many years the fixed currency feature was observed in great measure. Though I am not qualified to say whether its results were good or bad, I think one reading the works of economic experts dealing with the subject over the years would have to come to the conclusion that informed opinion indicates that it has been indeed a stabilizing influence in international monetary matters for many years.

As to the World Bank, while it is frequently the object of criticism, it has undoubtedly played a very large part in assisting the development of underdeveloped countries and in promoting the balance and scope of international trade.

Both the Fund and the Bank were financed by capital contributions or quotas from the member countries. Canada's original quota or contribution to the Fund was $300 million, and her first contribution to the Bank was $325 million, both very substantial amounts of money in terms of our size as a country, our wealth as a country and our gross national product.

An indication of how the needs of both these institutions have grown can be seen at once by thinking of the figures I have just read as the original contributions and looking for a moment at the increase in contributions authorized by this bill if it becomes law. Canada's quota to the Fund at this moment is $1.1 billion in special drawing rights, which means substantially more in terms of dollars. It is proposed to increase this to $1.357 billion in special drawing rights, which you can see is a long way indeed from the $300 million of our first contribution.

As to the Bank, our present contribution is $1.136 billion current U.S. dollars. The bill proposes to increase that contribution to $1.342 billion U.S. dollars in current funds. You can thus see that, not only was Canada's contribution to both these institutions very substantial in the very beginning, but it is now very, very large indeed, and this bill proposes to make it larger. I do not oppose or object to this increase in quota in either case, because it does seem to me that these funds have contributed a great deal to stability in the western world, and thus to the good of Canadians.

There is one other particular feature in the bill. It proposes to do away with the central position of gold as supporting the international currencies and individual currencies of the world, or, at least, of the members of the Fund, and there are now 128 countries who are such members.

There are some people who take the view that this departure from gold will make it more likely that changes which take place in United States monetary policy will have a very large and heavy effect upon the currencies and the monetary conditions, including inflation, in all the other countries of the world. I do not feel qualified to pass judgment upon whether these fears are justified or not, but certainly it seems to me that this is a point that our financial and monetary authorities ought to watch very closely.

In the event, however, it seems to me that we have little choice but to pass this bill if we are to retain our place in the Fund, in the Bank and in the commerce of the world. Therefore, I support the bill and invite others to do so.

The sponsor of the bill spoke about referring it to committee, and I think indicated that if that were done perhaps the Standing Senate Committee on Foreign Affairs might be the appropriate committee. It seems to me, however, that the circumstances are such that no really useful purpose could be served by doing so. I suggest, therefore, as my colleague Senator Grosart did last night with respect to its companion piece, Bill C-5, that this bill not go to committee but that it proceed to third reading without that intervening stage.

● (1630)

Senator Frith: May I ask the honourable senator a question for purposes of information. Does he have the figures with respect to the proportion of Canada's contribution as related to the other 128 members.

Senator Smith (Colchester): My recollection is that the total resources of the Fund made up of contributions or quotas by countries amount to approximately $39 billion in special drawing rights, which is approximately the equivalent of $45 billion U.S. dollars at current rates of exchange. I have not quickly to hand the figures for the Bank, but they started off not very far apart in totals. I feel that the comparison today would be somewhat of the same nature as that in relation to the fund.

Motion agreed to and bill read second time.

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

Senator Petten moved that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

FOREIGN AFFAIRS

VISIT OF DELEGATION OF CANADIAN PARLIAMENTARIANS TO MEXICO, MARCH 21 TO 28, 1977—DEBATE CONCLUDED

The Senate resumed from Thursday, June 9, 1977, the debate on the inquiry of Senator Molgat, calling the attention of the Senate to the visit of a delegation of Canadian Parliamentarians to Mexico, from 21st to 28th March, 1977.

Hon. M. Lorne Bonnell: Honourable senators, it is not my intention to speak at any length on the inquiry of the Honourable Gildas L. Molgat, of which he gave notice on April 28th of this year.

My remarks will be brief because, after listening to the excellent reports of this meeting of Canadian parliamentarians with the Mexican delegation by Senator Molgat and Senator Rhéal Bélisle, there is little that I can add other than to say I was pleased to have been a member of the Canadian delegation, and I was more than pleased with the composition of that delegation and the way its members participated in the debates and discussions. I was especially pleased with the strong showing by the Senate and the active part taken by senators during these discussions. Also, I would like to express my belief that these joint parliamentary meetings between Canada and Mexico are worthwhile. They give both the Canadian and the Mexican parliamentarians a better understanding of their mutual problems, many of which can be resolved by sitting down and discussing them at a friendly conference.

Canada and Mexico, both North American countries, have one great thing in common and that is a friend on their borders called the United States of America. But the size of that great neighbour, its strength and its power, give both Mexico and Canada a sense of security to be bordering, and to have as a neighbour, the most powerful country in the world. At the same time, however, this makes it difficult for Canada and Mexico to trade directly, as most of our imports from Mexico and our exports to Mexico have to be shipped through the United States. Similarly, most tourists from Mexico to Canada and from Canada to Mexico travel through the United States. Although both Canada and Mexico realize that their neighbour does cause them some minor problems, I believe that we both find the United States to be a source of great moral strength to our respective societies, as well as our greatest trading partner.

This year's meeting was the result of the decision taken last year by the Congress of Mexico and the Parliament of Canada to hold meetings on a regular basis because of the growing importance of relations between our two countries. The two delegations held discussions in Mexico on a large number of subjects of mutual interest: the state of Canadian-Mexican relations in general; the development of economic relations, including trade, tourism, air negotiations, energy, and the migratory agricultural workers agreements; cultural relations, including the young technicians exchange program; and major international questions such as the new international economic order, commodity agreements, development financing, and fisheries.

The two delegations expressed satisfaction that the trade imbalance between Canada and Mexico had declined during the past year, and they hoped that the continued increase in trade between the two countries would help bring the trade figures further into line. They considered that one way of doing this was through the promotion of mutually beneficial industrial co-operation between the two countries. The delegations expressed the hope that the two governments would encourage suitable investments, joint ventures and technological co-operation so that Canadian experience as well as manufacturing and technical capabilities could be related to Mexican industrial and infrastructural requirements.

The delegations noted that the balance of invisibles between the two countries could be improved through an expansion of tourism. The delegations called on the two governments to ensure that conditions remain attractive to tourists. One factor that would help encourage tourism between the two countries, the delegates felt, was the conclusion of a new air agreement. The members expressed pleasure at the plans that the two governments had drawn for the development of cultural relations between the two countries as a result of the signing of a cultural agreement during the visit of Prime Minister Trudeau early in 1976. They agreed that it was important for the development of bilateral relations for each country to know more about the personality, potential and capacity of the other.

Turning to international questions, the delegates agreed upon the importance of the establishment of a new economic order for the attainment by developing countries of higher levels of economic activity and standards of living. To achieve this goal, they recognized the need for improved international trade. In this context they welcomed the commitment of the

industrialized countries to keep under regular review the scope and coverage of the general system of preference in order to improve it. Recognizing the growing economic interdependence among countries, they expressed the hope that the present Tokyo round of multilateral trade negotiations might lead to significant and wide-spread trade liberalization and, in particular, that they would provide an effective framework for the expansion of the trade of the developing countries.

They also expressed the hope that the Conference on International Economic Co-operation and the various international forums dealing with the problems of primary products would produce significant concrete results. They emphasized that progress can best be achieved through co-operative discussions rather than confrontations and that agreements on commodities intended to stabilize prices should include both producers and consumers.

And now, honourable senators, I should like to take this opportunity to congratulate our co-leaders, the Honourable Gildas Molgat and Mr. Gus MacFarlane, M.P., for the excellent job they did on behalf of Parliament, on behalf of Canada, and on behalf of better understanding between our two countries during that conference. I should like to add how pleased I am to have been associated with them at this worthwhile inter-parliamentary meeting.

● (1640)

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate in his debate, this inquiry is considered as having been debated.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—SECOND READINGS

Hon. William J. Petten moved the second readings of Bill C-283, respecting the Electoral Boundaries Readjustment Act (Beauharnois-Salaberry); Bill C-392, respecting the Electoral Boundaries Readjustment Act (Brampton-Georgetown); Bill C-393, respecting the Electoral Boundaries Readjustment Act (Wellington-Dufferin-Simcoe); Bill C-394, respecting the Electoral Boundaries Readjustment Act (Huron-Bruce); Bill C-405, respecting the Electoral Boundaries Readjustment Act (Lethbridge-Foothills); Bill C-406, respecting the Electoral Boundaries Readjustment Act (Kootenay East-Revelstoke); Bill C-418, respecting the Electoral Boundaries Readjustment Act (Laval); Bill C-422, respecting the Electoral Boundaries Readjustment Act (London-Middlesex); Bill C-427, respecting the Electoral Boundaries Readjustment Act (Blainville-Deux Montagnes); Bill C-428, respecting the Electoral Boundaries Readjustment Act (Saint-Jacques); Bill C-429, respecting the Electoral Boundaries Readjustment Act (Saint-Léonard-Anjou); and Bill C-433, respecting the Electoral Boundaries Readjustment Act (Cochrane).

Hon. Jacques Flynn: Honourable senators, I should note for the record, both for my own benefit and that of Senator Lafond, who is not here at the moment, that the position in the past has been that we discourage the practice of having the designations of electoral districts made up of combinations of two and three names. One example in the bills before us is Bill C-393, the electoral district is Wellington-Dufferin-Simcoe; another is Kootenay East-Revelstoke.

It has been the rule of the commission charged with the revision of electoral boundaries to give single names to these constituencies. However, there is a tendency for sections of a given riding to have either the current or historical name of that section appear in the official name of the riding. In any event, this is a decision that is more the responsibility of the other place than of this chamber. I merely wish to register my concern about this tendency—a concern that has been expressed previously by Senator Lafond.

[*Translation*]

Hon. Azellus Denis: Honourable senators, I believe, on the contrary, that designating a riding by two or three names is something democratic, something that pleases the people. The people of those electoral districts were asked. It stems from the fact that two or three parts of the constituency are important; so, in order not to cause too much rivalry, to please all sides, the north and the south of the riding, you give a multiple name to the riding and everyone is happy. Nothing could be more democratic. Adding an extra name or two causes no problem. Besides, even the party of the Honourable Leader of the Opposition has a double name.

Senator Flynn: Progressive Conservative—no worse than Saint-Denis, of course!

Senator Denis: Had another part of the constituency wanted its name to appear in public, or in the archives, I should have been pleased to request an amendment to the name of the Saint-Denis riding.

Senator Flynn: Saint-Denis—a distinction must be made between the riding of Saint-Denis and Azellus Denis!

Senator Denis: Everyone knows there is no Saint Jacques Flynn either.

[*English*]

Senator McElman: In the light of the discussion between Senator Flynn and Senator Denis, one need only project that practice to the wonderful island of Newfoundland to imagine some of the name combinations one could come up with. For example, "Come-by-Chance—Scratch-ass-Tickle" would be a beautiful designation for a riding in the records of Canada.

Senator Cook: It would make a better name for the member than it would for the riding.

Motion agreed to and bills read second time.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Senator Petten: Honourable senators, with leave, I move that these bills be now read the third time.

Motion agreed to and bills read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 7, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Langlois tabled:

Copies of Order in Council P.C. 1977-1911, dated July 6, 1977, appointing Mr. Justice David C. McDonald, Mr. Donald S. Rickerd and Mr. Guy Gilbert, Commissioners under Part I of the Inquiries Act to inquire into certain operations and policies of the Royal Canadian Mounted Police.

Capital Budget of Canadian Arsenals Limited for the fiscal year ending March 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-1278, dated May 5, 1977, approving same.

Report of Teleglobe Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to section 16 of the Teleglobe Canada Act, Chapter 77, Statutes of Canada, 1974-75-76, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

PROTECTION OF BORROWERS AND DEPOSITORS

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED

Senator Hayden: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-16, to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof.

COMPETITION POLICY

INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED

Senator Hayden: Honourable senators, I have the honour to table the interim report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-42, to amend the Combines Investigation Act and to amend the Bank Act and other Acts in relation thereto or in consequence thereof.

AUDITOR GENERAL BILL

REPORT OF COMMITTEE

Senator Sparrow, Deputy Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto, and had directed that the bill be reported without amendment.

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

Senator Barrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1410)

PROTECTION OF BORROWERS AND DEPOSITORS

NOTICE OF INQUIRY

Senator Hayden: Honourable senators, I give notice that on Monday next, July 11, 1977, I will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-16, to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof, tabled in the Senate today.

Senator Benidickson: May I ask Senator Hayden if the committee of the House of Commons has finished its inquiry on this bill?

Senator Hayden: As far as I have been able to learn, they have not had any sittings recently.

Senator Flynn: They stopped them.

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, July 11, 1977, at 8 o'clock in the evening.

Honourable senators, before the question is put, I should like to give you what information is now available regarding the outlook for next week. As you know, we thought it would be necessary to sit on Friday of this week, but as some of the bills we expected from the House of Commons have not yet passed that house, and as we have accomplished quite a lot of

work this week, it now appears that the best plan is to adjourn until Monday evening. However, we think the practice we have followed for the last few weeks should be continued, and that the Senate should not sit on Tuesday afternoon, in order that the whole of Tuesday can be devoted to committee work. The Senate would, therefore, adjourn on Monday evening to Tuesday evening.

My information is that Bill C-17, respecting the reorganization of Air Canada, and Bill C-49, concerning the Canada Pension Plan, are likely to pass the Commons today or tomorrow, and perhaps Bill C-27, the Employment and Immigration Reorganization Act. We also expect to have Bill C-51, the Criminal Law Amendment Act, 1977, before this house next week.

There may be additions to this list, but the committee meetings now scheduled for next week are as follows: On Tuesday, the Banking, Trade and Commerce Committee will meet at 9.30 a.m. to consider Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof. The Transport and Communications Committee will also meet on Tuesday, at both 9.30 a.m. and 2.30 p.m., for further consideration of Bill C-41, the Maritime Code bill. On Wednesday, at 3.30 p.m. or when the Senate rises, the Agriculture Committee will hold a further meeting on Bill C-34, the Canadian Wheat Board bill.

There may, of course, be additions to this list as the week progresses and other bills are referred to committee.

Senator Flynn: It may be necessary to sit on Tuesday afternoon of next week. We should not be locked into a schedule which allows for a Tuesday night sitting only. Depending on the circumstances, it may be necessary to sit on Tuesday afternoon as well as Tuesday evening of next week.

Senator Langlois: As honourable senators are aware, we cannot have more than one committee sitting while the house is sitting. We simply do not have the reporting or simultaneous interpretation staff available to service more than one committee while the house is sitting. If it turns out that only one committee is scheduled to sit next Tuesday afternoon, and it is felt that some of the items on the order paper could be dealt with by sitting Tuesday afternoon, then we will do so. For now, we can only play it by ear. If on Monday evening circumstances seem to warrant a Tuesday afternoon sitting of the Senate, then the adjournment will so provide. However, it might be that we will again want to keep all day Tuesday available for committee meetings.

Senator Flynn: I am merely suggesting that we should not be locked into a schedule which allows for a Tuesday evening sitting only.

Senator Langlois: Certainly consideration will be given to that on Monday.

Motion agreed to.

CANADIAN HUMAN RIGHTS BILL

THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Goldenberg for the third reading of Bill C-25, to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

Hon. Jacques Flynn: Honourable senators, I have very little to say with respect to the bill itself. I merely wish to comment on the work of the Legal and Constitutional Affairs Committee to which this bill was referred. The committee met to consider the bill on three occasions, with officials of the Department of Justice appearing on the first two occasions, and those same officials, together with the Minister of Justice, the Honourable Mr. Basford, on the final occasion.

It soon became evident that, given the time and the technical advice available, it would be very difficult to carry out an in-depth study of the proposed legislation, the title of which is: "An Act to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals."

It is a very complex measure. In fact, it opens up a new field of legislation. Although it was studied to some extent in committee of the other place, the proceedings of that committee were of no help to us in reaching what might be a considered opinion on the bill. It was the feeling of the committee that we would not be able to do justice to the bill, except to recognize that it does open up a new field of legislation. It was felt that perhaps the best thing to do, in light of the circumstances, would be to allow the bill to pass into law to see how it operates in practice. In that respect, we have the minister's undertaking that if, in the operation of the proposed act, it becomes evident that amendments are required, he will bring forward an amending bill in the next session of Parliament.

● (1420)

In a way it is a rather narrow area—discrimination and protection of the privacy of individuals. There are, I would say, not many cases in which the legislation would apply. However, I was concerned with a study of the bill made by Mr. Jed Baldwin, M.P. for Peace River who as you know has taken a special interest in the matter of information to be made available to the public and the protection of individuals. He was worried especially about three particular areas in this bill. The first area of his concern was the question of discretion given to the minister, and I wish to refer you to clause 49 in which the definition of the words "derivative use" is provided, as follows:

> "derivative use" means a use of a record for a purpose that, in the opinion of the appropriate Minister, is consistent with the use for which it was compiled—

"In the opinion of the appropriate Minister" seems to me to be sufficiently decisive to give complete discretion and remove the right of appeal to the federal court. I believe this point has been discussed with respect to certain bills being considered by the Standing Senate Committee on Banking, Trade and Com-

merce, of which discussions Senator Hayden is well aware. This is one problem, the problem of discretion.

The second area of concern is with regard to the office of the Privacy Commissioner and the review process pertaining to his or her decisions. Questions arise with regard to the right of appeal. Would the commissioner be obliged to do or not do certain things? Would appeals from the decision of this officer be allowed?

The third area of concern deals with exemptions. There are many exemptions, some of them quite obvious. It is desired to exempt the right to information, for example, as far as police records are concerned. Anyone would agree with that. If a person could obtain from a police force all information it had regarding him or her, it would really destroy the efficiency of police operations. In any event, it is a very delicate and subtle problem, which, as far as I am concerned—and I believe this was the feeling of the committee generally—we could not tackle with any conviction of doing something useful unless we had more time and more technical assistance.

I expressed myself in committee on this point and I wish to put on record that the decision at which we arrived in agreeing that the bill be reported without amendment was that we are entering, first, a new area and, secondly, a rather restrictive area in an experimental fashion, and we wish to see how the legislation will be enforced before we can really make a final decision as to its propriety in all respects. The committee all agreed upon the purpose of the bill and the need for it. But I just wanted to put on record that simply because the bill is reported without amendment does not mean that either the members of the committee or the members of the Senate as a whole have not certain concerns about this matter.

Senator Goldenberg: Honourable senators, I shall be very brief. I appreciate the remarks made by the Leader of the Opposition. I do not think he said anything I would disagree with. He stressed the important consideration that this is a new type of legislation. It is the first anti-discrimination code at the federal level, and it extends for the first time to Canadian citizens the right to have access to personal information about them in government.

As Senator Flynn mentioned, a great deal depends on how the act will be administered and what amendments will be required in due course. The minister did promise that he would introduce such amendments as experience will show to be necessary.

I do not think I have anything further to add, having said all I wished to say when I moved second reading.

Motion agreed to and bill read third time and passed.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—THIRD READING

Senator Petten moved the third reading of Bill C-18, to amend the Bretton Woods Agreements Act.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE (COUNTERFEIT OF RARE COINS AND NOTES)

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Connolly for the second reading of Bill C-256, to amend the Criminal Code (counterfeit of rare coins and notes).

Hon. Allister Grosart: Honourable senators, I do not think any useful purpose would be served if this side were to prolong the discussion on this bill presented by Senator Connolly yesterday, even though I do think it has implications that go far beyond the subject matter contemplated by the original sponsor of the bill. Senator Connolly did make it clear that the bill, as it stands, requires amendments of several kinds, not only in terms of its draftsmanship but also, to some extent, in respect of its substance.

I agree with Senator Connolly completely that it is rather strange to have this bill presented to us in this form. It is a private member's bill, presented by a member who was at the time, as described by Senator Connolly, a backbencher but who is now, of course, Parliamentary Secretary to the Minister of Finance. It seems rather unusual to have an amendment to the Criminal Code of this importance introduced as a private member's bill but, of course, there is no fundamental objection to that.

• (1430)

What Senator Connolly drew attention to specifically was the fact that the provisions in this bill would add certain kinds—for want of a better word at the moment—of counterfeits to the present interpretation section of Part X of the Criminal Code, which is section 406. And because of an amendment that was made to achieve a specific purpose (to make this a summary offence rather than an indictable offence) a clause was added—a clause in the grammatical sense and not in the drafting sense—which makes the perpetrator of certain offences, as defined in this paragraph, guilty of an offence punishable on summary conviction. As Senator Connolly pointed out, it is rather unusual to have the offence prescribed in an interpretation section. When one looks at Part X of the Criminal Code one sees that it is headed "Offences relating to currency." Under "Interpretation" it defines "counterfeit money," "counterfeit token of value," "current" and "utter" in respect to the act and the prohibitions and punishments provided for in the act. So it merely adds this certain type of counterfeit.

The type of counterfeit that is contemplated is the copy of coins, tokens and medals which are not currency, because the Criminal Code refers only to what I would call "current currency," but it seems to be a clumsy, if not a totally ineffective way of achieving this very useful objective. As Senator Connolly pointed out, millions of dollars are involved in these transactions which, in many cases, are obviously fraudulent—that is to say, the passing off on the public of copies of numismatic coins, medals and so on as being the original, genuine article.

Naturally, I have no objection to the purpose of the bill; it is one long needed. In fact, it came as a great surprise to me to find that it is perfectly legal at the present time under the provisions of the Criminal Code for anybody to copy these things and sell them without any identification to show that they are not the genuine, original article.

However, quite apart from those amendments that Senator Connolly suggested should be made, and which he assured us he had discussed with the sponsor of the bill who agrees that certain amendments should be made, I think the committee will want to go considerably further than that—and I am sure that this was contemplated by Senator Connolly—and deal with the whole section as it stands. In the first place, the title of Part X is "Offences relating to currency." Perhaps that will have to be changed, because the device used here is to say that this kind of copy now comes under the definition of counterfeit money. Obviously it is not counterfeit money. If it is a medal, or if it is not something that was ever used as money, it is not counterfeit money. It seems to me that there must be an easier way of achieving the objective than by saying that something which is not counterfeit money is counterfeit money, which is what the amendment would do. It would add subsection (g) to subsections (a), (b), (c), (d), (e) and (f), which are already definitions of the type of counterfeiting that comes under the provisions of the bill.

I am concerned about the restriction with regard to the type of copying or counterfeiting that would come under the provisions of the bill in the use of the phrase "of numismatic interest." On consideration, perhaps the committee will wish to go beyond this, because "numismatic" has a very narrow definition. When further evidence comes before the committee it may wish to say that there are other things, not of numismatic interest, which should be included in this. I refer to things such as small statues, and other objects which could not be described as being of numismatic interest, certainly on the basis of the dictionary definition of that word.

I am also somewhat concerned about the provision that these articles, if they are copied from originals, should be stamped "copy," because there may be important exceptions which have not been contemplated. For example, I happen to have in my possession the die from which an item of numismatic and other interest was cast about 100 years ago in Canada. These old dies show up at times, and a decision is sometimes made to use such a die to create an exactly identical article, at a new date, because the original is not dated, in much the same way as the second or third edition of a book is printed. If it is printed from the original plates it is not usually called a second edition, but a second issue of the first edition. There is a distinction made in that way in the book collecting business, and perhaps a similar distinction should be made here. At least, it should be made clear that there is a distinction if it is the intention to make one. I am referring again to a reproduction from the original die at a different date.

Upon considering the way this amendment is worded, it appears to me that it might catch a second issue of even coins—and this is done all the time—or medals, which are cast, produced and sold by the mint. Perhaps three or four months later they will take the same die and put out another issue of 100 or 200. Is that to be caught by the provisions of the bill? I think that the committee will want to consider whether that is so or not, or whether it is something that should be taken into account in the redrafting of the bill.

Senator Connolly has indicated, quite clearly, that the provision that the making of this kind of copy that is caught by the bill an offence punishable in a certain way needs to be tidied up, and, as he said, perhaps placed in one of the other sections or in a new section.

With the assurance from Senator Connolly that these matters will be given full consideration in committee, and that that is acceptable to the sponsor, I can see no objection to the important and useful principle of the bill, or to its being given second reading at this time.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Connolly (Ottawa West) speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Connolly (Ottawa West): Honourable senators, I thank Senator Grosart for this thoughtful intervention. I notice that the chairman of the committee to which this bill should properly be referred is in the chamber, and that is helpful because he has heard what Senator Grosart had to say. In any event, I hope that the sponsor of the bill in the other place will be able to read our *Hansard* of yesterday and today. There have been many thorny questions raised in connection with this bill, and I think the committee will have to wrestle with them.

It might be appropriate on this occasion to say something about the sponsorship in this house of private members' public bills from the House of Commons. Here one does not really assume responsibility for everything that is in a bill. One tries to deal with it as well as possible, and in this case it has involved some criticism by Senator Grosart and myself. This is appropriate for the Senate. If care is not exercised in drafting legislation elsewhere, we have a responsibility to Parliament to ensure that nothing goes into the statutes of this country which is not appropriate for the courts to deal with or which litigants or defendants cannot understand. There was some danger of that in this bill, but I believe that the committee, with the assistance of our Law Clerk and Parliamentary Counsel, will be able to eliminate that danger.

● (1440)

I believe also there is a responsibility on the part of individual senators to assume this kind of work when asked to do it. I recall seeing how the system worked in the British House of Commons a good many years ago when a new member, Mr. Roy Jenkins, who was later to become a prominent member of that house, was sponsoring a private member's bill. He was in earnest consultation with Lord Birkett who, as honourable senators know, was a distinguished lawyer. They were discussing the precise meaning of the legislation which had already

passed the British House of Commons and was then going to the House of Lords. Birkett said, "You know, it is our duty to take on these tasks that come to us from the other place, and to deal with them as well as we can."

Honourable senators, I believe we can perform a service to Parliament by dealing with this bill, and I repeat that I shall be happy to refer it to the appropriate committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Connolly moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

The Senate adjourned until Monday, July 11, at 8 p.m.

THE SENATE

Monday, July 11, 1977

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

Prayers.

CANADA PENSION PLAN

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to amend the Canada Pension Plan.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

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

Hon. Chesley W. Carter, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be now read the second time.

He said: Honourable senators, Bill C-49 occupies only 18 pages and consists of only 27 clauses, but it is by no means a simple bill. On the other hand, it is not quite as complicated as it may appear at first glance. Bill C-49 makes a number of amendments to the Canada Pension Plan. Two of these amendments are of major importance and three or four others are of lesser consequence, while the remainder are either consequential or of an administrative nature. I think the best and easiest way to understand and evaluate the changes set forth in Bill C-49 is to begin by recalling the main features of the Canada Pension Plan.

The Canada Pension Plan, as you know, became law in 1966 and was designed to reach maturity 10 years later. It is a public, universal, compulsory, contributory plan related to earnings, designed to provide contributors and their dependants with a number of benefits, including a retirement pension, a surviving spouse's pension, a disability pension, a death benefit, and a benefit for the children of deceased or disabled contributors.

The compulsory character of the Canada Pension Plan makes it the largest group pension insurance plan in Canada. The automatic participation of such large numbers makes it possible for the plan to provide a measure of protection and to incorporate a number of desirable features which might not otherwise be feasible. These features include a basic exemption, a "drop-out" feature, and short minimum contributory periods. The year's basic exemption is a provision which relieves contributors of the obligation to pay contributions on the lowest portion of their annual earnings, but at the same time allows them to include such earnings in the calculation of their benefits under the plan. The "drop-out" provision allows contributors to ignore years of low or zero earnings on which their benefits are calculated up to 15 per cent of the months in their contributory period and, in this way, enables them to increase the size of their benefits.

● (2010)

The short minimum contributory periods required before benefits can be paid—that is, three years for survivor benefits and five years for disability benefits—mean that such protection is available relatively early in the contributory period of the wage-earner.

The two major amendments to the Canada Pension Plan contained in Bill C-49 are designed to recognize the contribution of spouses who work in the home and to provide them with a measure of financial security.

The first of these major amendments is a provision to permit Canada Pension Plan credits earned by both spouses during the marriage to be divided equally between them on divorce or annulment of the marriage. This provision to split pension credits upon the dissolution of a marriage is aimed at ensuring for the "spouse at home" a fair share of an asset accumulated by the couple during their marriage, thereby providing some measure of financial security and recognition for the spouse at home and his or her dependants at the time of divorce or annulment.

The conditions set forth in Bill C-49 under which CPP credits earned by both spouses can be divided are as follows:

(a) the marriage must be of at least three years' duration and the spouses must have cohabited for three consecutive years;

(b) an application for division of pension credits must be made within three years of the effective date of the divorce or annulment;

(c) the marriage is dissolved after the effective date of the amendment.

Provided the above requirements are met, the pension credits of the spouses would be added together and divided equally between them for the period beginning with the first year of marriage, or 1966, whichever is later, to the last year of marriage. For technical reasons, the splitting would apply to the period from the first day of the calendar year in which the marriage took place to the last day of the calendar year prior to the year in which the divorce or annulment becomes final.

For periods of separation that occur during the marriage, these could affect the period for which pension credits would be divided. Furthermore, pension credits would not be split for any period during which either spouse was not entitled to contribute to the plan—that is, periods during which either spouse is under age 18, age 70 or over, or when either spouse is

in receipt of CPP retirement or disability benefits. Also, pension credits would not be split for any years in which the sum of the spouse's pension credit does not exceed twice the amount of the year's basic exemption; that is, twice $900 in 1977.

In cases where one or both of the spouses is in receipt of a CPP retirement or disability benefit at the time of the splitting of the CPP credits, a new benefit amount would be calculated on the basis of the split pension credits. This new amount would become payable the month after the month of application for the split. Also, when one spouse becomes entitled to CPP benefits as a result of the splitting of pension credits, the normal retroactivity of 12 months provided in the act would apply.

The second major amendment is a provision to permit CPP contributors to "drop out" from the calculation of their CPP benefits any months of low or zero earnings spent at home caring for children under age seven which might otherwise adversely affect their CPP entitlement.

The purpose of this "special drop-out" provision is to ensure that a parent who remains at home to care for young children will not be penalized for that period during which he or she has low or zero earnings. The provision would protect eligibility for, and the level of, CPP benefits earned by such a parent before, during and after the period devoted to raising young children. This provision may therefore be viewed as providing some economic recognition of and financial security for work done in the home.

This amendment would allow for the exclusion, from the CPP benefit calculation, of months of low or zero earnings which occurred in a period since January 1, 1966, when a person had a child under age seven in his or her care, and was in receipt of family allowance benefits in respect of such a child. Also, any CPP pension credits earned during the period of child-raising to which the special drop-out provision applies would be retained in the benefit calculation subject to the following conditions:

(a) such credits were necessary to establish eligibility for CPP benefits, or

(b) such credits would enhance the amount of CPP benefits payable.

Bill C-49 provides for regulations describing the circumstances under which the "special child-raising drop-out" could be assigned to the male parent, if he is in fact looking after the child or children. This would assure equal treatment for male and female parents.

It should be noted that the minimum contributory period requirements of the current act would be retained; that is, the number of months dropped out cannot normally reduce the required contributory period below 120 months.

Also, eligibility for disability benefits requires that contributions must have been made for at least five years and one-third of the contributory period, and for five out of the last 10 years.

A contributor is permanently insured for survivors benefits after 10 years of contribution. The amendment would also allow for the adjustment of CPP benefits being paid and, from the effective date of the new legislation, to provide for a recalculation of benefits in cases where a current CPP beneficiary would have been eligible for the special drop-out had it been in force since 1966.

Honourable senators will have noted that although the language of the bill refers to spouses and work in the home, these two amendments are really a further recognition of the principle of the equality of the sexes and a recognition also of women's rights and the contribution they make to society and to the country as a whole through their work in the home and the raising of children.

I should point out here that because of a provision in the Canada Pension Plan Act, both of these amendments, if passed by Parliament, must have the approval of two-thirds of the provinces having two-thirds of the population of 10 provinces before they can be proclaimed in force. The proposal for splitting CPP credits appears to have the necessary support. The special CPP child-rearing drop-out has the support of all provinces except Ontario. Because of its population, should Ontario withhold its approval of this amendment, the implementation of the provision would be effectively vetoed.

The second category of amendments included in Bill C-49 is comprised as follows: one, retroactive payment of retirement benefits to contributors between the ages of 65 and 70; two, provisions for benefit application to be made on behalf of deceased persons; three, equalization of children's benefits in respect of all children regardless of family size.

There have been cases where, through circumstances beyond their control, contributors have delayed application for benefits for a considerable period after becoming eligible, and consequently they have not received benefits available to them for the period between the date of their eligibility and the date of their application.

Senator Macdonald raised this point when the Canada Pension Plan was amended in November, 1974, and I know he will be pleased to note that clause 12 is designed to remedy this situation and to provide normal retroactivity of up to 12 months in respect of all future late applications for CPP retirement benefits. This provision would relate to the period from the effective date of the legislation onward and would only cover those periods after a person ceased to contribute to the CPP.

With respect to post mortem benefits, since the inception of the CPP a small number of cases have occured where benefits to families or estates have been denied because the contributor, either through ignorance or unavoidable circumstances, died without making an application for benefits. The amendment in clause 11 would remove this limitation and permit applications to be made and retroactive benefits to be paid in respect of deceased persons who were otherwise eligible for the benefits.

The amendment would provide for up to 12 months retroactive payment of retirement pensions prior to age 70, including the month of application. However, the period of retroactivity would not extend back before the month following the last

month in which he or she worked and for which a contribution to the plan was made, but not beyond the effective date of the amendment.

With respect to the equalization of children's benefits, under present legislation children's benefits—that is, benefits for orphans or the children of disabled contributors—are reduced when there are more than four eligible children. For the fifth and each subsequent child an amount equal to one-half of the full benefit is paid. The total benefits payable to all the children of the contributor is then added and divided equally among them all. Consequently, the children in large families receive less support per child from the CPP. The proposed amendment in clause 10 would eliminate this limitation and would allow the payment of full benefits to or on behalf of all dependent children of deceased or disabled contributors. The amount of children's benefits payable in 1977 is $44.84 per month per child.

It should be noted here that the Quebec Pension Plan was similarly amended on January 1, 1973, to the extent that each child would be paid the same amount. However, in Quebec this amount is fixed at $29 per child per month.

● (2020)

There are, in addition, three other amendments which can be grouped together, as they are of an administrative nature. These include the following:

(1) suspension of benefits pending receipt of required information;

(2) extension of the authority to enter into international social security agreements; and

(3) payment of per diem allowances to members of the CPP Advisory Committee.

The amendment in clause 21 of this bill will provide authority for the withholding of CPP benefits where this proves necessary to assist the CPP administration in obtaining essential information from the beneficiary. This is intended to help the administration clarify whether the beneficiary is, in fact, entitled to the benefit which is being paid, when the necessary documentation cannot be obtained in any other way. Of course, the benefit will be reinstated with full retroactivity if the information provided confirms the beneficiary's entitlement.

The amendments in clauses 23 and 24 will expand the authority currently contained in the Canadian Pension Plan for the inclusion of the plan under the terms of international social security agreements. With the coming into force of the recent amendments to the Old Age Security Act, the Government of Canada is now in a position to proceed with negotiating such agreements. These could be of great benefit to persons who have immigrated to Canada. Many of these people are now effectively denied all or part of the benefits available under social security programs to which they have contributed in other countries. This is due to limitations which these countries normally place on payments to persons living abroad, except where a reciprocal social security agreement exists.

The amendments in clauses 23 and 24 will improve the government's ability to include the Canada Pension Plan in such agreements by permitting the negotiation of agreements which limit the total amount of combined benefits payable under the agreement. To protect the CPP contributor, the provision guarantees that the combined benefit will never be less than the CPP benefit which would have been payable in the absence of an agreement.

The amendment in clause 25 permits the payment of per diem allowances to CPP Advisory Committee members for days spent on committee work. Currently, such allowances are provided only for the days of formal committee meetings. However, the CPP Advisory Committee is one of the most active of all federal advisory committees. The valuable work which they are called upon to do in their appointed task of examining the role and operation of the Canada Pension Plan requires a great deal of additional time and effort on the part of committee members. This provision will help to defray the expenses which otherwise committee members would have to bear personally.

Honourable senators, there are a number of other amendments in Bill C-49, but they are all of a technical nature and are consequential on the eight amendments to which I have specifically referred. Each of these proposals has been endorsed by the Advisory Council on the Status of Women, the Canada Pension Plan Advisory Committee, and, with one exception, by all the provinces, the exception being the reservation which Ontario has expressed with respect to the child-rearing drop-out provision.

The provisions of Bill C-49 are designed to improve the Canada Pension Plan and thereby make it a better service for the needs of all Canadians. I would therefore urge all honourable senators to give it their wholehearted support.

On motion of Senator Smith (Colchester), debate adjourned.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of the Army Benevolent Fund Board, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to section 13 of the Army Benevolent Fund Act, Chapter A-16, R.S.C., 1970.

Copies of Interim Report of the Commission of Inquiry into Bilingual Air Traffic Services in Quebec, dated June 23, 1977, appointed by Order in Council P.C. 1976-1588, dated June 28, 1976, pursuant to Part I of the Inquiries Act (Co-Commissioners, the Honourable Messrs. W. R. Sinclair, Julien Chouinard and D. V. Heald).

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1) (g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, July 12, 1977, at 8 o'clock in the evening.

Motion agreed to.

PARLIAMENT

TABLING OF DOCUMENTS—QUESTION

Senator Smith (Colchester): Honourable senators, I wonder if I might ask the Leader of the Government a question with regard to the report he just tabled concerning the investigation into the use of bilingualism in the air. I understood, although I may be misinformed, that this report was tabled last week in the other place. If this is the case, was it available last week for tabling in the Senate, and, if not, is there some particular reason for that?

Senator Perrault: Honourable senators, it is my understanding that the report was tabled in the other place on Friday, and therefore this is the first possible opportunity for tabling the report in this chamber. Generally, an effort is made to table reports of this kind simultaneously in both chambers. There have been two or three examples of this recently, including the study of the National Energy Board with respect to possible gas pipeline routes from the north. The government generally strives to have such documents tabled in both houses at the same time.

CROWN CORPORATIONS

RESPONSIBILITY OF MINISTERS AND BOARDS OF DIRECTORS—QUESTION

Senator Benidickson: Honourable senators, we will all have been impressed by and alarmed at the report last week of the Public Accounts Committee of the House of Commons, particularly with respect to the references it makes to two rather important but somewhat independent agencies, Atomic Energy of Canada Limited and Polysar. These agencies report to ministers and to boards of directors. In the report there were suggestions that certain individuals be made the victims for certain results that were very unsatisfactory relating to considerable millions of dollars of losses or deficits.

I would ask our representative in the cabinet, the Honourable Leader of the Government, whether careful consideration has been given to the responsibility of ministers and boards of directors in relation to this extensive report, and to the question of whether all or the right people have paid the penalty so far for the depressing, discouraging results produced by these agencies, which do not report to us adequately but which are, ultimately, the responsibility of us and our taxpayers.

Senator Perrault: Together with other honourable senators I have noted the observations of Senator Benidickson. I feel sure that government policy will be enunciated in due course with respect to the matters he has raised. Additionally, however, I would like to take that question as notice, in order that I may bring to the chamber a fuller reply.

• (2030)

Senator Benidickson: I hope that will be before recess.

Senator Perrault: The matter has been discussed, and I understand that there have been one or two public statements by ministers with respect to possible new policy in that area, but I do not have any such policy statement available at my desk at this moment.

AUDITOR GENERAL BILL

THIRD READING

Hon. Augustus Irvine Barrow moved the third reading of Bill C-20, respecting the office of the Auditor General of Canada and matters related or incidental thereto.

He said: Honourable senators, I would like to thank Senator Walker for the interesting and informative remarks he made on the second reading of Bill C-20. I unintentionally neglected to acknowledge them when I closed the debate on second reading.

Hon. Allister Grosart: Honourable senators, I have a brief observation to make at this stage. My understanding is that the committee—and I am sorry to say this when neither the chairman nor the deputy chairman is present—agreed to report the bill without amendment, providing Mr. E. Gallant, the Chairman of the Public Service Commission, did not wish to appear before the committee with respect to the status of employees employed under the Public Service Employment Act and working for the Auditor General.

A notification of that was sent out by the clerk of the committee, Mr. Cocks, on July 8, to which was attached a copy of a letter written to the Deputy Chairman, Senator Sparrow, on July 7. This is apparently a reply by the Chairman of the Public Service Commission to a request from the chairman of the committee, or the deputy chairman, that he attend if he wishes. He says he is writing to confirm a telephone conversation with Mr. Cocks, and then says, in effect, that while the Public Service Commission has some doubts about the status of employees of the Auditor General's department under Bill C-20, nevertheless, the Public Service Commission feels that perhaps some of their problems might be resolved under subclause 15(3) of the bill, and, if that is not fully adequate, the commission might recommend other remedies.

Honourable senators, my suggestion is that I either read the letter—it is not very long—into the record, or that it be printed in today's *Hansard* so that the position taken by the Public Service Commission in respect to the rights of some public servants under this act will be on record. Perhaps the leader or the deputy leader will suggest whether that is acceptable.

Senator Perrault: I have no objection.

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

Hon. Senators: Agreed.

(*The letter follows:*)

Ottawa, Ontario K1A 0M7
July 7, 1977.

The Honourable H. O. Sparrow,
Deputy Chairman,
Standing Senate Committee on National Finance,
The Senate,
Parliament Buildings,
Ottawa, Ontario.

Re: Bill C-20—The Auditor General Act

Dear Senator,

I am writing to you to confirm my telephone conversation of this afternoon, with Mr. Cocks, the Clerk of your Committee, concerning the above-mentioned Bill. While the Public Service Commission continues to have some doubt as to the effect of the proposed legislation on the status of those employees presently employed under the *Public Service Employment Act* and working for the Auditor General, particularly with respect to their future promotion within the Public Service and their access to the redress mechanisms provided for under the *Public Service Employment Act*, we feel that most of these difficulties can be resolved through the terms and conditions to be set by the Public Service Commission under subclause 15(3) of Bill C-20. Should this not be fully adequate to protect the status of these employees, the Commission would be prepared to recommend to the Governor in Council that the Office of the Auditor General be designated as part of the Public Service under subsection 35(2) of the *Public Service Employment Act*, so as to entitle his employees to participate in closed competition in other portions of the Public Service. Indeed if necessary, the Commission would be prepared to recommend remedial legislation when the amendments to the *Public Service Employment Act* will be considered.

We trust that through the above-mentioned channels and with special agreements with the Auditor General as need be, the Commission's concerns for the status of the employees will be met.

Yours sincerely,

Edgar Gallant,
Chairman.

Hon. W. M. Benidickson: Honourable senators, before this bill is read the third time I feel obliged to say a few words.

I think Senator Grosart has properly referred to the conditional situation that resulted from the meeting last week of the National Finance Committee on a point raised by the Leader of the Opposition. I also have read the letter from the Chairman of the Public Service Commission, and I am glad my friend, Senator Grosart, who takes a great interest in this committee, has raised this point.

I feel obliged to say a few things tonight. I have always had an interest in matters relating to the finances of government, because I had the honour of serving for about eight years under two Ministers of Finance as parliamentary assistant, and four years as Liberal Party financial critic when the Diefenbaker Conservative Party was in power. I had very agreeable relationships, on a personal and an official basis, with the former Auditor General, Mr. Maxwell Henderson, for whom I have a very high regard indeed. He has some criticism of his experience in that office. I will not argue or debate that. He was succeeded by Mr. Macdonell. After Mr. Macdonell had assumed office for a couple of years, he also voiced some very harsh criticisms of government, to the extent that he used rather strong language. I think it is reported that in 1975 he said government finances were "out of control."

Members of the committee will remember last week that I referred our current Auditor General to this. He said, "Yes, I felt obliged to say that. I wanted action." Unfortunately, as so often happens at this stage—prior to recess—in our parliamentary procedure, we do not yet have the printed proceedings of the meeting last week of the National Finance Committee, so I am reporting from memory. As I recall it, Mr. Macdonell did say two or three things that I think the whole Senate should be aware of. He said that he thinks his recommendations in very large part have been accepted eventually by the government. I, as a member of the committee, complimented him for his patience because I thought he was not going to win the fight. The media reported—I did not know this personally—that he had strong opposition to face in such elevated places as the Treasury Board. I thought that I had clipped something to this effect and that I had written to him—or perhaps I telephoned him. My poor memory now makes me cross. However, it was my impression that he was on the right course. I had been interested in this area of government for some time, and at that time I urged him to be persistent.

When the committee's proceedings are published you will read that I thought I had telephoned him. He replied to this effect: "No, senator, you wrote to me in 1975 and you said, 'Hang on, Jim. It is very important that you win on this recommendation to have someone with the status of deputy minister join in helping us parliamentarians when these expenditure figures reach the mammoth amounts of today.' " There are remarks in the proceedings of the Standing Senate Committee on National Finance to the effect that eventually he got "superb" co-operation from the now president of the Treasury Board, my colleague and successor as minister responsible for northern Ontario, the Honourable Robert Andras—and I do not say that in a political way.

● (2040)

I wish to say that during the course of our committee hearings last week it was I who complimented a former leader of the Conservative Party who, when he was Prime Minister, appointed one of our colleagues, Senator Macnaughton—who at that time was an opposition member—chairman of the all-important Public Accounts Committee of the House of Commons.

I have paid my tribute to Mr. Henderson. I believe he just did not have the same patience as his successor, but he was right on his duty to Parliament.

While speaking of Mr. Henderson, I might mention that I asked a question previously with respect to two agencies of government, Atomic Energy of Canada Limited and Polysar, to which reference was made in the report of the Public Accounts Committee of the House of Commons. I stand by Mr. Henderson. He wrote a letter to the Prime Minister which, in my opinion, was proper, and then referred by the Prime Minister to the responsible minister. Some say that there was not an adequate follow-up. Some say that Mr. Henderson had a lack of patience at times, but in my opinion he was very considerate and proper in writing to the Prime Minister personally on this item of what he foresaw as an implication of importance. For that consideration I compliment him.

I point out to my colleagues, however, that with respect to this bill we need to examine our role in relation to the office of the Auditor General. I raised the point in committee last week. I said I did not raise it for the purpose of delaying the passage of this bill, but for the purpose of asking our Law Clerk to examine the reasons for some sections of it. The Senate has a duty to approve the estimates. The Standing Senate Committee on National Finance is working for that purpose. We have to approve all the appropriation bills—the main estimates and supplementary estimates. Senator Barrow, I hope, will help me in finding the reference in Bill C-20. I believe there is a clause which provides that the Auditor General, in certain respects, reports only to the House of Commons. Last week I pointed out to the Auditor General that he does, of course, provide each house, as an equal parliamentary body, a copy of his report. He said that was indeed so. He remarked that that was the first occasion upon which he had had the pleasure and honour of coming before a committee of the Senate. He added that he felt that our questioning had been pertinent, intelligent and to his benefit, and that he had great respect for us in our financial examination.

Is it clause 20 that I am referring to, Senator Barrow?

Senator Barrow: It is clause 7(3).

Senator Benidickson: No, I am thinking of clause 20(1) at the moment, but I will return to the clause you mentioned. Clause 20(1), under the heading "Estimates," reads as follows:

> The Auditor General shall annually prepare an estimate of the sums that will be required to be provided by Parliament for the payment—

Clause 20(2) provides:

> The Auditor General may make a special report to the House of Commons—

The Senate is not mentioned. Then we have clause 22(2):

> Each report referred to . . . shall lay each such report before the House of Commons—

I do implore the Leader of the Government to ask the Law Clerk of the Senate to look into this for the purpose, as I suggested, of a future amendment.

Senator Barrow referred to clause 7, which is the overall basic thought. Clause 7(1) reads as follows:

> The Auditor General shall report annually to the House of Commons—

The National Finance Committee takes some time to consider the expenditures in the estimates. Appropriation bills—and sometimes we have half a dozen in the session—cannot pass without Senate study and concurrence. I believe our relationship to financial matters should be considered and reported upon by the Law Clerk of the Senate.

I did not speak to the last report of the Standing Senate Committee on National Finance, but I can say that the chairman and deputy chairman covered it adequately last week. I am very gratified and pleased—Senator Grosart spoke to this, I believe—that the National Finance Committee adopted a few years ago, under the chairmanship of our young and capable colleague, Senator Everett, the role of conducting sessionally an investigation in depth of a particular department. We are relatively non-political here. We do not decide our course of action and our debates day by day according to some highlight in the newspapers. We continue steadily with a rather exhaustive study of some government expenditures. We do this in the National Finance Committee, and, I believe, effectively, because so many of our recommendations have the merit of being eventually adopted by the government. I approve that system.

● (2050)

The committee has agreed that next year it will not merely take two or three programs from the blue book for detailed examination, or the supplementary estimates for a day's or two days' examination, but, rather, will, throughout the session, examine any item after the publication of that huge blue book of estimates perhaps—I forget the exact amount—now involving some $42 billion. At the request of a member of the committee, it has been decided that the committee will devote Wednesday afternoons next session to the examination of items which have aroused the public's interest or items which the committee feels are worthy of in-depth examination in the main estimates for 1978-79, which will likely be tabled in January 1978.

Given the way in which our rules are structured, the Senate can and should be much prompter in devoting attention to matters of current appeal and interest, thereby allowing us to provide quick satisfaction on such matters to the public. Let us use our rules. As a consequence of such action, we will enhance the public's image of the Senate.

Senator Grosart: I wonder if I might ask Senator Benidickson if he would agree with me that there is nothing whatsoever in our rules to prevent the Senate itself, or the National Finance Committee, from examining the public accounts of Canada.

Indeed, such examination is specifically provided for in our rules. Rule 67(1)(h) provides for the examination of the national accounts and the report of the Auditor General by the National Finance Committee if there is a motion to that effect. So, there is nothing whatsoever to stop the Senate or the National Finance Committee from examining the public accounts if we feel so disposed.

Senator Benidickson: I agree completely with Senator Grosart. I simply suggest that perhaps we have not done so adequately in our dual parliamentary chamber role. The opportunity is there. We have something in our rules which the other place does not have, that being the ability of any senator to institute a debate on a question by means of giving notice of inquiry. That is something which cannot be done in the House of Commons. If a senator has the energy and the interest to give notice of an inquiry, and if a majority of his peers are in agreement with him and will participate in the ensuing debate, that senator can institute a debate on any given subject. Only 48 hours elapse. Following debate, the subject matter of the notice of inquiry can then be referred to a standing committee, or even a special committee. I cannot over-emphasize that more in the way of that type of debate and action is needed in this house.

Motion agreed to and bill read third time and passed.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Senator Greene.

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

Hon. Senators: Agreed.

Hon. J. J. Greene: Honourable senators, it was not my original intent to participate in this debate—for what appeared to me to be the very good reason that we in this Senate did not have the constitutional power or authority to come to any definitive conclusion on the very broad subject matter covered by the terms of the inquiry encompassed in the government leader's notice of inquiry.

However, after reading Senator Perrault's excellent speech, and those of equally high calibre that followed, I have come to the very firm conclusion that I should be remiss in my duty, not only to this honourable Senate, but to the country at large, if I do not make an attempt to make such small contribution, as is within my power, to this debate.

Because, after all, Parliament is not a place which is to be measured by the number of ultimate decisions it has made or the volume of bills it has ground through the mills of its processes. Unfortunately, our press, and sometimes even some of our own members and senators, are inclined to forget this basic concept and would like to measure parliamentary performance by "voting record," "number of bills passed," attendance, and such statistical criteria. This may be quite the proper basis of assessing the legislative performance under a republican form of government, and I regret that those who have erred in this direction must have had their eyes on Washington and forgotten the fact that the Fathers of Confederation, in their wisdom, rightly chose representative parliamentary government as that best suited to the needs of Canada. The difference might be most graphically illustrated by the fact that, when Churchill, who perhaps knew and understood Parliament better than any statesman of our century, rebuilt Westminster after the German bombings of World War II, he deliberately built the Commons of such size as to accommodate only a small proportion of the total number of members of Parliament eligible to sit. He did this so that on a great occasion when there was need for immediate and important parliamentary action there would be in the house a sense of crisis, urgency, immediacy and "important occasion," just as in any forum where there are more people wanting to get in than there are tickets available. So there is indeed the highest authority for the proposition that Parliament is the venue for high and important matters rather than a mill for the grinding out of the normal day-to-day functions of state. So indeed we will come to no final or definitive conclusion on this great subject in this Senate—but, yes, we do have a duty to lead public opinion and the great national discussion which has commenced and will continue in the years ahead.

I know many senators have felt from time to time that the shortcomings of the appointive half of the legislature in a bicameral Parliament is in its lack of ultimate power; certainly, the ultimate power must always rest in the popular half of Parliament. Stanley Baldwin is once reputed to have indicted the barons of the British press, who were besetting him hard at the time on a particular issue, with this charge:

> I note the barons of the press are after me—They seek power without responsibility which has been the prerogative of harlots throughout the ages.

We in the Senate may sometimes feel we are in the opposite position. We appear to have responsibility without power—which, in the eyes of the little informed, at times appears to render us some species of political eunuch. No, the Senate does not have constitutional power vis-à-vis the elected half of the legislature; but we do have a very real power which can flow from the only source of real power in a free society, the people themselves. That power will be based on the quality of our performance. I am satisfied that this debate, whose tone was set by the initiative and the quality of the performance of the government leader in the Senate, so ably supported by the high tone and substance of those who have followed, is just such an action where, by its performance, the Senate is performing its function in giving leadership to our country in its highest sense.

● (2100)

I note with interest that the other place followed the lead of the Senate in instituting a debate on the subject matter of this notice of inquiry. I trust that the academics, and perhaps even the press, will compare, speech by speech, the contribution of members of this Senate—my own poor contribution apart—and I think they will find, if they read the speeches in both houses, as I know most honourable senators do, and as I do, that the contribution made by senators is worthy of the Senate and provides the leadership which is needed in this country.

It would be less than candid to state that the current concern in our land was triggered by anything but the election results of a single province on November 15 of last year. However, I suggest it would be politically myopic to think that this is the only area of concern in our Confederation. There are thoughtful and sincere people who love our land dearly in many of its regions, who believe that after 110 generally happy and wonderful years, as compared to the same time frame in any other region of the world, it is indeed time for a new look at our Confederation in the light of our history, present attitudes and future prospects. Many of these concerns refer to the economic prospects of our various regions, as well as cultural issues, as the broad wording of the notice of inquiry which is the subject matter of our debate so clearly indicates.

To those who look tremulously upon the events of November 15 as some sort of crisis or defeat for our Canada, may I suggest that any apparent defeat or setback has historically been but the door of opportunity. A setback gives the opportunity to open the door to the past, review its events and set a new course through that newly opened door for the future. The late John Fitzgerald Kennedy put it this way:

> It is time for a new generation of leadership, to cope with new problems and new opportunities, for there is a new world to be won.

So it is with us at this time and in this land.

We can take a look at the past and be thankful for the duality of our linguistic and cultural heritage which was not foisted upon us by a Francophone minority but which was the accord solemnly entered into by our then British governors acting under the direction and authority of the Colonial Office who were at that time lords and masters of this land, for good and rightful reasons, considering the situation as it existed at that time, in the interests, not of the Francophone minority but of the British Crown which was then sovereign over this land. We must recollect that 1761 was not long before that day when the shot at Concord was heard around the world and triggered the American Revolution. The British Crown was anxious to keep the Francophone population from joining with those unruly fellows to the south who were threatening to kick over the traces and go their own way, separate and apart from and independent of the British Crown. To assure the allegiance of the French-speaking people to the Crown in the ensuing conflict, Lord Monk and Lord Carleton, during their respective terms as British governors, assured the French-speaking peoples that if they would stay with the British ship the future of their language, culture and religion would be assured and guaranteed by the British Crown.

It was this covenant which some 100 years later was encompassed in the Constitution of the new country of Canada. It is to this accident of history, the British Crown acting in its own interest, that we owe not only the blessing and opportunity afforded by the basic linguistic and cultural duality of our body politic, but I suggest further that it is to this same genesis that we owe the multiplicity of the Canadian culture. It was the determination of our Francophone people to have the covenant of Lords Monk and Carleton lived up to, and their success in maintaining that promise which resulted in our distinctive dual culture and in our refusal to accept the "melting pot" conclusion which was the choice of our great neighbour to the south. In this milieu it was inevitable that those who later came to this land from other ethnic backgrounds and cultures were able to perceive that they too might become part of, and good citizens of, this new land, while still maintaining the respective cultures of the lands from whence they had come, as part of the integral fabric of their newly chosen land. So I suggest that each ethnic person who has come to this land and been enabled, yes, encouraged to continue here the culture of his forebears, owes that opportunity and blessing to the brave example of his French Canadian brethren who had preceded him and set the pattern which has led to the richness and multiplicity of our current culture, and to that concept of Canada which the late Lester Bowles Pearson so ably termed—unity in diversity.

It is the way of Canadians to have several favourite public whipping boys. Among our favourite victims is the Canadian Broadcasting Corporation. We here in Parliament are among the first to pull out the lash when we believe they have erred or strayed and fallen short. I think we equally owe it to them to pay homage when they have served well the cause of maintaining the unity of our country. What Canadian could not but have been proud and grateful for the performance of the CBC on the evening of our 110th birthday when they so effectively presented, not only from an artistic but from a technical standpoint, the panorama of this great land, demonstrating to us all the richness, variety and high quality of our cultural and ethnic heritage. May there be many such performances, for the task of maintaining unity while at the same time encouraging and enhancing our diversity is not an easy one, and requires not only the effort of our legislators and citizens but particularly the best and most dedicated participation of our entire federal public service.

The other side of the coin of our notice of inquiry is the economic aspirations of the various regions of Canada. On this score I suggest we should be as careful to maintain the diversity of the various economic regions of Canada as we are determined to maintain our cultural diversities. The people of Japan have to their great credit built a powerful economy in a small land with few resources and with but limited economic diversities to call upon. I respectfully suggest that it is no answer to regional economic aspirations to build here in Canada five microcosms of Tokyo or Yokohama. To have a

Tokyo in Vancouver, a Yokohama in Calgary or Edmonton, a Tokyo and/or Yokohama in Toronto and a similar megalopolis in Montreal and Halifax, each of which were equally rich and each of which afforded equal economic opportunity, would surely be denial of the Canadian dream rather than its fruition. We were blessed not only with a great land mass but with a great and an almost complete bounty of economic resources throughout the various regions of that land mass. We have surely learned from the sad demise of the great city of New York that the unbounded megalopolis is not the answer to man's socio-economic aspirations on this planet.

● (2110)

Yes, we should continue to have great cities and be proud of them. Certainly, those great cities should be part of the Canadian heritage, but surely we have learned that there is an optimum size to cities, that cities permitted to grow willy-nilly and *ad infinitum* end up in economic discord and economic chaos rather than in the greater regional opportunities our notice of inquiry seeks to find.

We have the time and the opportunity, because of the size and the breadth of our geography and economic resources and because fortunately we have not utilized them all too quickly or too soon, to build differently. Surely it is not beyond our imagination and expertise to mend our economic fences—as the notice of inquiry postulates—resulting in greater regional equity while at the same time maintaining the diversity of our land in economic terms. Can we not approach the solution to these problems while still maintaining the viability of our small towns, medium-sized cities and, yes, our rural areas? Does the family farm—so much an integral part of the Canadian economy and where so many were born and brought up to go on to great places of leadership in other endeavours—have to become the so-called "economic unit," which that new deity, the agricultural economist, deems imperative, the sort of factory farm tried and found badly wanting in those countries which espouse the socialist-statist form of government? Or can we not maintain to some degree the traditional ideal of the farm with the home as an integral part—the family farm as an entity of economic productivity—and still achieve the greater equity in regional economic opportunity that we seek? Does the young person whose family traditions lead to shipbuilding or fishing in our Atlantic provinces have to shift to suburbia in order to achieve just economic opportunity? Must the salmon fisherman of British Columbia get a job in the factory in Vancouver in order to attain our ideal of minimizing economic disparities? Should we shut down and forever abandon all of our great north country with its unique and largely virgin topography and tell its citizens, "You had better head for the steel mills or the car plants, if you want to live as well as other Canadians"?

[*Translation*]

Should the people living in the Gaspé peninsula move to Montreal in order to achieve equal economic opportunities? I hope not.

[*English*]

I suggest that this is the Canadian challenge: to maintain this land in all its richness and fullness and variegated geographical wonder and to achieve the greater economic justice postulated by the notice of inquiry while at the same time maintaining the variety and fascination of the great Canadian land mass, in its small towns, in its smaller cities on the coastlines and outports, both Atlantic and Pacific, and in its great and relatively untapped northland so that the dream of Thomas Darcy McGee, that the Dominion would stretch like the Shield of Achilles from ocean unto ocean, would in fact be fulfilled, perpetuated and enhanced in the years ahead. Yes, it would stretch like a shield from ocean unto ocean, but this land would indeed be Canada and not some poor imitation of some other land or lands which had achieved economic success, and our cultural and economic "thing", as our young people call it, would be as one, and both in economics and in culture we would share—unité dans la diversité: unity in diversity.

On motion of Senator Fournier (Restigouche-Gloucester), debate adjourned.

BANKING LEGISLATION

CONSIDERATION OF REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

Hon. Salter A. Hayden rose pursuant to notice of June 29, 1977:

> That he will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976," tabled in the Senate on Tuesday, 28th June, 1977.

He said: Honourable senators, on June 29, at the suggestion or at the request, call it which you will, of Senator Flynn, I gave this notice of inquiry. When I tabled the report on June 28, I indicated that I did not propose to say anything further to what I had said in touching on the highlights. Nor do I intend to add anything at this time.

Senator Flynn thought, you will recall, that this might afford an opportunity for debate. My view with respect to that is as follows, and I have expressed this opinion on a number of occasions: When the Senate refers to a committee the subject matter of a white paper, such as you had in this case—a white paper on Canadian banking legislation—or the subject matter of a bill and other documents implementing a bill tabled in the House of Commons, the bill being of such a nature that it would appear it might have some lengthy period of consideration in the House of Commons, it is our practice to get busy early in order to prepare a study so that the Senate might, as the result of that, be fully informed when the bill comes to us. In those cases, when a report comes to the Senate from a committee and that report has been prepared in relation to such a reference by the Senate to the committee of such subject matter, my view has been and still is that I would not

want to participate in a debate at that stage because there is still something more to come. There is a bill. For instance, with regard to the report that we tabled on Canadian banking legislation, the purpose of the white paper was to develop discussion and representations with a view to the preparation of a new bank act to be submitted to the Parliament of Canada later this year.

• (2120)

In those circumstances it is difficult to debate the report to any great depth, although I must say, if I may recommend the report myself, that it is an excellent research job which I am sure will have considerable public acceptance.

Nevertheless, there is still to come the major actor that has not yet appeared on the scene. I refer to the new Bank Act. It would be difficult to debate this report in the absence of some other document as important as a new Bank Act, by which we can check and compare what the bill proposes as against what the report, which has been tabled, says about the various subject matters which are developed in the white paper.

For that reason I do not propose to add anything at this time, and, logical or illogical, those are my reasons for not doing so. I believe I had a fair run at developing the highlights of the report on Tuesday, June 28, and I shall let it rest at that.

Senator Grosart: Honourable senators, naturally I do not presume to speak for Senator Flynn, but my impression is that what Senator Flynn may have had in mind—in fact, what I believe he did have in mind—was that it might be appropriate at this time for Senator Hayden or another senator to move concurrence in the report. If it were the wish of the Senate, and if it would improve the acceptability of the report in the other place or at the executive level, that might be an additional indication of the validity of this very fine report.

This may be because we seem to have developed a tendency in recent years for chairmen, in introducing reports, to move concurrence. For a long time, as I recall, this was not done. Our rules contemplate the possibility of this being done, but generally the tenor of the rules seems to me to be very much in line with what Senator Hayden has said. Rule 78 makes a distinction between a report of a committee on a bill and a report of a committee on a matter referred to it but not a bill originating in the Senate or coming to us from the House of Commons. It says:

(1) A report from a select committee—

And this is, of course, a select committee:

—shall be presented by the chairman of the committee or by a senator designated by the chairman.

(2) A report presented to the Senate shall be received without debate.

(3) A report which by its own terms is for the information only of the Senate shall be laid on the table but may on motion be placed on the orders of the day for future consideration.

The point I am making is that it seems to me that in recent years we have tended to use paragraph (3) more than paragraphs (1) and (2). However, as I say, it was Senator Flynn's proposal, and I am sure it was an indication of his approval of the report, and perhaps a wish on his part to make his own comment.

I do not know exactly what is the status of discussion because at the moment Senator Hayden has placed this matter before us by way of an inquiry, he has spoken to the inquiry, and I take it that a debate is now under way on the inquiry. Therefore, it might be proper for me, in the absence of Senator Flynn, to move the adjournment of the debate until he is in a position to state his views on, and his agreement or otherwise with, the statement made by Senator Hayden.

Senator Hayden: May I ask my friend a question? Is the substance of what he has said that he would have commitment without concurrence?

Senator Grosart: I do not think that was the substance of what I said. What I had in mind was that Senator Hayden or another senator, which would be quite in order, might move concurrence in the report, or there might merely be a discussion, which would be a normal procedure if we were to follow our rules. At the suggestion of Senator Flynn, Senator Hayden has taken the matter another way. He has raised the matter on inquiry. I am quite sure that that was to accommodate the suggestion of Senator Flynn, and for that reason I move the adjournment of the debate, not in any way to suggest that I myself think that any concurrence or commitment is necessary at this stage.

On motion of Senator Grosart, for Senator Flynn, debate adjourned.

PROTECTION OF BORROWERS AND DEPOSITORS

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

Hon. Salter A. Hayden rose pursuant to notice of July 7, 1977:

> That he will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the Bill C-16, intituled: "An Act to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof," tabled in the Senate on Thursday, 7th July, 1977.

He said: Honourable senators, before proceeding with my inquiry, calling the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-16, which was tabled by me last Thursday—there was no discussion and no request for leave to discuss the provisions of the report; nor was there any motion in respect to the printing—I should like first to request that the report of the Standing Senate Committee on Banking,

Trade and Commerce on the subject matter of Bill C-16, to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof, tabled in the Senate on Thursday, July 7th, 1977, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix to today's Hansard.*)

Senator Hayden: Honourable senators, I should now like to discuss—at this time of night as briefly as possible—the highlights of the report. I do so in this context, that the Minister of Consumer and Corporate Affairs made an announcement on Wednesday or Thursday of last week that there would be a new credit bill in the fall of this year. I believe the language used was to the effect that it would be a new amended credit bill.

The history of this bill has shown that there has been very substantial opposition in many quarters to its scope, its over-reaching, its favouring of one of the parties dealt with, namely, the borrower as against the lender, and the extension of the meaning—I was almost going to say the distortion of the meaning—of a lending transaction, and also the distortion, in my view, of the meaning of a credit charge.

I had always thought that "interest" was something that you pay for the use of money; but we learned in committee from departmental officers, when they were questioned on why the word "interest" did not appear more often in the bill, that they had been advised by the Justice Department to use the expression "credit charge". If I may venture into the realm of prophecy, I would say the reason for using that expression was the possible hope that they might thereby escape the judicial interpretation of "interest", and the extent to which it might be applied in relation to the cost of a loan.

● (2130)

Therefore, you have two expressions, "credit charge" and "credit charge rate". Once or twice, or perhaps more often, in the course of a bill—through inadvertence, I am sure—the word "interest" crept into some of the language in one of the clauses. Some of that has been remedied by the amendments which were subsequently developed.

In the House of Commons this bill was referred to the Committee on Health and Welfare, and as the newspaper reports say, it has been languishing there. Many witnesses have been heard since that date, but still no report has been presented by that committee. There has been much in the way of objection by those who are affected by the various facets of the bill.

I want tonight to just touch on some of the major provisions of the bill which deal with such things as who is a borrower, who is a lender, what is a lending transaction and what is a credit charge.

The borrower aspect is quite easy to follow. Originally the bill said that a borrower was a natural person or a closely held corporation. Much opposition developed in evidence from mortgage companies, life insurance companies and so on, which showed that closely held corporations would gather in many of the land developers and many of the construction project people, because they usually incorporate in a very small, close group to get the benefit, I suppose, of limited liability; and in the course of advancing money, it might be two or three years before the loans would be fully advanced; yet there were provisions in the bill providing for prepayment that would commence early in the progress of the history of the bill.

Closely held corporations, by amendments, were then struck out of the bill, and right here I should tell you about those amendments. This bill was referred to your committee in November of last year. We had hearings in December and during all the months since until late in June, when we concluded our hearings. In the first week of May we received a group of amendments, which covered clauses one to 12 of the bill. Then, in about the second week of June, we received a complete set of amendments covering the entire range of the bill from clause one to clause 44. In the course of considering these amendments on the second occasion, we noted that some of those that were in the first edition of amendments had been amended in the second edition.

Senator Grosart: Is the honourable senator referring now to amendments from the government?

Senator Hayden: Yes, I am referring to amendments proposed by the minister and presented to the House of Commons committee, before which the minister appeared in order to explain and support them. Whether that work has been completed or not I do not know.

We considered the amendments ourselves, and with regard to them I can tell you this: The bill had 44 clauses. The amendments I refer to proposed to amend 28 of those clauses, 28 of which would be material amendments. Twenty-three of the clauses and subclauses that were dealt with were new. Twelve clauses were deleted completely. In all, 75 subclauses were amended. The position we took in the report with regard to all this was that the bill had become, substantially, a new bill, and that all the witnesses and delegations we had heard has made their representations to us on the basis of the bill that had originally been put forward. There were two groups from whom we received comments subsequently on the new amendments, one of them being the Canadian Bar Association; the name of the other escapes me at the moment.

One recommendation we make in the report is that this should be considered as a new bill, and should be reconstituted, redeveloped and presented again at another time. We did not know how close we were to a decision of the minister to do this very thing, an announcement to this effect appearing in the *Globe and Mail* on Wednesday of last week. There was quite an article, with headlines, which appeared in the Toronto *Star* on Saturday.

The substance, or part of the substance, of both of these newspaper reports had to do with the question of the law on loan sharks. While this has been played up, and while the police have been demanding effective loan shark legislation, there is one clause, clause 37, in the original bill which provided for a penalty for exceeding a credit charge rate fixed by regulation. During our consideration of the bill we indicated that this was a matter of substance, and should be, not in the form of a regulation but in the bill itself.

In the course of examining the officers of the department, this particular credit charge rate was described by them as being a criminal rate. This clause was therefore intended to deal with loan sharks, although, for some reason or other, the phrase "loan sharks" is not mentioned at all. In the amendment to clause 37, however, a criminal credit charge rate was fixed at 45 per cent. It was then urged that there were other provisions in the bill, such as that dealing with the matter of lenders having to maintain records, which could be used to check on loan sharks. There was also a provision in the bill under which a borrower could take proceedings against a lender who was alleged to have charged a non-warranted credit charge rate, and have a hearing in court to test the matter. I will develop that in a moment.

In the opinion of your committee, and as stated in the report, loan sharking, which involves, shall we call it, private enforcement of collection of charges by means of methods which would violate the Criminal Code, such as assault and battery, should be covered by the Criminal Code; that provisions dealing with loan sharking should be in the Criminal Code. This bill, which dealt with the protection of borrowers, is civil legislation, and should be treated as such. We pointed out that in all the provinces in Canada there are provisions with respect to consumer protection, and that in all but two of the provinces in Canada there are unconscionable transactions acts, the design of which is to undo harsh and unconscionable transactions, and alter harsh and unconscionable rates of interest. So the field is pretty well occupied.

● (2140)

It was the view of the committee that borrowers and lenders should be dealt with in a way which would protect the borrower but which at the same time would not be so over-reaching in its scope that it would likely disturb mortgage markets and business practices. And we say so in our report.

In the bill a "borrower" is defined as a natural person. We recommend that there should be an addition to that. A borrower should be a natural person who is borrowing in a non-business transaction; in other words, personal borrowing. At the same time the lender should be lending in the course of carrying out his business.

Then we come to the definition of a lending transaction. The sky appears to be the limit in the bill. A lending transaction not only includes a borrower and a lender but also the arrangements in connection with assignments or sale of rights where payment is at a time or times in the future. Included, of course, would be assignments of mortgages, assignments of debts, factoring, and the assignment of receivables. This is what I meant by saying earlier that one of the aspects of over-reaching is the definition of a lending transaction. But the real prize in lending is found in clauses 3 and 4 of the bill which go into the business of general lending transactions. In these two clauses their reach is much greater. Their reach is to catch interest in transactions that may be borrowing transactions where the borrower may be a corporation. Clause 3 reads:

> Except as otherwise provided by or pursuant to this or any other Act of Parliament, any person—

You notice the words, "any person."

> —in an agreement evidencing a lending transaction, may provide for any rate of interest that is agreed upon.

Clause 4(1) reads:

> Where by law or under an agreement evidencing a lending transaction to which a borrower is not a party, interest is payable and no rate is fixed by or determinable under the law or agreement—

You will notice that in clause 4 they go to a lending transaction to which a borrower is not a party. In the committee we have wondered, and we continue to wonder, how you can have a lending transaction and not have a borrower. It was puzzling to us. They amended clause 3 twice and they amended clause 4 twice. In the first amendment to clause 3, which I read to you, they talk about a transaction that would be a lending transaction if a borrower were a party thereto. This gives you something to wrestle with.

On the second time around, in this part of the definition which was changed they say,

> "any person, in any agreement, whether evidencing a lending transaction or not . . ."

In clause 4, the first time around, they provided that:

> Where by law or under an agreement evidencing a transaction that would be a lending transaction if a borrower were a party thereto—

Then they inserted the rest of the provision in the original clause. This is an effort to reach beyond the scope of what is ordinarily understood as a lending transaction.

Then they appeared to have special designs on a type of case. There are people in Canada who deal with the purchase and acquisition of income tax returns. Taxpayers entitled to refunds can go to such a company or firm and make a deal to sell, assign and transfer the right and entitlement to the tax refund to this group. A number of these people appeared before us as witnesses. They indicated that the usual rate of discount was 30 per cent. They paid the taxpayer 70 per cent of the amount of his refund. The assignment that the taxpayer made was an absolute assignment; there was no right of recourse. Yet that is practically labeled in a clause of this bill as a lending transaction. This is what I call over-reaching.

The committee was not attempting to defend people who engage in this kind of business. What we say in the report is that if this is to be dealt with, it should be dealt with in the Income Tax Act and not in this act.

Credit charge is defined as one including interest. This is a favourite. When you want to enlarge the meaning of an expression you use the word "included", instead of saying "means". By using "means" you tie yourself into a particular meaning. "Including interest" includes interest among other things. Then there is a whole list of inclusions. The major objection we put in the report is to the inclusion, as part of the credit charge, of payments made by the borrower to third persons, such as appraisal fees, insurance premiums on policies which are taken out to safeguard the interest of the borrower and the interest of the lender, and survey costs. These are payments which the borrower must make to third parties. They are not then rebated to the lender, but they are part of the credit charge—payments to third parties. We suggested that there should be a limitation on that. The limitation should be payments to third parties where the third party is an agent or a nominee of the lender. They cannot be part of the credit charge unless you can take the payment to the lender.

● (2150)

These are some of the problems that are posed by the definitions of these terms. There is, of course, a major problem in the question of the constitutionality of the labeling of a credit charge as being interest, because there are decisions of the Supreme Court of Canada in this respect. There has been a decision, I think, within the last 10 days. The Supreme Court some years ago, in upholding the Ontario Unconscionable Transactions Relief Act, eliminated many of these items which were listed as the cost of the loan in the act. They held that these items were not interest. They also held that the Ontario Unconscionable Transactions Relief Act was valid legislation, notwithstanding the fact that interest is exclusively in the jurisdiction of the federal authority under section 91(19) of the BNA Act. So there is a real constitutional problem. However, that is only the beginning of it.

Then we have the provision that the borrower is given the right to take an action or to make an application to the superior court in a province, or to a county court, and to allege that the lender has charged a non-warranted credit charge rate. That may be alleged in an application made to the court. The onus—pay attention to this—is on the lender to prove that the rate which he charged was a warranted rate. The warranted rate means that all items listed in the credit charge definition must be considered—all these items such as payment to third parties and all the different types of lending transactions and payments in relation to them.

The judge can deal with this in the following fashion only: First, he should determine what the credit charge rate was; then whether that was warranted. If it was not warranted according to the requirements of the regulations, he must find that the rate charged was unwarranted. If it is unwarranted the only thing he can do is to re-open the transaction and allow a rate anywhere from zero to the bank's prime rate given to its best customers. This is the favouring of one party under the scope and purposes of this bill, and the lender is left in the position in which he is saddled with the onus of disproving. Ordinarily, when a person is given a right to challenge something which has been done, he alleges and must prove his allegation. However, in this case the borrower alleges, and the lender must disprove it.

You have not heard it all yet. There are three prepayment provisions which were amended substantially, so I will deal only with the amendments and their effect. The first is lending with respect to transactions other than mortgages. The borrower at any time may pay off the loan without any notice or bonus. Then with respect to mortgage transactions there is really quite a problem. The amendments establish what is termed a reference rate, which is determined by taking the average of the rates for one-year, two-year, three-year, four-year and five-year guaranteed investment certificates and debentures of trust companies and loan companies. Having arrived at the reference rate, then if in a mortgage transaction it appears that the rate charged by the lender is more than 4 percentage points above the relevant reference rate, the borrower can pay off the mortgage without notice or bonus. However, if the difference between the rate charged by the mortgagee and the reference rate is not in excess of 4 percentage points there is a long and involved method of dealing with it. I will not weary you with all the details of the process, but the effect is to try to give the lender what he has lost, on the assumption that if he goes to re-invest the money when it is repaid to him he would get less in the way of interest on that money than was called for by the mortgage.

However, that is not the end of it. The regulations are not promulgated yet, but the department issued a regulations narrative in which they used a crystal ball or something to foresee what the regulations would provide. This provides for a calculation on the basis of the period from one month to 60 months remaining between the date on which the prepayment is made and the maturity date of the mortgage. We were advised on inquiry of the department that tables are being prepared which will calculate what the actual rate would be to repay the lender for his loss, and there will be something in excess of 1,000 tables, ranging between contract rate and mortgage rate at the time of the proposed repayment, and covering an area between 7 per cent and 16 per cent as being the percentage loss calculated in increments of a quarter of one per cent. The borrower, of course, would have to digest that and I am sure that having him study that table is not doing any favour to the borrower. The reference rate, of course, will be published by the minister bi-weekly in the *Canada Gazette*, and inquiries may be made at the department which will elicit the information. The minister will publish the rate but, presumably, it will be calculated by his department. We recommend that the Bank of Canada should perform these calculations.

We also had something to say about the confusion, and the piling of confusion on confusion, in this matter of prepayment, because a basic question is involved. In Ontario the mortgages legislation provides for a prepayment at the end of five years. The National Housing Act provides for prepayment at the end of three years. How will these provisions fit into the provisions of this legislation? Secondly, prepayment of mortgage princi-

pal is a matter of reformation of the contract; reformation of the contract is a matter of property and civil rights in the province. Yet we have the provisions before us as being "very important provisions in the interests of the borrower."

● (2200)

Those are just some of the more important provisions in the bill, but this resumé does not, by any means, exhaust them. I should tell you that one of the new provisions that has been added by amendment is that under which the minister may, on behalf of the borrower, take an action. It is the new proposed section 36, which is entitled: "Assumption of Carriage of Proceedings." It reads as follows:

> (1) Where the Minister is satisfied that a borrower or a depositor has
>
> (a) a cause of action,
>
> (b) a defence to an action,
>
> (c) grounds for setting aside a default judgment, or
>
> (d) grounds for an appeal or on which to contest an appeal
>
> based on any provision of this Act and that the facts of the particular case are such that it is in the public interest that he act under this section, the Minister may, with the consent in writing of the borrower or depositor, as the case may be, on behalf of the borrower or depositor, institute proceedings, assume the conduct of proceedings on his behalf or defend any proceedings brought against him for the purpose of enforcing or protecting any rights of the borrower or depositor arising under this Act.

So, that adds another potential burden which the lender has to face in connection with legislation of this kind, that being the fact that at any time the minister may interject himself into the proceedings. I think what lies behind this provision is the fact that there is a somewhat similar provision in the competition legislation which originates from the same department.

These are what we call in our report "some of the over-reaching things" in the bill. It does not constitute all of the over-reaching things. The minister has also taken as one of the new proposed sections the right to apply to the court for a cease and desist order which would force the lender to stop whatever he was doing in the way of lending because of the way in which he had been conducting his business.

If these provisions are intended to be limited to loan sharks, they will fail completely in their purpose. If loan sharks are prepared to violate the Criminal Code for collection purposes, they certainly will not be intimidated by a cease and desist order to the point of restraining them from taking action or from not maintaining a proper set of records. Thus, the fine for not maintaining a proper set of records is $5,000. However, I suppose at the rates they charge for a loan, another $5,000 added to the borrowing costs would take care of that. At some stage the borrower, by a process of intimidation, somehow, apparently, finds the money, even if he himself has to go out and violate the Criminal Code to do so.

Honourable senators, I have outlined some of the new provisions in the bill. I have not by any means exhausted the new provisions, nor the extended scope of the old ones. There is one other matter I should like to mention, and that is the question of advertisements. Advertising that credit is available by Master Charge, Chargex, Bank Americard, and so forth, is prohibited unless accompanied by a disclosure as to the cost of the borrowing. If the advertisement of availability of credit is not accompanied by disclosure as to the cost of the borrowing, it is in violation of the proposed act. The amendments provide one escape, that being that where an advertiser accepts advertisements in the ordinary course of his business and does not know that in publishing that advertisement he has violated the law, he would be entitled to an exemption.

Your committee recommends that the provisions which were good enough for inclusion in the Combines Investigation legislation—namely, that the advertiser merely has to act in good faith in the ordinary course of business—are good enough for insertion in this legislation, which is what we recommend. How any advertiser could say that he was not aware of this provision, I do not know, especially given the publicity that has occurred in connection with this particular advertising feature. Your committee received many representations on it, the consensus of which seemed to be that there would be little advertising. Yet, this provision would live and thrive on the publicity of the disclosure required under the bill. If there is no such publicity, the disclosure provisions are meaningless. All it means is that the lender has to provide the borrower with a copy of the lending contract, and a few items of that kind.

Honourable senators, I realize I have taken quite some time in explaining the report. In doing so, I have tried to keep away from slowing up my explanation of the highlights by referring to the supporting documentation. I have that documentation in front of me and I am reasonably familiar with it. There is, first of all, our report, which is in two parts—Part A, which deals with the different headings of questions that were involved in the consideration of the subject matter of this bill, and Part B, which is an annotation of the clauses of the bill in the following fashion: comment, recommendations, and, where there have been amendments, the scope of the amendments, and whether the scope meets the recommendation.

I have before me as well the complete amendments to all clauses of the bill, the department's regulations narrative, which is supposed to be a guide, and the bill itself, which is somewhat dog-eared and full of pencil and ink notations as a result of different ideas which struck me as to what the objections were and what the answers might be. I think what I have said is sufficient to give you a picture of why the bill is to be, in effect, withdrawn, or not proceeded with.

I have omitted to make any mention of the position of the banks. Under the Bank Act, sections 91 and 92, there are provisions to deal with the question of interest rates. Those provisions provide that the banks may charge any interest rate which is acceptable to the lender. They further provide as to the cost of borrowing and what that cost shall be. Under the Bank Act provisions, the cost of borrowing does not include

any payment to third persons where the payments do not go back to the lender. So that under this bill, if it had become law, or if it becomes law in the foreseeable future, possibly there would be one rate the borrower would have to pay to the bank and, for the purposes of the proposed act, with the extended meaning being given to "credit charge," there would be a higher rate, and there would not be the disclosure by the bank required in respect of the definition of "credit charge" and a "credit charge rate." So, you would have an obvious conflict.

In relation to that, the White Paper on Canadian Banking Legislation proposes to leave the business of protection of the borrower to the provisions of a proposed Borrowers and Depositors Protection Bill, and to repeal the pertinent sections of the Bank Act.

Having said that, I am through. I hope I have at least put forward the position of the committee intelligently.

• (2210)

Senator Grosart: Honourable senators, I have listened with the greatest of interest to Senator Hayden, and I recall his comment on the spate of discussion that might ensue from his presentation and explanation of the bill that was. But I would still ask the liberty to adjourn the debate just in case there is another honourable senator who understands the bill. The amazing thing that came out of the explanation we have just heard is that anybody understands it. Senator Haydon obviously does, and he may be the only one in Canada who does. However, there may be another member of this house who would like to demonstrate that he understands it also. This may be the end of it, but in order to leave the matter open, I move the adjournment of the debate.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

APPENDIX

(*See p. 1121*)

REPORT

OF THE

STANDING SENATE COMMITTEE

ON

BANKING, TRADE AND COMMERCE

ON THE

SUBJECT-MATTER OF BILL C-16,

"THE BORROWERS AND DEPOSITORS PROTECTION ACT"
of the
SECOND SESSION OF THE THIRTIETH PARLIAMENT
1976-1977

INTRODUCTION

On October 27, 1976, Bill C-16, entitled "An Act to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof" received first reading in the House of Commons.

By resolution of the Senate on November 16, 1976, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and report upon the subject matter of Bill C-16 in advance of the said Bill coming before the Senate or any matter relating thereto.

In accordance with the Order of Reference, your Committee has given careful consideration to the said Bill C-16 and in connection therewith has had the benefit of the services of Mr. Dawson H. Tilley, C.A. of the firm of Thorne, Riddell & Co., Chartered Accountants, as an advisor to your Committee, and has retained as legal counsel, Mr. A. de Lotbinière Panet, of the law firm of Perley-Robertson, Panet, Hill & McDougall. The Committee has received submissions and has heard representations from a number of interested parties, as set forth in Schedule A to this Report and has also heard Mr. M. McCabe, Assistant Deputy Minister, Consumer Affairs, and Dr. J. L. Evans, Director, Consumer Research Branch, of the Department of Consumer and Corporate Affairs. In addition, the Committee has received written briefs and submissions as set out in Schedule A from persons who have not requested to be heard.

A review of legislation and practices in the areas of consumer borrowing, credit granting, advertising, mortgage lending and bank deposits has been undertaken by your Committee. In reviewing the subject matter of this Bill, the function of your Committee has extended to the suggestion of ways in which the stated objectives could be attained other than in the manner proposed which would avoid the clash of constitutionality and ensure a fair balancing of the interests of all parties affected. In addition, it is considered desirable to avoid the unnecessary disturbance of borrowing markets, mortgage markets and conventional business practices. The recommendations herein are made for the purpose of improving the quality of the Bill and ensuring that the rights and obligations created are clear, understandable and capable of enforcement within our present constitutional framework. We emphasize this position as inevitably there are some who would criticize any recommended action which would change any language of the Bill.

On May 13, 1977 and June 9, 1977 the Minister proposed amendments to the Bill and at the same time presented a "narrative" to the Regulations which presumably will be drafted at a later date. Of 44 sections in the Bill, 28 are to be amended, most amendments being material, 23 new sections and subsections are added and 12 are deleted. In all, 75 subsections in the Bill are to be amended. There are new concepts introduced. For example, the Minister can commence or carry on proceedings on behalf of a borrower, the Minister can obtain cease and desist orders against a lender, the Minister can obtain voluntary compliance undertakings from lenders and can carry on formal inquiries into the activies of lenders.

In view of the extent of the amendments, your Committee recommends that this be considered a new Bill. The hearings conducted and submissions received by your Committee were all completed before the introduction of these amendments and, as a result, the public has had no opportunity to express its views. The introduction of new concepts in the Bill and the proposal to significantly amend many existing provisions at this late date is unfortunate and undesirable.

Your Committee, therefore, recommends that the Bill in its present state, not be proceeded with further. It should be considered as a new Bill and the consultative process should be commenced again.

SUMMARY OF RECOMMENDATIONS

The recommendations of your Committee in this Part A are as follows:

1. The Bill should only apply to borrowers who are natural persons and should have no application to any other legal entity.
2. The Bill should apply only to lending transactions in which the lender is acting in the course of carrying on business and the borrower is not so acting.
3. The application of the Bill should be restricted to the field of consumer credit, where it is indicated that reforms are desired and should result in a fair balancing of the interests of lenders and borrowers. Its application should not extend to other areas involving lending or credit transactions where it has not been established or even indicated that any changes are desirable.
4. The reforms proposed are designed to give to the individual consumer greater protection and remedies in the transactions involving "consumer credit". There should be no way in which a sophisticated borrower would be able to take advantage of the provisions of the Bill and to the extent that such possibilities exist, the Bill should be amended.
5. Your Committee has grave doubts as to the constitutional authority of the federal government to legislate with respect to certain important matters dealt with in Bill C-16 and the Bill should be referred to the Supreme Court of Canada as to jurisdiction of Parliament to legislate on the items contained in the Bill.
6. The definitions "lender", "lending transactions" and "borrower" should be amended so that the Bill would only apply where the parties to a lending transaction are a lender who is acting in the course of carrying on business and a borrower, defined to be a natural person only, who is not acting in the course of carrying on business.
7. If the borrower be given the right to challenge a credit charge rate as being unwarranted, then the burden of proof should be upon such borrower to establish his claim.
8. Where a court finds that the rate charged was unwarranted, the court should be given full and unfettered authority to establish an appropriate rate in all the circumstances of the transaction. This is properly the function of the lower court which has heard all the evidence and circumstances relating to the transaction.
9. The right of the borrower to assert such claim should be limited to one year from the date of repayment of the loan.
10. Policy loans made by insurance companies to their policy-holders to the extent that, in such loans, there is no express personal liability on the insured to repay, should be specifically excluded from the application of the Bill.
11. Deposit-taking institutions should not be required to calculate interest on deposits on a daily basis.
12. Those institutions to be included within the "deposit-taking" provisions of the Bill should include only those who accept deposits as a principal function of their business and thereby exclude those which accept deposits as incidental to their principal function or functions.
13. The Bill should not apply to advertisements or publications which only indicate the availability of credit, such as credit card decals and notices.
14. Protection should be provided to the media which publishes an advertisement in good faith, such protection to be similar to Section 37.3(1) of the Combines Investigation Act.
15. The right to commence a civil action for damages against a person who breaches the Act should be limited to situations where privity of contract exists between the parties.
16. The search and seizure powers should be restricted to those necessary to establish the credit charge in a given transaction.
17. The search and seizure powers should be clearly stated in the Bill and not incorporated by reference to sections in another Act.
18. Sections 28(4) and 39(2) (b) should be deleted and replaced by legislation giving effect to the changes recommended.
19. The Bill should be reviewed with a view to restoring to the Bill itself all those matters involving a judgment or enunciation of policy with respect to the subject matters of the legislation and only those matters involving the procedures necessary for the attainment of the policy decisions should be delegated to the Governor in Council for enactment by regulation.
20. The Bill and regulations should conform as much as possible to existing disclosure requirements in provincial legislation and should not unnecessarily alter existing practices or duplicate existing legislation.
21. Consideration should be given to the effectiveness of the Bill in its present form in dealing with loan sharking. Your Committee recommends that the inclusion of a criminal rate in this Bill is not appropriate. Loan sharking encompasses a range of activities which are considered to be criminal in their nature and if effective and comprehensive measures are to be developed to control and hopefully eradicate loan sharking, the proper place for such laws is in the Criminal Code.
22. The provisions dealing with the prepayment of loans are excessively complex and should be re-drafted and incorporated in the Bill in clear, understandable language.
23. In view of the extent of the amendments, the Bill in its present state should not be proceeded with further. It should be considered as a new Bill and the consultative process should be commenced again.

INDEX

PART A—GENERAL REVIEW

I THE BILL AND ITS OBJECTIVES

II CONSTITUTIONAL ASPECTS

III LENDING TRANSACTIONS—BORROWERS AND LENDERS

IV DEPOSITS AND DEPOSITORS

V DISCLOSURE AND ADVERTISING

VI ADMINISTRATION

VII ENFORCEMENT

VIII REGULATIONS

IX CONSUMER PROTECTION LAWS IN THE PROVINCES

X LOAN SHARKING

XI THE PREPAYMENT OF LOANS

I THE BILL AND ITS OBJECTIVES

The objectives of this Bill have been stated, in background material released by the Minister of Consumer and Corporate Affairs to be as follows:

(a) To upgrade the quality and increase the quantity of information on consumer credit available to borrowers.

(b) To eliminate unnecessary complexities in consumer credit.

(c) To protect borrowers against excessive interest rates.

(d) To rationalize federal legislation and define strong and uniform consumer credit rules.

It is clear that the proposed legislation is aimed at strengthening the position of the consumer in the field of consumer credit. In broad terms, the Bill appears to be designed to enlarge and improve the supply of information required to be furnished to the borrower. This would include access to documentation relating to the lending transaction, the right to apply to a court of civil jurisdiction to review and amend the credit charge rate to determine whether such rate is warranted or unwarranted and if unwarranted to re-open the transaction and to order to be repaid to the borrower the excess in the credit charge as determined by the court, the right to prepayment without penalty in all but mortgage loans and the establishment of a criminal rate of interest. In the case of mortgage loans, the Bill provides for prepayment and limits the penalty on prepayment to a maximum of three months credit charge. The amendments proposed by the Minister would limit such penalty to the present value of the loss to the lender resulting from prepayment. Further, the Bill requires disclosure of the rate of interest paid to depositors and may specify the frequency of calculation of interest on deposits.

The provisions of the Bill purport to deal with the objectives stated by the Minister of Consumer and Corporate Affairs when presenting this Bill C-16 and apply in the field of consumer credit. The issue in the submissions made to your Committee has resolved itself into a challenge of the extent to which the Bill goes in attempting to implement the stated objectives and whether the positions of borrowers, lenders and depositors are fairly dealt with.

It is felt that the Bill goes further than its stated objective of protecting the consumer in his borrowing transaction. It creates a civil remedy of damages available to any person, whether or not a borrower, who has suffered loss or damage as a result of a breach of the Act by any person and creates a criminal offence where an excessive credit charge rate is charged. By an amendment proposed subsequently, the excessive credit charge rate is fixed at 45% per annum. Also, in the matter of the onus of proof, it would appear that all lenders are assumed to be unsophisticated. The challenge has extended to the matter of the constitutional right of the federal Parliament to move as far in the field of consumer credit as the Bill proposes.

Given the expressed policy objectives of this legislation, a fundamental problem is to determine the intended meaning of the phrase "consumer credit". It is considered by your Committee and others to relate, in general terms, to borrowing by individuals for non-business purposes, either in the form of cash from a lender or in the form of credit from a vendor of consumer goods or services. However, the Bill, as originally drafted, would go beyond this class of transaction.

In Section 2(1), the definition of "borrower" is limited by the amendments proposed to the Bill only to a natural person so as to exclude a corporation. Also in Section 2(1), the term "lending transaction" is defined and makes no distinction between a transaction to obtain consumer goods or services and one designed to acquire properties, assets or services for investment, business or any other purpose.

As a result, even though a borrower (a natural person) may be highly experienced, have access to professional advisers, command substantial assets and bargaining strength and be entering into the transaction in the course of his business activities, he will have access to all the protections and remedies in this Bill. Indeed, the Bill may cause some business transactions to be carried out by a borrower who is a natural person rather than through a corporation or otherwise, simply to gain access to the remedies in the Bill. To illustrate the effects of the application of the Bill to a transaction are many, such as:

(a) The disclosure requirements upon the lender would apply and if breached, the prime rate is charged. Section 7(a).

(b) The credit charge rate can be challenged at any time and, if found to be unwarranted, the prime rate or less is charged. Section 8.

(c) The borrower can, subject to limitations in the case of mortgage loans, tender all or part of the principal at any time, regardless of the contract terms, and to that extent, no credit charge is payable thereafter. Sections 13, 14, 15.

(d) The borrower has a civil remedy for damages against the lender for any damage he has suffered as a result of a breach of the Act by the lender. Section 36.

The application of the Bill to a broad range of borrowers, regardless of their level of knowledge or sophistication in the marketplace, their relative bargaining strength or access to professional advice and to virtually all forms of lending transactions engaged in by such borrowers, without dollar limitation, whether for business, consumption or other purposes, is considered to be unwarranted, unnecessary and inadvisable at the present time.

There should be no way in which a sophisticated borrower should be able to take advantage of the provisions of the Bill.

Your Committee has concluded that the array of weapons designed to balance the scales between the individual consumer, who is assumed to be inexperienced and in need of protection when he engages in a lending transaction for consumer goods or services and a lender, who is assumed to be sophisticated, experienced and well able to secure and advance his own interests, is totally inappropriate when applied to any other type of transaction or class of borrower. To the extent

that the Bill applies to transactions beyond the normal meaning of the word "consumer credit", the additional complexities, uncertainties and costs introduced into every transaction could well result in a decrease in funds available to borrowers, together with an increase in the cost of such borrowing and in the case of deposits, a reduced return to the depositor.

In background material to this Bill published by the Minister, it is stated that the existence of interest rate ceilings in The Small Loans Act in a period of rising interest rates (1967 to 1974) resulted in those firms licenced under that Act reducing "small loans" from 74 percent of their portfolios to 20 percent. During this period the number of firms licenced under that Act declined by more than one-half and loan sharking increased substantially. It is evident that an increase in the risk, complexities and costs of loans will either result in an increase in the interest rates charged or the movement of lenders to other areas of activity, neither of which may be desirable. Your Committee, therefore, recommends that any reforms or changes in the lending field result in a fair balancing of the interests of borrowers and lenders and be restricted to the field of consumer credit where the Minister has indicated reforms are desired.

The amendments proposed by the Minister would resolve the concern of your Committee to some extent, such as the deletion of the concepts of the closely held corporation and the Administrator but they do not limit the application of the Bill to situations where the lender is acting in the course of carrying on business and the borrower is not so acting.

Your Committee, therefore, makes four recommendations which, in its view, would properly limit the scope of the Bill to those areas of the marketplace where reforms may be required:

1. The Bill should only apply to borrowers who are natural persons and should have no application to any other legal entity.
2. The Bill should apply only to lending transactions in which the lender is acting in the course of carrying on business and the borrower is not so acting.
3. The application of the Bill should be restricted to the field of consumer credit, where it is indicated that reforms are desired and result in a fair balancing of the interests of lenders and borrowers. Its application should not extend to other areas involving lending or credit transactions where it has not been established or even indicated, that any changes are desirable.
4. The reforms proposed are designed to give to the individual consumer greater protection and remedies in the transactions involving "consumer credit". There should be no way in which a sophisticated borrower would be able to take advantage of the provisions of the Bill and to the extent that such possibilities exist, the Bill should be amended.

II CONSTITUTIONAL ASPECTS

Your Committee has serious concern as to the constitutional authority of Parliament to legislate with respect to two basic areas in this Bill, these being the concept of the "credit charge rate" and the establishment of a right of prepayment of principal monies whether in relation to mortgages or otherwise.

The common thread interwoven throughout the Bill is the concept of a credit charge rate, the rate to be determined in the manner prescribed by the Regulations.

Section 91(19) of the British North America Act assigns to the federal Parliament the exclusive power to legislate with respect to interest and within this power, it has enacted legislation such as the Interest Act and the Small Loans Act. However, the extent of the federal power in this regard must be determined in the context of the division of legislative powers in Sections 91 and 92 of the B.N.A. Act and, in this instance, in the context of the right of the provinces to legislate in matters involving property and civil rights under Section 92(13). Put simply, if the predominant aspect or the principal characteristic of the legislation deals with interest then it will be in the federal power; however, if such aspect or characteristic relates to the making of a contract or its terms, other than interest, then, subject to the ancillary power to legislate referred to later, the power to legislate would be in the provinces.

What, then, is the ordinary meaning of the word "interest"? In the case of *Reference as to the Validity of Section 6 of the Farm Security Act* (1947) S.C.R. 394 at 411, it was said that:

> "Interest is, in general terms, the return or consideration or compensation for the use or retention by one person of a sum of money, belonging to, in a colloquial sense, or owed to, another."

As to its essential characteristics, the Supreme Court of Canada, in the case of *Attorney General for Ontario v. Barfried Enterprises Ltd.* (1963) S.C.R. 570 at 575 referring to 27 Halsbury, 3rd edition, page 7, defines "interest" in somewhat narrower terms, as follows:

> "Interest accrues de die in diem even if payable only at intervals, and is, therefore, apportionable in point of time between persons entitled in succession to the principal."

The court considered whether the Unconscionable Transactions Relief Act which defined "cost of the loan" to mean, among other things, "the whole cost to the debtor of money lent and includes interest, discounts, subscription, premium, dues, bonus, commission, brokerage fees and charges" was really legislation in relation to interest. The Hon. Mr. Justice Judson at page 575 says:

> "The day-to-day accrual of interest seems to me to be an essential characteristic. All the other items mentioned in the Unconscionable Transactions Relief Act except discount lack this characteristic. They are not interest."

Although not an essential element of its decision in *Attorney General of Ontario v. Barfried Enterprises Limited* (supra), the statement by Judson J. as to the essential characteristics of "interest" indicates the view of the court on this point. In the decisions in *London Loan and Savings Co. of Canada v.*

Meagher (1930) S.C.R. 378 and *Asconi Building Corporation & Vermette v. Vocisano* (1947) S.C.R. 358, it was held that a bonus was not interest for the purposes of Section 6 of the Interest Act.

In the recent decision of *Tomell Investments Limited v. East Marstock Lands Limited* (June 24, 1977), Pigeon J. who wrote the majority decision stated at Page 11 with reference to the *Barfried* decision:

> "All that was decided was that the federal jurisdiction over interest does not exclude all provincial jurisdiction over contracts involving the payment of interest so as to invalidate provincial laws authorizing the courts to grant relief from such contracts, when they are adjudged to be harsh and unconscionable. This conclusion was based on the view that the subject of interest assigned to the federal Parliament was not to be equated with the cost of money, in other words with interest in the widest sense.
>
> This view of the limited scope of this federal power is consonant with the view taken in earlier cases that federal jurisdiction over interest does not extend to interest on all kinds of debts or claims, but only on contractual obligations."

On the basis of these decisions, it is questionable whether many of the items included in the definition of "credit charge" would be interest.

The most significant questionable area would be any payments by the borrower to a third person when such third person is not related to or a nominee of the lender. With reference to the specific items included in the definition of "credit charge" the following would also be open to question:

(a) Where the transaction involves an assignment or sale of a right, there appears to be no basis for distinction from any other purchase and sale transaction and as, in essence, there is no lending transaction, any charge or discount relating to the price could not be interest. To include this item as a credit charge would be to affect a very large number of transactions where no person would reasonably expect the Bill, which purports to deal with interest, to have any application. For example, the following items would be included: the assignment of a mortgage, the factoring of accounts receivable, the assignment of an amount due under a will, the assignment of a debt owing to the assignor.

(b) Service, transaction, activity and carrying charges, where they relate to the amount borrowed and not to the length of time the loan is outstanding and thus do not accrue "de die in diem". In the *Tomell* decision (supra), it is stated that the subject of interest is not to be equated with the cost of money.

(c) Loan fees, points (the meaning of this term is unclear), finder's fees, commissions, brokerage fees and charges, to the extent indicated in (b) above.

(d) Fees and charges for appraisals, investigations and reports.

(e) Fees and charges for consolidation and refinancing of lending transactions, to the extent indicated in (b) above.

(f) Fees, charges and premiums for indemnity, guarantee or insurance to protect the lender against default by the borrower and available for payment of the borrower's obligation in the event of his death or illness, destruction of the premises or of any other assets furnished as security for repayment to the extent indicated in (b) above.

(g) Fees or charges imposed on the lender for purchasing or accepting the obligation of the borrower which are charged against the borrower, to the extent indicated in (c) above. Such payments to a third party, assuming he is at arm's length from the lender, obviously do not accrue de die in diem and are in no way related to the concept of compensation to the lender. They are simply a reimbursement of his out-of-pocket expenses.

Even if interest be considered to be "the return or consideration or compensation for the use or retention by one person of a sum of money belonging to . . . another." as held in *Reference as to the Validity of Section 6 of the Farm Security Act,* many of the items included in the definition of credit charge would not be interest. For example, all of the items in (c) to (g) inclusive of Section 2 of the Bill where such payments are made to persons other than the lender, could be excluded. Also, for the reasons set forth above, the price or discount on a sale or assignment referred to in (b) of Section 2 might not be included. Your Committee recommends the addition of an exclusion to the definition, to be clause (1) as follows:

> "Payments to third parties, unrelated to the lender and not a nominee or nominees of the lender, and necessary to the completion of the lending transaction."

Your Committee has also considered the ancillary doctrine expressed by Lord Tomlin in *Re Fisheries Act, 1914* [1930] 1 D.L.R. 194 at 197 and referred to in the case of *Les Immeubles Fournier* Inc. et al. v. Construction St. Hilaire Ltée 52 D.L.R. (3rd) 89 at 97 decided in the Supreme Court of Canada:

> "It is within the competence of the Dominion Parliament to provide for matters which, though otherwise within the legislative competence of the provincial legislature, are necessarily incidental to effective legislation by the Parliament of the Dominion upon a subject of legislation expressly enumerated in s. 91."

This was the basis for the decision in the *Tomell* case with respect to Section 8 of the Interest Act. At page 8 Pigeon J. stated:

> "In my opinion, s. 8 of the Interest Act is valid federal legislation in respect of interest because, although it does not deal exclusively with interest in the strict sense of a charge accruing day by day, it is, insofar as it deals with other charges, a valid exercise of ancillary power designed to make effective the intention that the effective rate of interest over arrears of principal or interest should never be greater than the rate payable on principal money not in arrears."

This Bill proposes to include, within its operation, any payment in a transaction by a borrower, or an assignee of a right, whether or not such payment is to the lender, assignor, or anyone else and whether or not the payment has any of the characteristics of "interest" in the ordinary meaning of the word or otherwise. Is this very broad approach necessarily incidental to effective legislation with respect to interest? To support this broad approach one must argue that it is necessary to deal with areas beyond the ordinary meaning of "interest" if Parliament is to legislate effectively with respect to interest and so protect the consumer in a lending transaction. However, the Supreme Court of Canada has already held that legislation with respect to unconscionable transactions is intra vires the province under the property and civil rights power inasmuch as it dealt with the terms of a contract and not interest (see *Attorney General of Ontario v. Barfried Enterprises Ltd.* [supra]). It is noted that all provinces have enacted legislation dealing with consumer protection and all but two provinces have enacted unconscionable transactions legislation.

Given the long history of interest legislation by Parliament, in which its application has consistently been restricted to the extent of the ordinary meaning of the word, we question whether the proposition that the subject Bill is necessarily incidental to effective legislation in this field would prevail. The natural conclusion of this application of the "necessarily incidental" argument to the Bill as drafted is that the federal government is the more appropriate authority to legislate with respect to the many protections to be established in the Bill in the field of consumer credit. Your Committee questions this view.

The second area of concern relates to what are referred to as the prepayment rights contained in the Bill where, in general terms, a borrower can, in other than mortgage loans, at any time tender payment of the principal and interest outstanding, after which interest ceases to run. As to mortgage loans, the prepayment rights are somewhat restricted. Your Committee is in agreement with the concerns expressed in a number of submissions received by it with respect to these prepayment rights. We question whether such provisions are, in essence, legislation with respect to interest and suggest rather that in their very nature they may be an attempt to vary the contractual terms between two or more parties to a contract and as such are beyond the federal power. This question was raised in the *Tomell* decision with respect to Section 10 of the Interest Act (the right of the borrower after 5 years to tender the capital with 3 months' further interest in lieu of notice) but was not answered. Notwithstanding that the terms of the lending contract may specifically probhibit such repayment, the prepayment provisions permit the repayment of principal and provide that interest does not accrue after such date. In Ontario, for example *The Mortgages Act* R.S.O. 1970, c. 279 (Section 17) already gives the mortgagor the right to prepay the principal amount after 5 years. In addition, this aspect of the Bill fails to take into account the fact that most lenders, such as insurance companies, banks and trust companies and pension funds are really financial intermediaries. They secure funds on the basis of commitments to pay interest (or other forms of compensation such as dividends) and then re-lend these funds. To allow borrowers to repay, which would occur where interest rates fell, in the face of continued requirements of the lenders to service their own loans at the rates contracted for is unrealistic.

Your Committee has noted the concern in many of the submissions received by it that the amount of the interest charge in a lending transaction is directly affected by the degree of risk or uncertainty perceived by the lender in each transaction and thus considers appropriate an expession of its concern that the enactment of this Bill, in its present form, without a resolution of such constitutional concerns, might result in uncertainties in the marketplace which could increase the interest charge in lending transactions.

In addition, it appears likely that the first borrowers seeking protection under the Bill might be faced with extensive litigation to resolve the constitutional questions already raised. In our view, it would be unfair to place this burden on individual borrowers when the existence of this question is already known.

A resolution of the constitutional questions may not require reference of the entire Bill to the Supreme Court of Canada by reason of the questioning of the jurisdiction of Parliament as to whether the heading "Interest" in Section 91 will support particular provisions of the Bill.

It is, therefore, recommended that the constitutional questions raised to be resolved by the submission to the Supreme Court of Canada of a series of questions referring to particular sections of the Bill.

III LENDING TRANSACTIONS—BORROWERS AND LENDERS

One of the stated objectives of the Bill is to provide greater protection to those persons seeking credit in the marketplace who, when dealing with a lender or lenders, are considered to be in an unequal position by reason of their lack of bargaining strength during the negotiation of the lending contract, lack of experience in this particular marketplace and in the usual course, the absence of professional advisors at the time of entry into a lending contract.

The reforms proposed in this area include the imposition of disclosure requirements on a lender, both in his advertising program and at the time of entry into the contract, the shifting of the burden to the lender to establish that the credit charge rate imposed was justified in the circumstances, the creation of prepayment provisions to enable a borrower to extricate himself from any lending transaction, the establishment of a credit charge rate above a deemed level the charging of which would constitute a criminal offence and a civil remedy which would enable the borrower to recover from the lender any damage suffered as a result of a breach of this legislation by the lender.

The Bill, in its original form, would apply to all lending transactions, without regard to the skills, bargaining strength and experience of either party or the amounts involved or whether it was part of a commercial transaction of otherwise. The only transactions excluded are those in which the borrower was not a closely held corporation or where the transaction is evidenced by a bond, debenture, note or other evidence of indebtedness or guarantee of a corporation. The amendments proposed by the Minister would remove the concept of closely held corporations and restrict, but not substantially, the definitions of lender and lending transactions.

However, your Committee is concerned that the reforms proposed in this legislation will have undesirable results in other types of lending transactions which also come within its contemplated application. The reforms proposed might have the effect of inducing lenders presently in the marketplace to engage in other forms of activity and could cause an increase in the rate of return required by such lenders as compensation for the added risks involved in a transaction coming within the scope of the Bill without any significant benefit to borrowers.

As the experience under The Small Loans Act indicates, lenders will not remain in the market where the return does not compensate for the risks involved. Accordingly, where the risks and uncertainties are increased, as may be the situation under this Bill, interest rates may rise and lenders may be driven to other areas of the market. As there is no indication that the reforms proposed are needed in areas of business transactions, the additional risks, obligations and uncertainties imposed on lenders should be restricted to the consumer credit area.

Your Committee, therefore, agrees with the amendment proposed by the Minister that the Bill be restricted in its application to those borrowers who are natural persons. However, it is recommended that the Bill be restricted in its application to those lending transactions in which the lender is acting in the course of carrying on business and the borrower is not so acting. Your Committee is of the strong view that the very broad protections and rights given to borrowers in the Bill are simply not appropriate to govern borrowers who obtain loans in the course of carrying on a business.

Your Committee also recommends that the provisions which would place upon the lender the burden of establishing that a credit charge rate in a lending transaction was justified in the circumstances should be deleted. It is fundamental to our tradition of the rule of law that a person who asserts a claim has the burden of establishing or proving his claim. It is submitted that there is no compelling social or economic ground to justify the proposed change in our legal traditions and that the balancing of rights between lenders and borrowers is better maintained by creating a right in the borrower to challenge a credit charge rate as being excessive in the circumstances but, at the same time, placing upon such borrower the burden of proof to establish that such rate was excessive in the circumstances.

An additional concern of your Committee lies in the failure of the Bill, after creating a number of civil remedies available to the borrower against the lender, to establish a limitation period within which the borrower must exercise such remedies. It is recommended that a limitation period be established at one year from the date of repayment of the loan, and this is contained in the amendments proposed by the Minister.

It has also been noted that in Section 8, where a borrower has challenged the credit charge rate and the court has found it to be unwarranted, the only discretion in the court is to set the rate at between zero and the prime rate. Your Committee considers that this provision results in unduly harsh treatment of a lender. By way of example, where a rate of seven percent over prime is considered unwarranted in a particular case but a rate of six percent over prime would be warranted in the circumstances the present provision that the maximum rate which can be awarded is the prime rate does not represent in your Committee's view, a fair balancing of the interests of borrower and lender under the Bill.

It is further recommended that the provisions of the Bill not apply to certain loans made by insurance companies to their policyholders. To the extent that there is no express personal liability on the insured to repay, there is no right on the part of the insurance company to demand payment either of principal or of interest and, accordingly, no debt, as such, is created. It has been held, in the case of *The Equitable Life Assurance Society of the United States v. Larocque* (1942) S.C.R. 205 that these are not loans in the ordinary meaning of the word. Your Committee, therefore, questions whether it is appropriate that such transactions be included within the application of the Bill.

In summary your Committee recommends that:

1. The definitions "lender", "lending transactions" and "borrower" be amended so that the Bill would only apply where the parties to a lending transaction are a lender who is acting in the course of carrying on business and a borrower, defined to be a natural person only, who is not acting in the course of carrying on business.
2. If the borrower be given the right to challenge a credit charge rate as being unwarranted, then the burden of proof be upon such borrower to establish his claim.
3. Where a court finds that the rate charged was unwarranted, the court be given full and unfettered authority to establish an appropriate rate in all the circumstances of the transaction. This is properly the function of the lower court which has heard all the evidence and circumstances relating to the transaction.
4. The right of the borrower to assert such claim should be limited to one year from the date of repayment of the loan.
5. Policy loans made by insurance companies to their policy-holders, where there is no personal liability on the insured to repay, be specifically excluded from the application of the Bill.

IV DEPOSITS AND DEPOSITORS

A principal concern expressed in many submissions received by your Committee related to the provision that deposit-taking institutions can be required to calculate interest on a daily basis and to credit such interest at least monthly to each depositor's account. Your Committee has concluded that any benefits which might be achieved by such provision would be outweighed by the significant costs imposed on deposit takers in completing such calculation, the net result of which would be the reduction of the interest rate offered to depositors. In submissions to your Committee it has been estimated that the additional costs of crediting interest monthly on average daily balances would reduce the interest rate from an assumed rate of three percent to a rate of 1.05% on chequeable savings accounts and from an assumed rate of seven percent to slightly under six percent on non-chequeable savings accounts.

In the narrative of the Regulations it is stated that the purpose of the modification proposed in the amendment (i.e., that the calculation and crediting of interest need only be done once a year or at such time as an account was closed) is the substantial reduction in the potential costs. However, the ultimate goal is stated to be the calculation of interest on all deposit accounts using the average daily balance method. It may be the intention to do this by Regulation which, in the circumstances, would be unfair in view of the acknowledgement of the cost factor involved in the average daily balance method.

Your Committee has also concluded that the Bill is unclear as to the type of institution which may be included within the ambit of the "deposit-taking" provisions of the Bill and organizations such as law firms, real estate agencies and retail stores might, in certain circumstances, be included. It is, therefore, recommended that the word "institutions" be defined to mean ones which accept deposits as a principal function of their business and to exclude those which accept deposits as incidental to their principal function or functions.

There is also concern as to the unintended application of these provisions to certain types of transactions such as advance payments on insurance policies, property tax accounts, payments received in advance by solicitors, real estate agents and landlords in the normal course and layaway plans or deposit accounts established by retailers. Your Committee advises against making such provisions applicable to other than what are generally considered to be deposit-taking institutions.

In summary, your Committee recommends that:

1. Deposit-taking institutions should not be required to calculate interest on deposits on a daily basis.
2. Those institutions to be included within the "deposit-taking" provisions of the Bill include only those who accept deposits as a principal function of their business and thereby exclude those which accept deposits as incidental to their principal function or functions. The amendment proposes a definition in this regard however, the use of work "issues" is unclear.

V DISCLOSURE AND ADVERTISING

The general objective of the Bill in this area is to provide the maximum information, in terms of quality as well as quantity, to the potential borrower or depositor prior to the time that such person enters into the actual contract, thereby not only giving protection to the individual at the time of the negotiation of the particular contract of loan or deposit, but to enable him to compare the terms available from various lenders or deposit-taking institutions in the marketplace. The provisions in this respect apply both to lenders and to deposit-taking institutions.

Our first reservation relates to advertisements which deal only with the availability of credit. Great concern was expressed by submissions on behalf of retailers that the control of advertisements which indicate only the availability of credit and nothing more would accomplish little if anything and might eliminate information which provides nothing more than shopping convenience. The result of such control of advertisements could well be that retailers, for example, faced with extensive disclosure requirements, together with the possibility of a civil action for damages in the event of breach (Section 36[1]), might simply decide not to advertise the availability of credit.

Accordingly, your Committee recommends that the legislation should not apply to announcements such as the credit card decals found on the doors of restaurants and stores, and simple statements to the general public on the window of a store that credit is available or that credit cards are accepted. It is suggested that the operation of the Bill include only advertisements in which the credit charge rate or the interest rate on deposits was indicated. For example, any deposit-taking institution which indicated the interest rate which it paid on any type of deposit would come within the provisions of the Bill, but the restaurant or retailer who simply indicated that credit was available would not.

Your Committee also recommends that an appropriate exclusion be included in these provisions for the media which publishes an advertisement in good faith. An example of such an exclusion is found in Section 37.3(1) of the Combines Investigation Act. This provides that:

> "37.3(1) Sections 36 to 37.2 do not apply to a person who prints or publishes or otherwise distributes a representation or an advertisement on behalf of another person in Canada, where he establishes that he obtained and recorded the name and address of that other person and that he accepted the representation or advertisement on good faith for printing, publishing or other distribution in the ordinary course of his business".

The amendments proposed by the Minister contain a narrow exclusion to protect the media which publishes an advertisement in good faith. Your Committee considers the exclusion insufficient and recommends the adoption of a provision similar to Section 37.3(1) of the Combines Investigation Act.

Your Committee is concerned with the civil remedy which is given to any person who suffers loss or damage as a result of

the breach of the Act by a person, particularly as this provision applies to an advertiser. It would appear that a person who breaches the disclosure provisions with respect to advertising would be liable to a civil action for damages by a person even though no privity of contract existed between the parties and it is felt that such provision is unduly harsh in the circumstances. Your Committee is concerned that the result of such provision might be to discourage lenders or deposit-taking institutions from advertising which would have an effect opposite from the stated objectives in the Bill to provide greater information to borrowers and depositers.

Your Committee, therefore, recommends that:

1. The Bill should not apply to advertisements or publications which only indicate the availability of credit.
2. Protection be provided to the media which publishes an advertisement in good faith, such protection to be similar to Section 37.3(1) of the Combines Investigation Act.
3. The right to commence a civil action for damages against a person who breaches the Act be limited to situations where privity of contract exists between the parties.

VI ADMINISTRATION

The Bill, in its original form, proposed the creation of an "Administrator" to carry out certain assigned duties. The amendments to the Bill propose to delete all reference to an Administrator and it is understood that such duties will be assumed by the Minister of Consumer and Corporate Affairs.

As is evident from the hearings conducted by your Committee and the rather explicit statements by its Chairman opposing the creation of an additional bureaucracy at the federal level your Committee is in agreement with the amendment proposed.

VII ENFORCEMENT

Your Committee has considered the enforcement, search and seizure powers with reference to the subject matter of the legislation, the announced policy objectives and the kinds of information and material which would likely be obtained when the search and seizure provisions would be utilized. As a result, we strongly recommend that careful consideration to given to the enactment of new search and seizure powers, each of which involves an encroachment on the freedom and privacy of citizens in the community, and we recommend that only those powers which are essential to the due administration of the Bill and the accomplishment of its objectives be included.

In its simplest terms, this Bill legislates with respect to a criminal rate of interest, for which there is a criminal sanction, an unwarranted credit charge rate, which can be changed by a court of law, disclosure provisions and other ancillary matters with respect to these basic subjects. Consideration should be given to the basic provisions of the legislation and to the kinds of information and material which might be obtained, when enforcing the Act, as a result of any search. The material or documentation would be relatively simple and relate only to the amount of interest or credit charge imposed in a lending or deposit-taking transaction. This should be contrasted with the extensive information and documentation which might be necessary in an investigation as to a conspiracy under the Combines Investigations Act or in an investigation under the Income Tax Act.

Your Committee, therefore, recommends that the broad powers as to search and seizure be restricted to those powers necessary to establish the credit charge rate in a given transaction as this is the essence of this legislation. In addition, there would appear to be no necessity for search and seizure powers with respect to the enforcement of the advertising and disclosure provisions in the legislation.

Your Committee further recommends that the proposed transfer to this Bill, by incorporation by reference, of various sections relating to search and seizure contained in another Act, namely the Income Tax Act, enacted for an entirely different purpose (the assessment and collection of income tax and the investigation of tax evasion) is not appropriate. The code of procedure appropriate to the legislation at hand should be clearly spelled out in the Bill.

Your Committee, therefore, recommends that:

1. The search and seizure powers be restricted to those necessary to establish the credit charge rate in a given transaction.
2. The search and seizure powers be clearly stated in the Bill and not incorporated by reference to sections in another Act.
3. Sections 28(4) and 39(2)(b) should be deleted and replaced by legislation giving effect to the changes recommended.

VIII REGULATIONS

Your Committee has, on numerous occasions during its hearings on Bill C-16, expressed its serious concern with respect to the approach taken in this Bill that a number of subjects, which, in its view, are properly policy questions, to be determined by Parliament, are delegated to the Governor in Council to be enacted by regulation, presumably some time after the enactment of the Bill itself. The many briefs and submissions received by your Committee during the course of its hearings have reflected this concern and, as often expressed, have made it difficult for persons affected in the community to respond in a meaningful manner to this legislation when so many important elements are not included in the Bill itself but rather delegated to the Governor in Council to be established by regulation. Generally all matters of substantive law should be in the Bill. Some examples of areas of substantive law which should be included in the Bill but are, as presently drafted, to be established by regulation are as follows:

(a) The method of calculation of the credit charge rate—Section 2(1).

(b) The disclosure requirements for advertisements—Sections 6 and 20.

(c) The disclosure requirements by the lender to the borrower—Section 7.

(d) The manner of calculating interest on deposits—Section 21.

(e) The amount of the criminal rate—Section 37(1)(a).

One June 9, 1977 the Minister provided additional amendments to the Bill and established in Section 37 the actual criminal rate. Your Committee commends the Minister for so doing but does not, at this time, express any views as to the amount of the rate.

In the amendments, however, the Minister has removed from the Bill and left to be established by regulation the formula for calculating the penalty on prepayment of a mortgage loan (Section 15(1)). Your Committee is of the view that the statement in Section 15(1) as to the penalty to be imposed is vague and ambiguous and we recommend that the penalty to be imposed be stated in a clear, understandable manner in the Bill itself.

Your Committee is of the firm view that Parliament, in order to exercise its legislative authority in a responsible manner must make all policy decisions in any legislation it enacts which will affect the community and the country and is of the view that these policy areas are not the appropriate subject of delegation to a subordinate authority. This responsibility and this area of appropriate and indeed requisite legislative activity is to be distinguished from subordinate legislation, generally referred to as regulations, which are enacted for the purpose of carrying out the principles enunciated in the legislation itself and it is this level of responsibility only which should be delegated in the legislation. It has been noted that this Bill which has 44 sections has at least 21 matters which are delegated to be established by regulation.

Your Committee is of the view that the items referred to above are substantive matters and should be enacted by Parliament only and are not the appropriate subject of delegation.

By reason of the numerous references to regulations to be enacted, your Committee is of the view that for the purposes of this report it should not review each manner of delegation.

Your Committee recommends, however, that this Bill be reviewed with a view to restoring to the Bill itself all those matters involving a judgment or enunciation of policy with respect to the subject matters of the legislation and only those matters involving the procedures necessary for the attainment of the policy decisions should be delegated to the Governor in Council for enactment by regulation.

IX CONSUMER PROTECTION LAWS IN THE PROVINCES

Your Committee is concerned that certain provisions of the Bill may duplicate existing legislation or may alter existing practices in the marketplace where reforms are unnecessary.

For example, provincial consumer protection legislation currently regulates the manner and form of advertisements and information to be discussed in connection with lending transactions. In addition however, regulations which are to be issued pursuant to Sections 6 and 7 of the Bill will impose a further code of requirements with respect to such matters. We recommend that the regulations to be issued conform as much as possible to existing disclosure requirements, except to the extent that existing regulation is deemed insufficient.

For example, Section 7(2) (b) of the Bill requires a lender to furnish the borrower with a copy of the lending transaction documents. Existing provincial consumer legislation permits an agent of the borrower to receive the documentation and this should be provided in the Bill. In addition, Section 8 of the Bill relates to interest rates which may be determined to be "unwarranted". Most of the provinces have enacted unconscionable transactions relief legislation with substantially the same purpose as Section 8. In such circumstances, your Committee questions whether Section 8 is necessary.

Section 9 of the Bill provides that the notice of an assignment of a lending transaction must be in a particular form and the assignor must notify the borrower of the assignment. However, under existing provincial legislation, in most provinces, the form of the notice is not regulated and it is sufficient if the borrower receives reasonable notice of the assignment. In addition, the assignee may furnish the borrower with notice of the assignment and this is frequently done since the assignee has a greater interest in insuring that the borrower receive timely and accurate notice of the assignment. There would appear to be no evidence of any difficulties which have arisen under the current practice and we therefore recommend that no change be made unless shown to be desirable.

As indicated, each of the provinces has enacted consumer protection legislation which already regulates the advertising and disclosure requirements. These are as follows:

British Columbia

Consumer Protection Act

Alberta

The Credit and Loan Agreements Act

The Unconscionable Transactions Act

Saskatchewan

The Cost of Credit Disclosure Act, 1967

The Unconscionable Transactions Relief Act, 1967

Manitoba

The Consumer Protection Act

The Unconsionable Transactions Relief Act

Ontario

The Consumer Protection Act

The Unconscionable Transactions Relief Act

Quebec

Consumer Protection Act

New Brunswick

The Cost of Credit Disclosure Act

Unconscionable Transactions Relief Act

Nova Scotia

Consumer Protection Act

Unconscionable Transactions Relief Act

Prince Edward Island

Consumer Protection Act

Unconscionable Transactions Relief Act

Newfoundland

The Newfoundland Consumer Protection Act

The Unconscionable Transactions Relief Act

X LOAN SHARKING

The Minister has stated, on a number of occasions, that one of the objectives of the Bill is to curb loan-sharking practices. The specific tool (Section 37[1]) will make it a criminal offence to lend money at any rate greater than forty-five percent (the rate contained in the proposed amendments). Indirectly, the concept of unwarranted rate will allow a borrower to challenge any rate as being unwarranted.

Your Committee has serious concerns as to the effectiveness of the Bill in its present form in dealing with loan-sharking.

It appears clear that loan-sharking activities arise as a result of the lack of funds available to persons who, usually, because of their economic situation, are unable to borrow from traditional lending institutions. For example, as lenders moved from lending activities under the Small Loans Act, it has been indicated that loan-sharking increased substantially. In such loans, little or no security is taken and repayment is ensured through coercion, intimidation and violence and to that extent, there are already offences under the Criminal Code.

The approach taken in this Bill, the establishment of a criminal rate, is said to be a major weapon in the fight against loan-sharking. In addition, the right to question a credit charge rate as unwarranted is said to assist indirectly. However, given the impact of the Bill as a whole, will these reforms be of any real, practical assistance in combatting these practices?

As indicated elsewhere in this Report, we are of the firm view that the Bill in its present form will so radically alter the balance between lenders and borrowers as to drive lenders from the consumer credit market. The combination of items such as the reverse onus (Section 8), disclosure provisions (Section 7), prepayment rights (Section 13-15), civil remedies (Section 35), advertising (Sections 6 and 20), and Minister's substitution in actions by borrowers (Section 36) may well cause lenders to seek avenues of investment which are free from the web of protection and remedies given to the borrower. At the same time, it appears highly unlikely that the needs of consumer borrowers will decrease; indeed, if the past is any indication, they will increase. As has been experienced in other areas, where there is a demand or need, there are those who will supply that need, regardless of legislative prohibitions. If persons urgently require funds, for whatever reason, and the traditional lenders have reduced their activities, such borrowers will be driven in ever greater numbers to loan sharks. To argue that the establishment of a criminal rate will stop this is, we suggest, simply unrealistic; loan sharks already may engage in criminal activities in their collection procedures.

Your Committee recommends that the inclusion of a criminal rate in this Bill is not appropriate. Loan sharking encompasses a range of activities which are considered to be criminal in their nature and if effective and comprehensive measures are to be developed to control and hopefully eradicate loan sharking, the proper place for such laws is in the Criminal Code.

XI THE PREPAYMENT OF LOANS

Your Committee has already expressed its concern with respect to the power of Parliament to enact legislation relating to the prepayment of loans. (See Part II—Constitutional Aspects).

In general terms, the scheme of the prepayment sections in the Bill as originally drafted is set forth below. It should be noted that these sections are drafted so as to refer to a tender or payment of the principal after which no further credit charge is payable. The sections refer to the tender or payment without regard to the terms of the contract.

1. In other than mortgage transactions, the borrower can repay at any time without notice or penalty.
2. In a mortgage transaction, the borrower can repay up to ten percent on the first or second anniversary date and on the third anniversary or thereafter can pay all the entire principal. In such case, the maximum penalty is limited to three months' credit charge on the prepayment.
3. In a variable mortgage or where the mortgage is not more than three years, the borrower can prepay at any time.

The scheme of these sections, after the amendments, is as follows:

1. A "reference rate" will be established by regulation.
2. In other than mortgage transactions, (or in the case of a mortgage transaction where the rate exceeds four points over the reference rate), the borrower can prepay at any time without penalty.
3. In a mortgage transaction other than as above, the penalty imposed cannot exceed the penalty determined in a manner prescribed by regulation to reflect the present value of the loss to the lender that might reasonably be expected to result from the tender or payment.
4. In a variable mortgage at such time as any term can be varied or after five years from the effective date of the mortgage transaction, the mortgage can be paid off without penalty.

An important principle in enacting legislation is that it not only be drafted in precise and unambiguous terms but also that it be drafted in a manner which will be clear and understandable to those persons who will be governed by such legislation. This is particularly so in the case of legislation such as the present Bill which is designed to provide greater protection and remedies to the average consumer. The Minister, in the background material published by him, indicated that two of the objectives of the Bill were an improvement in the flow of

relevant credit related information and the elimination of unnecessary complexities in the credit field.

However, the legislation, together with the narrative to the Regulations, is drafted in a manner as to be virtually incomprehensible to all but the trained reader of legislation. To illustrate, a borrower who desires to prepay his mortgage loan must first consider the "reference rate", the definition of which is attached as Schedule "B" and the Regulations dealing with the reference rate. He must then consult the relevant issue of the Canada Gazette to determine the actual reference rate. Only then can he determine whether or not he will have to pay a penalty.

If he must pay a penalty, he then must consider Section 15, proposed to be amended as follows:

> "15. (1) A borrower under a mortgage transaction who tenders or pays an amount thereunder otherwise than as provided in section 13 or subsection 14(4) is not liable to pay, in respect of the tender or payment, any portion of a penalty provided for in an agreement evidencing the transaction that exceeds the penalty determined in a manner prescribed by the regulations to reflect the present value of the loss to the lender that might reasonably be expected to result from the tender of payment.
>
> (2) A borrower under a mortgage transaction who tenders or pays an amount thereunder as provided in subsection 14(4) is not liable to pay any penalty in respect of the tender or payment."

and is again referred to the Regulations, the narrative of which, relating to Section 15(1), is annexed as Schedule "C". Although the Regulations have not been published, it is estimated that the Regulations under section 15 will contain tables which will be well in excess of 1,000 pages. This procedure must be followed entirely to calculate the penalty. It is our view that if a consumer wishes to prepay, his only alternative would be to approach an experienced lender to assist him in the calculation or to retain the services of a lawyer and/or accountant to calculate this amount. It is your Committee's view that this is contrary to the expressed objectives of the Bill to provide greater information to the consumer and to eliminate unnecessary complexities in this field. Your Committee strongly objects to the preparation of legislation in such complex, lengthy and obscure manner.

Your Committee has noted the contrasting approach taken by the provinces in their unconscionable transactions relief legislation and consumer protection legislation which is drafted in much clearer and simpler terms. For example, the Unconscionable Transactions Relief Act of Ontario, a copy of which is attached as Schedule "D", which as of 1970 covers all loans without restriction (a wider field than this Bill), comprises 3 pages, and is in understandable form. We recommend that the prepayment provisions be appropriately amended to provide a clear, simple and understandable method whereby consumers can understand the legislation which is to be enacted and thereby take advantage of any protection available therein.

SCHEDULE "A"

Appeared before the Committee	Date of Meeting
La Fédération de Québec des Caisses populaires Desjardins	Feb. 3, 1977
N.A.C.C.U.	"
Dept. of Consumer & Corporate Affairs	Feb. 10, 1977
Canadian Assoc. of Broadcasters	Feb. 17, 1977
Canadian Advertising Advisory Board	"
Institute of Canadian Advertising	Feb. 23, 1977
Assoc. of Canadian Advertisers	"
Canadian Life Insurance Assoc.	Mar. 16, 1977
Retail Council of Canada	Mar. 24, 1977
Canadian Bankers' Association	"
Canadian Bar Association	Mar. 30, 1977
Montreal City & District Savings Bank	"
W.C. Howard Service Ltd.	May 4, 1977
Major Pension Funds (represented by Mr. Wells and Mr. Cheasley)	May 12, 1977

Did not appear before the Committee:

Ontario Mortgage Brokers Association British Columbia Mortgage Dealers Association

SCHEDULE "B"

"reference rate"

" | "reference rate" on any day means a reference rate caused to be published in the Canada Gazette by the Minister pursuant to subsection 26(2) on a day preceding that day that is determined in a manner prescribed by the regulations, and "relevant reference rate" in relation to a particular lending transaction means the reference rate that is determined, in a manner prescribed by the regulations, to be relevant to lending transactions of the class to which that lending transaction belongs;"

REGULATION SUBSECTION 2(1)
NARRATIVE DEFINITION "REFERENCE RATE"

This regulation is necessary to specify the precise manner in which the various "reference rates" are to be determined. It is intended that these rates be published in the *Canada Gazette* bi-weekly and the rate for any given day in a "week" would be the rate so published for the preceding week. To facilitate use of these rates, they will be released weekly by the Department in addition to their publication in the *Canada Gazette*.

The "reference rates" to be prescribed will apply in the determination of mortgage prepayment penalties and will serve as the "index" for variable rate mortgages. At this time, it is known that five rates, representing the average of the rates being paid by Trust Companies and Loan Companies on their 1, 2, 3, 4 and 5 year Guaranteed Investment Certificates and

Debentures respectively, will be published. In addition, other rates may be added in response to the special requests of such institutions as the credit unions and caisses populaires for use as indices in their variable rate mortgages.

SCHEDULE "C"

REGULATION SUBSECTION 15(1)
NARRATIVE PENALTIES
UNDER MORTGAGE TRANSACTIONS

The purpose of this regulation is to specify a complete framework for the determination of the maximum mortgage prepayment penalties to be allowed under the Act. This framework provides for a system of penalties based upon:

1. the lender's fixed costs of origination of the mortgage,
2. the lender's costs of reinvesting the funds prepaid,
3. the "spread" between the credit charge rate specified in the mortgage agreement and the market rate existing at the time prepayment occurs, and
4. the time remaining from the date prepayment occurs to either:

   a) a date which is five years after the effective date of the mortgage transaction, or

   b) the next date on which the credit charge rate or any other term or condition of the mortgage transaction may be varied,

   whichever is earlier,

Lender's will be allowed a maximum of $15 per $1000 prepaid as compensation for costs described in items (1) and (2).

This amount will be reduced linearly over time from the date of origination of the mortgage to the dates given in 4(a) and (b) above. Also, it will be reduced by the present value of the gain to be obtained by the lender in the event that prepayment occurs at a time when the market rate on the date prepayment occurs exceeds the rate specified in the mortgage agreement.

Lender will be allowed to recover the present value of losses associated with foregone interest arising from prepayment at times when the "market rate" is below the "contract rate" as referred to in (3). The precise "spread" will be determined as follows: at the time the mortgage transaction is entered into, the lender will record the spread between the "relevant reference rate" (described elsewhere) and the "contract rate" agreed to by the parties.

Should prepayment occur at some future date, the "market rate" at that time will be determined as either the current rate being quoted by the lender for new loans, or a rate obtained by adding the "spread" (determined at the outset of the transaction) to the "relevant reference rate" as of the date prepayment occurs, whichever is less. The difference between the contract rate and the market rate so determined will be one component in the calculation of the interest foregone as a result of prepayment.

The second component in this calculation will be the time remaining under the mortgage transaction to the earlier of the two dates specified in 4(a) and (b).

The system of penalties described above will represent the present value of the loss that the lender might reasonably be expected to incur as a result of prepayment. To facilitate application of this system, a full set of tables, giving precise maximum penalties in dollars per thousand dollars prepaid will be published. These tables will cover situations where the time left under the mortgage transaction to the earlier of the two dates given in 4(a) and (b), ranges from one to sixty months. They will also account for all possible amortization periods up to 40 years. The range of possible contract and market rates will go from 7% to 16% in ¼ of 1% increments.

A sample table is attached which shows the allowable penalties under conditions where the market rate is 9% and the contract rate is 10%. As can be seen, a given page of this set identifies both the market or current rate and the contract rate, the number of years and months left to the end of the amortization period and the number of years and months left to the end of the time period described in 4(a) and (b).

A lender would use these tables by determining the difference between the contract and market (current) rates. This would determine the precise table to use. Then, the number of years and months left to the earlier of the dates given in 4(a) and (b) would be computed. This would identify the appropriate page of the table, for example, 0 to 1, 1 to 2, etc. years.

Finally, the number of years and months remaining to the end of the amortization period would be computed. This would identify the row column in the table giving the maximum penalty allowed in dollars per thousand dollars prepaid.

MORTGAGE PREPAYMENT PENALTY TABLES.
PER $1000

CURRENT RATE	9.00
CONTRACT RATE	10.00
YEARS TO TERM	0 TO 1

CURRENT RATE - 9.00 - CURRENT RATE

YEARS PLUS MONTHS REMAINING IN AMORTIZATION PERIOD

YEARS LEFT IN PERIOD	AM	1 MON	2 MONS	3 MONS	4 MONS	5 MONS	6 MONS	7 MONS	8 MONS	9 MONS	10 MONS	11 MONS	12 MONS	YEARS LEFT IN PERIOD	AM
40	39	1.01	2.02	3.03	4.04	5.06	6.07	7.08	8.09	9.10	10.11	11.12	12.13	39	40
YR	38	1.01	2.02	3.03	4.04	5.06	6.07	7.08	8.09	9.10	10.11	11.12	12.13	38	YR
AM	37	1.01	2.02	3.03	4.04	5.05	6.07	7.08	8.09	9.10	10.11	11.12	12.12	37	AM
	36	1.01	2.02	3.03	4.04	5.05	6.07	7.08	8.09	9.10	10.10	11.11	12.12	36	
	35	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.12	35	
35	34	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.12	34	35
YR	33	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.12	33	YR
AM	32	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.12	32	AM
	31	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.12	31	
	30	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.11	12.11	30	
30	29	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.10	11.10	12.11	29	30
YR	28	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.09	11.10	12.11	28	YR
AM	27	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.09	10.09	11.10	12.11	27	AM
	26	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.08	9.08	10.09	11.10	12.10	26	
	25	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.07	9.08	10.09	11.09	12.10	25	
25	24	1.01	2.02	3.03	4.04	5.05	6.06	7.07	8.07	9.08	10.09	11.09	12.10	24	25
YR	23	1.01	2.02	3.03	4.04	5.05	6.06	7.06	8.07	9.08	10.08	11.09	12.09	23	YR
AM	22	1.01	2.02	3.03	4.04	5.05	6.06	7.06	8.07	9.07	10.08	11.08	12.09	22	AM
	21	1.01	2.02	3.03	4.04	5.05	6.05	7.06	8.07	9.07	10.07	11.08	12.08	21	
	20	1.01	2.02	3.03	4.04	5.05	6.05	7.06	8.06	9.07	10.07	11.07	12.07	20	
20	19	1.01	2.02	3.03	4.04	5.05	6.05	7.06	8.06	9.06	10.06	11.07	12.07	19	20
YR	18	1.01	2.02	3.03	4.04	5.04	6.05	7.05	8.06	9.06	10.06	11.06	12.06	18	YR
AM	17	1.01	2.02	3.03	4.04	5.04	6.05	7.05	8.05	9.05	10.05	11.05	12.05	17	AM
	16	1.01	2.02	3.03	4.04	5.04	6.04	7.05	8.05	9.05	10.04	11.04	12.04	16	
	15	1.01	2.02	3.03	4.03	5.04	6.04	7.04	8.04	9.04	10.04	11.03	12.02	15	
15	14	1.01	2.02	3.03	4.03	5.04	6.04	7.04	8.04	9.03	10.03	11.02	12.01	14	15
YR	13	1.01	2.02	3.03	4.03	5.03	6.03	7.03	8.03	9.02	10.01	11.00	11.99	13	YR
AM	12	1.01	2.02	3.03	4.03	5.03	6.03	7.02	8.02	9.01	10.00	10.99	11.97	12	AM
	11	1.01	2.02	3.02	4.03	5.03	6.02	7.02	8.01	9.00	9.98	10.97	11.95	11	
	10	1.01	2.02	3.02	4.02	5.02	6.02	7.01	7.99	8.98	9.96	10.94	11.92	10	
10	9	1.01	2.02	3.02	4.02	5.02	6.01	6.99	7.98	8.96	9.94	10.91	11.89	9	10
YR	8	1.01	2.02	3.02	4.02	5.01	6.00	6.98	7.96	8.93	9.91	10.88	11.84	8	YR
AM	7	1.01	2.02	3.02	4.01	5.00	5.98	6.96	7.93	8.90	9.87	10.83	11.79	7	AM
	6	1.01	2.02	3.01	4.00	4.99	5.96	6.93	7.90	8.86	9.82	10.77	11.72	6	
	5	1.01	2.01	3.01	3.99	4.97	5.94	6.90	7.85	8.80	9.75	10.69	11.62	5	
5	4	1.01	2.01	3.00	3.97	4.94	5.90	6.85	7.79	8.72	9.65	10.57	11.48	4	5
YR	3	1.01	2.01	2.98	3.95	4.90	5.84	6.77	7.69	8.60	9.50	10.39	11.28	3	YR
AM	2	1.01	2.00	2.96	3.90	4.82	5.73	6.63	7.51	8.38	9.24	10.09	10.93	2	AM
	1	1.01	1.97	2.89	3.78	4.64	5.48	6.30	7.11	7.90	8.69	9.47	10.24	1	
	0	1.01	1.65	2.28	2.92	3.57	4.21	4.86	5.51	6.17	6.83	7.49	8.15	0	

MORTGAGE PREPAYMENT PENALTY TABLES
PER $1000

CUPRENT RATE	9.00
CONTRACT RATE	10.00
YEARS TO TERM	1 TO 2

CURRENT RATE - 9.00 - CURRENT RATE

YEARS PLUS MONTHS REMAINING IN AMORTIZATION PERIOD

YEARS LEFT IN AM PERIOD		1 MON	2 MONS	3 MONS	4 MONS	5 MONS	6 MONS	7 MONS	8 MONS	9 MONS	10 MONS	11 MONS	12 MONS	YEARS LEFT IN AM PERIOD	
40	39	13.14	14.14	15.15	16.16	17.17	18.18	19.19	20.20	21.21	22.22	23.22	24.23	39	40
YR	38	13.13	14.14	15.15	16.16	17.17	18.18	19.19	20.20	21.20	22.21	23.22	24.23	38	YR
AM	37	13.13	14.14	15.15	16.16	17.17	18.18	19.19	20.19	21.20	22.21	23.22	24.22	37	AM
	36	13.13	14.14	15.15	16.16	17.17	18.17	19.18	20.19	21.20	22.21	23.21	24.22	36	
	35	13.13	14.14	15.15	16.15	17.16	18.17	19.18	20.19	21.19	22.20	23.21	24.21	35	
35	34	13.13	14.14	15.14	16.15	17.16	18.17	19.17	20.18	21.19	22.20	23.20	24.21	34	35
YR	33	13.13	14.13	15.14	16.15	17.16	18.16	19.17	20.18	21.18	22.19	23.20	24.20	33	YR
AM	32	13.12	14.13	15.14	16.15	17.15	18.16	19.17	20.17	21.18	22.18	23.19	24.20	32	AM
	31	13.12	14.13	15.14	16.14	17.15	18.15	19.16	20.17	21.17	22.18	23.18	24.19	31	
	30	13.12	14.13	15.13	16.14	17.14	18.15	19.16	20.16	21.17	22.17	23.17	24.18	30	
30	29	13.12	14.12	15.13	16.13	17.14	18.14	19.15	20.15	21.16	22.16	23.17	24.17	29	30
YR	28	13.11	14.12	15.12	16.13	17.13	18.14	19.14	20.15	21.15	22.15	23.16	24.16	28	YR
AM	27	13.11	14.11	15.12	16.12	17.13	18.13	19.13	20.14	21.14	22.14	23.14	24.15	27	AM
	26	13.10	14.11	15.11	16.12	17.12	18.13	19.13	20.13	21.13	22.13	23.13	24.13	26	
	25	13.10	14.10	15.11	16.11	17.11	18.11	19.12	20.12	21.12	22.12	23.12	24.12	25	
25	24	13.09	14.10	15.10	16.10	17.10	18.10	19.10	20.10	21.10	22.10	23.10	24.10	24	25
YR	23	13.09	14.09	15.09	16.09	17.09	18.09	19.09	20.09	21.09	22.09	23.08	24.08	23	YR
AM	22	13.08	14.08	15.08	16.08	17.08	18.08	19.08	20.08	21.07	22.07	23.07	24.06	22	AM
	21	13.07	14.07	15.07	16.07	17.07	18.07	19.06	20.06	21.05	22.05	23.04	24.04	21	
	20	13.07	14.06	15.06	16.06	17.05	18.05	19.05	20.04	21.03	22.03	23.02	24.01	20	
20	19	13.06	14.05	15.05	16.04	17.04	18.03	19.03	20.02	21.01	22.00	22.99	23.98	19	20
YR	18	13.04	14.04	15.03	16.03	17.02	18.01	19.00	19.99	20.98	21.97	22.96	23.94	18	YR
AM	17	13.03	14.03	15.02	16.01	17.00	17.99	18.98	19.96	20.95	21.94	22.92	23.90	17	AM
	16	13.02	14.01	15.00	15.99	16.97	17.96	18.95	19.93	20.91	21.90	22.88	23.86	16	
	15	13.00	13.99	14.98	15.96	16.95	17.93	18.91	19.89	20.87	21.85	22.83	23.81	15	
15	14	12.98	13.97	14.95	15.93	16.91	17.89	18.87	19.85	20.82	21.80	22.77	23.74	14	15
YR	13	12.96	13.94	14.92	15.90	16.87	17.85	18.82	19.80	20.77	21.74	22.71	23.67	13	YR
AM	12	12.93	13.91	14.88	15.86	16.83	17.80	18.77	19.74	20.70	21.66	22.63	23.59	12	AM
	11	12.90	13.87	14.84	15.81	16.77	17.74	18.70	19.66	20.62	21.58	22.53	23.49	11	
	10	12.85	13.82	14.79	15.75	16.71	17.67	18.62	19.57	20.52	21.47	22.42	23.37	10	
10	9	12.80	13.76	14.72	15.67	16.63	17.57	18.52	19.47	20.41	21.35	22.29	23.22	9	10
YR	8	12.74	13.69	14.64	15.58	16.52	17.46	18.40	19.33	20.26	21.19	22.11	23.04	8	YR
AM	7	12.66	13.60	14.53	15.46	16.39	17.32	18.24	19.16	20.07	20.99	21.90	22.81	7	AM
	6	12.55	13.47	14.39	15.30	16.22	17.12	18.03	18.93	19.83	20.72	21.62	22.51	6	
	5	12.39	13.29	14.19	15.09	15.97	16.86	17.74	18.62	19.49	20.37	21.24	22.10	5	
5	4	12.16	13.03	13.90	14.76	15.62	16.47	17.32	18.17	19.02	19.86	20.69	21.53	4	5
YR	3	11.77	12.60	13.42	14.24	15.05	15.86	16.67	17.48	18.28	19.08	19.87	20.67	3	YR
AM	2	11.00	11.76	12.51	13.27	14.02	14.76	15.51	16.25	16.99	17.73	18.48	19.22	2	AM
	1	8.81	9.48	10.15	10.82	11.50	12.18	12.86	13.54	14.23	14.92	15.61	16.30	1	
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	

MORTGAGE PREPAYMENT PENALTY TABLES
PER $1000

CURRENT RATE	9.00
CONTRACT RATE	10.00
YEARS TO TERM	2 TO 3

CURRENT RATE - 9.00 - CURRENT RATE

YEARS PLUS MONTHS REMAINING IN AMORTIZATION PERIOD

YEARS LEFT IN PERIOD	AM	1 MON	2 MONS	3 MONS	4 MONS	5 MONS	6 MONS	7 MONS	8 MONS	9 MONS	10 MONS	11 MONS	12 MONS	YEARS LEFT IN PERIOD	AM
40	39	25.24	26.25	27.25	28.26	29.27	30.28	31.28	32.29	33.30	34.30	35.31	36.32	39	40
YR	38	25.23	26.24	27.25	28.25	29.26	30.27	31.28	32.28	33.29	34.30	35.30	36.31	38	YR
AM	37	25.23	26.23	27.24	28.25	29.26	30.26	31.27	32.28	33.28	34.29	35.29	36.30	37	AM
	36	25.22	26.23	27.24	28.24	29.25	30.25	31.26	32.27	33.27	34.28	35.28	36.29	36	
	35	25.22	26.22	27.23	28.23	29.24	30.25	31.25	32.26	33.26	34.27	35.27	36.28	35	
35	34	25.21	26.21	27.22	28.23	29.23	30.24	31.24	32.25	33.25	34.26	35.26	36.26	34	35
YR	33	25.20	26.21	27.21	28.22	29.22	30.23	31.23	32.23	33.24	34.24	35.25	36.25	33	YR
AM	32	25.19	26.20	27.20	28.21	29.21	30.21	31.22	32.22	33.22	34.23	35.23	36.23	32	AM
	31	25.18	26.19	27.19	28.19	29.20	30.20	31.20	32.21	33.21	34.21	35.21	36.22	31	
	30	25.17	26.18	27.18	28.18	29.18	30.19	31.19	32.19	33.19	34.19	35.19	36.20	30	
30	29	25.16	26.16	27.16	28.17	29.17	30.17	31.17	32.17	33.17	34.17	35.17	36.17	29	30
YR	28	25.15	26.15	27.15	28.15	29.15	30.15	31.15	32.15	33.15	34.15	35.15	36.15	28	YR
AM	27	25.13	26.13	27.13	28.13	29.13	30.13	31.13	32.13	33.13	34.12	35.12	36.12	27	AM
	26	25.12	26.12	27.11	28.11	29.11	30.11	31.11	32.10	33.10	34.10	35.09	36.09	26	
	25	25.10	26.10	27.09	28.09	29.09	30.08	31.08	32.08	33.07	34.07	35.06	36.05	25	
25	24	25.09	26.07	27.07	28.07	29.06	30.06	31.05	32.04	33.04	34.03	35.02	36.02	24	25
YR	23	25.06	26.05	27.04	28.04	29.03	30.02	31.02	32.01	33.00	33.99	34.98	35.97	23	YR
AM	22	25.03	26.02	27.01	28.01	29.00	29.99	30.98	31.97	32.96	33.95	34.94	35.92	22	AM
	21	25.00	25.99	26.98	27.97	28.96	29.95	30.94	31.92	32.91	33.90	34.88	35.87	21	
	20	24.97	25.96	26.94	27.93	28.92	29.90	30.89	31.87	32.86	33.84	34.82	35.81	20	
20	19	24.93	25.92	26.90	27.88	28.87	29.85	30.83	31.81	32.80	33.78	34.76	35.74	19	20
YR	18	24.89	25.87	26.85	27.83	28.81	29.79	30.77	31.75	32.73	33.70	34.68	35.66	18	YR
AM	17	24.84	25.82	26.79	27.77	28.75	29.72	30.70	31.67	32.65	33.62	34.59	35.57	17	AM
	16	24.78	25.76	26.73	27.70	28.68	29.65	30.62	31.59	32.56	33.53	34.49	35.46	16	
	15	24.72	25.69	26.66	27.62	28.59	29.56	30.52	31.49	32.45	33.42	34.38	35.34	15	
15	14	24.64	25.60	26.57	27.53	28.49	29.45	30.41	31.37	32.33	33.29	34.24	35.20	14	15
YR	13	24.55	25.51	26.46	27.42	28.38	29.33	30.28	31.24	32.19	33.14	34.09	35.04	13	YR
AM	12	24.44	25.39	26.34	27.29	28.24	29.19	30.13	31.08	32.02	32.96	33.90	34.84	12	AM
	11	24.31	25.26	26.20	27.14	28.08	29.01	29.95	30.88	31.82	32.75	33.68	34.61	11	
	10	24.16	25.09	26.02	26.95	27.88	28.80	29.73	30.65	31.58	32.50	33.42	34.34	10	
10	9	23.96	24.88	25.80	26.72	27.63	28.55	29.46	30.37	31.28	32.19	33.10	34.00	9	10
YR	8	23.72	24.62	25.52	26.42	27.32	28.22	29.12	30.01	30.91	31.80	32.69	33.58	8	YR
AM	7	23.40	24.28	25.17	26.05	26.93	27.81	28.69	29.56	30.44	31.31	32.18	33.06	7	AM
	6	22.97	23.83	24.69	25.55	26.41	27.26	28.11	28.97	29.82	30.67	31.52	32.37	6	
	5	22.36	23.20	24.03	24.85	25.68	26.51	27.33	28.15	28.98	29.80	30.62	31.44	5	
5	4	21.46	22.25	23.04	23.83	24.62	25.41	26.20	26.98	27.77	28.56	29.34	30.13	4	5
YR	3	19.96	20.70	21.44	22.18	22.93	23.67	24.41	25.16	25.91	26.65	27.40	28.15	3	YR
AM	2	17.00	17.70	18.40	19.11	19.81	20.52	21.24	21.95	22.67	23.39	24.11	24.83	2	AM
	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1	
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	

MORTGAGE PREPAYMENT PENALTY TABLES
PER $1000

CURRENT RATE	9.00
CONTRACT RATE	10.00
YEARS TO TERM	3 TO 4

CURRENT RATE - 9.00 - CURRENT RATE

YEARS PLUS MONTHS REMAINING IN AMORTIZATION PERIOD

YEARS LEFT IN PERIOD	AM	1 MON	2 MONS	3 MONS	4 MONS	5 MONS	6 MONS	7 MONS	8 MONS	9 MONS	10 MONS	11 MONS	12 MONS	YEARS LEFT IN PERIOD	AM
40	39	37.32	38.32	39.33	40.34	41.34	42.35	43.35	44.36	45.37	46.37	47.38	48.38	39	40
YR	38	37.31	38.31	39.32	40.32	41.33	42.34	43.34	44.35	45.35	46.36	47.36	48.37	38	YR
AM	37	37.30	38.30	39.31	40.31	41.32	42.32	43.33	44.33	45.34	46.34	47.35	48.35	37	AM
	36	37.28	38.29	39.29	40.30	41.30	42.31	43.31	44.31	45.32	46.32	47.33	48.33	36	
	35	37.27	38.27	39.28	40.28	41.28	42.29	43.29	44.30	45.30	46.30	47.31	48.31	35	
35	34	37.25	38.26	39.26	40.26	41.27	42.27	43.27	44.28	45.28	46.28	47.28	48.29	34	35
YR	33	37.24	38.24	39.24	40.24	41.25	42.25	43.25	44.25	45.25	46.26	47.26	48.26	33	YR
AM	32	37.22	38.22	39.22	40.22	41.22	42.22	43.23	44.23	45.23	46.23	47.23	48.23	32	AM
	31	37.20	38.20	39.20	40.20	41.20	42.20	43.20	44.20	45.20	46.20	47.20	48.20	31	
	30	37.17	38.17	39.17	40.17	41.17	42.17	43.17	44.17	45.17	46.16	47.16	48.16	30	
30	29	37.15	38.15	39.14	40.14	41.14	42.14	43.14	44.13	45.13	46.13	47.12	48.12	29	30
YR	28	37.12	38.11	39.11	40.11	41.11	42.10	43.10	44.09	45.09	46.09	47.08	48.08	28	YR
AM	27	37.09	38.08	39.08	40.07	41.07	42.06	43.06	44.05	45.04	46.04	47.03	48.03	27	AM
	26	37.05	38.04	39.04	40.03	41.02	42.02	43.01	44.00	44.99	45.99	46.98	47.97	26	
	25	37.01	38.00	38.99	39.98	40.98	41.97	42.96	43.95	44.94	45.93	46.92	47.91	25	
25	24	36.96	37.95	38.94	39.93	40.92	41.91	42.90	43.89	44.88	45.86	46.85	47.84	24	25
YR	23	36.91	37.90	38.89	39.87	40.86	41.85	42.83	43.82	44.81	45.79	46.78	47.76	23	YR
AM	22	36.85	37.84	38.82	39.81	40.79	41.78	42.76	43.74	44.73	45.71	46.69	47.67	22	AM
	21	36.79	37.77	38.75	39.74	40.72	41.70	42.68	43.66	44.64	45.62	46.60	47.58	21	
	20	36.72	37.70	38.67	39.65	40.63	41.61	42.58	43.56	44.54	45.51	46.49	47.46	20	
20	19	36.63	37.61	38.58	39.56	40.53	41.50	42.48	43.45	44.42	45.40	46.37	47.34	19	20
YR	18	36.54	37.51	38.48	39.45	40.42	41.39	42.36	43.32	44.29	45.26	46.23	47.19	18	YR
AM	17	36.43	37.39	38.36	39.32	40.29	41.25	42.22	43.18	44.14	45.11	46.07	47.03	17	AM
	16	36.30	37.26	38.22	39.18	40.14	41.10	42.06	43.02	43.97	44.93	45.89	46.84	16	
	15	36.16	37.11	38.06	39.02	39.97	40.92	41.87	42.83	43.78	44.73	45.68	46.63	15	
15	14	35.98	36.93	37.88	38.82	39.77	40.72	41.66	42.60	43.55	44.49	45.43	46.37	14	15
YR	13	35.78	36.72	37.66	38.60	39.54	40.47	41.41	42.34	43.28	44.21	45.15	46.08	13	YR
AM	12	35.54	36.47	37.40	38.33	39.26	40.18	41.11	42.04	42.96	43.89	44.81	45.73	12	AM
	11	35.26	36.18	37.09	38.01	38.93	39.84	40.76	41.67	42.58	43.50	44.41	45.32	11	
	10	34.91	35.81	36.72	37.62	38.52	39.43	40.33	41.23	42.13	43.03	43.93	44.83	10	
10	9	34.47	35.36	36.25	37.14	38.03	38.91	39.80	40.68	41.57	42.45	43.34	44.22	9	10
YR	8	33.93	34.80	35.67	36.54	37.40	38.27	39.14	40.01	40.87	41.74	42.61	43.47	8	YR
AM	7	33.22	34.06	34.91	35.76	36.60	37.45	38.30	39.14	39.99	40.83	41.68	42.52	7	AM
	6	32.26	33.08	33.90	34.72	35.54	36.36	37.18	38.00	38.82	39.65	40.47	41.29	6	
	5	30.92	31.71	32.50	33.28	34.07	34.86	35.66	36.45	37.24	38.03	38.83	39.62	5	
5	4	28.90	29.66	30.41	31.17	31.92	32.68	33.44	34.21	34.97	35.74	36.50	37.27	4	5
YR	3	25.56	26.29	27.02	27.76	28.49	29.23	29.97	30.72	31.46	32.21	32.96	33.72	3	YR
AM	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2	AM
	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1	
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	

MORTGAGE PREPAYMENT PENALTY TABLES
PER $1000

CURRENT RATE	9.00
CONTRACT RATE	10.00
YEARS TO TERM	4 TO 5

CURRENT RATE - 9.00 - CURRENT RATE

YEARS PLUS MONTHS REMAINING IN AMORTIZATION PERIOD

YEARS LEFT IN PERIOD	AM	1 MON	2 MONS	3 MONS	4 MONS	5 MONS	6 MONS	7 MONS	8 MONS	9 MONS	10 MONS	11 MONS	12 MONS	YEARS LEFT IN PERIOD	AM
40	39	49.37	50.38	51.38	52.39	53.39	54.40	55.40	56.41	57.41	58.42	59.42	60.43	39	40
YR	38	49.36	50.36	51.36	52.37	53.37	54.38	55.38	56.39	57.39	58.40	59.40	60.40	38	YR
AM	37	49.34	50.34	51.34	52.35	53.35	54.35	55.36	56.36	57.37	58.37	59.37	60.38	37	AM
	36	49.31	50.32	51.32	52.32	53.33	54.33	55.33	56.33	57.34	58.34	59.34	60.35	36	
	35	49.29	50.29	51.29	52.30	53.30	54.30	55.30	56.30	57.31	58.31	59.31	60.31	35	
35	34	49.26	50.26	51.26	52.27	53.27	54.27	55.27	56.27	57.27	58.27	59.27	60.27	34	35
YR	33	49.23	50.23	51.23	52.23	53.23	54.23	55.23	56.23	57.23	58.23	59.23	60.23	33	YR
AM	32	49.20	50.20	51.20	52.19	53.19	54.19	55.19	56.19	57.19	58.19	59.19	60.19	32	AM
	31	49.16	50.16	51.16	52.15	53.15	54.15	55.15	56.14	57.14	58.14	59.14	60.13	31	
	30	49.12	50.12	51.11	52.11	53.10	54.10	55.10	56.09	57.09	58.09	59.08	60.08	30	
30	29	49.07	50.07	51.06	52.06	53.05	54.05	55.04	56.04	57.03	58.03	59.02	60.01	29	30
YR	28	49.02	50.01	51.01	52.00	52.99	53.99	54.98	55.97	56.97	57.96	58.95	59.94	28	YR
AM	27	48.96	49.96	50.95	51.94	52.93	53.92	54.91	55.90	56.89	57.88	58.88	59.87	27	AM
	26	48.90	49.89	50.88	51.87	52.86	53.85	54.84	55.82	56.81	57.80	58.79	59.78	26	
	25	48.83	49.82	50.80	51.79	52.78	53.76	54.75	55.74	56.72	57.71	58.70	59.68	25	
25	24	48.75	49.73	50.72	51.70	52.69	53.67	54.65	55.64	56.62	57.61	58.59	59.57	24	25
YR	23	48.66	49.64	50.62	51.60	52.58	53.56	54.55	55.53	56.51	57.49	58.47	59.45	23	YR
AM	22	48.56	49.53	50.51	51.49	52.47	53.45	54.42	55.40	56.38	57.36	58.33	59.31	22	AM
	21	48.44	49.42	50.39	51.36	52.34	53.31	54.29	55.26	56.24	57.21	58.18	59.16	21	
	20	48.31	49.28	50.25	51.22	52.19	53.16	54.13	55.10	56.07	57.04	58.01	58.98	20	
20	19	48.16	49.13	50.09	51.06	52.03	52.99	53.96	54.92	55.89	56.85	57.82	58.78	19	20
YR	18	47.99	48.95	49.92	50.88	51.84	52.80	53.76	54.72	55.69	56.64	57.60	58.56	18	YR
AM	17	47.80	48.75	49.71	50.66	51.62	52.57	53.53	54.48	55.44	56.39	57.34	58.30	17	AM
	16	47.58	48.52	49.47	50.42	51.37	52.32	53.27	54.21	55.16	56.11	57.06	58.00	16	
	15	47.32	48.26	49.20	50.14	51.08	52.02	52.96	53.90	54.84	55.78	56.72	57.66	15	
15	14	47.01	47.95	48.88	49.81	50.74	51.68	52.61	53.54	54.47	55.40	56.33	57.27	14	15
YR	13	46.66	47.58	48.50	49.43	50.35	51.27	52.19	53.12	54.04	54.96	55.88	56.80	13	YR
AM	12	46.23	47.15	48.06	48.97	49.88	50.79	51.70	52.61	53.53	54.44	55.35	56.26	12	AM
	11	45.73	46.63	47.52	48.42	49.32	50.22	51.12	52.02	52.91	53.81	54.71	55.61	11	
	10	45.11	45.99	46.87	47.76	48.64	49.53	50.41	51.29	52.18	53.06	53.95	54.83	10	
10	9	44.34	45.21	46.07	46.94	47.81	48.67	49.54	50.41	51.27	52.14	53.01	53.88	9	10
YR	8	43.37	44.22	45.06	45.91	46.76	47.60	48.45	49.30	50.15	51.00	51.85	52.70	8	YR
AM	7	42.11	42.93	43.76	44.58	45.41	46.23	47.06	47.89	48.72	49.54	50.37	51.21	7	AM
	6	40.42	41.22	42.02	42.82	43.62	44.42	45.22	46.03	46.83	47.64	48.45	49.26	6	
	5	38.04	38.82	39.59	40.37	41.14	41.92	42.70	43.49	44.27	45.06	45.85	46.64	5	
5	4	34.47	35.23	35.99	36.75	37.52	38.29	39.06	39.83	40.60	41.38	42.16	42.94	4	5
YR	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3	YR
AM	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2	AM
	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1	
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	

SCHEDULE "D"

CHAPTER 472

The Unconscionable Transactions Relief Act

Interpretation

1. In this Act,

(*a*) "cost of the loan" means the whole cost to the debtor of money lent and includes interest, discount, subscription, premium, dues, bonus, commission, brokerage fees and charges, but not actual lawful and necessary disbursements made to a registrar of deeds, a master of titles, a clerk of a county or district court, a sheriff or a treasurer of a municipality;

(*b*) "court" means a court having jurisdiction in an action for the recovery of a debt or money demand to the amount claimed by a creditor in respect of money lent;

(*c*) "creditor" includes the person advancing money lent and the assignee of any claim arising or security given in respect of money lent;

(*d*) "debtor" means a person to whom or on whose account money lent is advanced and includes every surety and endorser or other person liable for the repayment of money lent or upon any agreement or collateral or other security given in respect thereof;

R.S.O. 1970, c. 279

(*e*) "money lent" includes money advanced on account of any person in any transaction that, whatever its form may be, is substantially one of money-lending or securing the repayment of money so advanced and includes and has always included a mortgage within the meaning of *The Mortgages Act*. R.S.O. 1960, c. 410, s. 1, *amended*.

The court may,

2. Where, in respect of money lent, the court finds that, having regard to the risk and to all the circumstances, the cost of the loan is excessive and that the transaction is harsh and unconscionable, the court may,

reopen transaction and take account

(*a*) reopen the transaction and take an account between the credior and the debtor;

reopen former settlements

(*b*) notwithstanding any statement or settlement of account or any agreement purporting to close previous dealings and create a new obligation, reopen any account already taken and relieve the debtor from payment of any sum in excess of the sum adjudged by the court to be fairly due in respect of the principal and the cost of the loan;

order repayment of excess

(*c*) order the creditor to repay any such excess if the same has been paid or allowed on account by the debtor;

set aside or revise contract

(*d*) set aside either wholly or in part or revise or alter any security given or agreement made in respect of the money lent, and, if the creditor has parted with the security, order him to indemnify the debtor. R.S.O. 1960, c. 410, s. 2.

Exercise of powers of court,

3. The powers conferred by section 2 may be exercised,

in action by creditor

(*a*) in an action or proceeding by a creditor for the recovery of money lent;

in action by debtor

(*b*) in an action or proceeding by the debtor notwithstanding any provision or agreement to the contrary, and notwithstanding that the time for repayment of the loan or any instalment thereof has not arrived;

in other proceedings

(*c*) in an action or proceeding in which the amount due or to become due in respect of money lent is in question. R.S.O. 1960, c. 410, s. 3.

Relief by way of originating notice in county court

4.—(1) In addition to any right that a debtor may have under this or any other Act or otherwise in respect of money lent, he may apply for relief under this Act to a judge of the county or district court of the county or district in which he resides, and the judge on the application may exercise any of the powers of the court under section 2.

Removal of proceedings into Supreme Court

(2) Where an application is made under subsection 1, the judge may, if he sees fit, at any time before disposing of the application, by order remove the proceedings into the Supreme Court.

Idem

(3) When an order is made under subsection 2, the clerk of the county or district court shall forthwith transmit the papers in the case to the proper office of the Supreme Court in the county or district in which the application was made.

Idem

(4) When the papers have been received in the proper office of the Supreme Court, the application is *ipso facto* removed into the Supreme Court and shall be heard and determined by a judge of the Supreme Court in chambers, and the judge on the application may exercise any of the powers of the court under section 2 or he may direct an issue.

Appeal

(5) An appeal lies to the Court of Appeal from any order made under subsection 1 or 4. R.S.O. 1960, c. 410, s. 4.

Saving *bona fide* holder for value, and existing jurisdiction

5. Nothing in this Act affects the rights of a *bona fide* assignee or holder for value without notice, or derogates from the existing powers or jurisdiction of any court. R.S.O. 1960, c. 410, s. 5.

PART B

CLAUSE BY CLAUSE REVIEW

SECTION 2(1)—DEFINITION OF "ADMINISTRATOR"

Comment

The Bill proposes to appoint an "Administrator" to have such powers and to perform duties and functions as are assigned or delegated to him. However, this definition and reference to the "Administrator" has been removed from the Bill by the proposed amendment and your Committee agrees with the containment of additional bureaucracy.

SECTION 2(1)—DEFINITION OF "BORROWER"

Comment

In Part A, III, of this Report, the Committee recommends that the Bill should only apply to:

(i) a "borrower" who is a natural person who is engaged in a non-business or personal transaction and who is not borrowing for business purposes; and

(ii) a "lender" who is acting in the course of carrying on a lending business.

This change would eliminate application of the Bill to any borrower who is borrowing for business purposes as in such case the borrower should have, or have access to, sufficient expertise to provide him with the necessary protection.

The principal concerns expressed over the wording of the definition are:

—that "testamentary instruments" are ambiguous and further clarification is required,

—that definition should indicate that "borrower's" guarantor, surety and indemnitor are included,

—that as defined in the Bill "borrower" may apply to business transactions of entities made up of "natural persons", and

—that "borrower" should not include corporations of any kind.

Recommendation

That sub-section 2(1) of the Bill should be amended to restrict "borrower" to non-business transactions by natural persons and be amended to resolve the concerns expressed above.

Amendment

The amendment while restricting the borrowers to a natural person, is not limited to only non-business transactions. Also, there is no clarification of the intended meaning of "testamentary instruments".

SECTION 2(1)—DEFINITION OF "CLOSELY HELD CORPORATION"

Comment

Your Committee has discussed the elimination of closely held corporations where this appears in the Bill and we approve of the proposed amendment.

SECTION 2(1)—DEFINITION OF "CREDIT CHARGE"

Comment

Concerns have been expressed by a number of organizations regarding the difficulties and indeed the appropriateness of including in the definition of "credit charge" amounts paid by the borrower to a third party where these amounts are not considered part of the compensation paid to the lender for entering into the lending transaction. Part A, II, of this Report reviews these concerns in the light of existing jurisprudence and discusses the extent to which this Bill goes beyond the generally accepted meaning of interest in the definition of credit charge.

Recommendation

As recommended in Part A, II, credit charge should be defined to include only those items which can be substantiated as falling within the federal jurisdiction and should not include items which cannot be regarded as compensation to the lender. Also, the section should include an exclusion clause as follows: "Payments to third parties, unrelated to the lender and not a nominee or nominees of the lender and necessary to the completion of the lending transaction."

Amendment

The proposed amendment does not materially change the original definition.

SECTION 2(1)—DEFINITION OF "EFFECTIVE DATE"

Amendment

The proposed amendment incorporates consideration of the date on which the principal sum is advanced or made available to the borrowr and this is satisfactory.

SECTION 2(1)—DEFINITION OF "LENDER"

Comment

Clarification is required to indicate whether the words "arranges for the provision of or offers to provide or arrange for the provision of a net principal sum" would include an agent acting on behalf of a lender.

Recommendation

As recommended in Part A, III, of this Report, "lender" should be further restricted so as to apply only to a party to a lending transaction who provides a net principal sum in the course of carrying on business.

Amendment

The proposed amendment exempts only infrequent and irregular transactions which are vague and undefined terms exposing the borrower to the uncertainty that a particular lending transaction may not fall within the scope of the Bill.

SECTION 2(1)—DEFINITION OF "LENDING TRANSACTION"

Comment

The principal concerns expressed over the wording of this definition are:

1. The primary part of the definition should be amended to provide direct reference to the borrower and the lender and to provide for joint borrowers. This could be achieved by insertion of the words "who is the borrower", "or as a joint borrower" and "who is lender" in the appropriate place in the definition paragraph at the bottom of page 3.
2. Sub-paragraph (b)—as stated in our comments in Part A, II, of this Report on definition of "credit charge" the charge or discount occurring from the assignment or sale of a right is not interest nor should it fall within the definition of a lending transaction and your Committee is of the opinion that it is beyond the federal power under interest to legislate with respect to the sale or assignment of a right and Parliament cannot acquire jurisdiction indirectly by attempting to relate such charge or discount to legislation with respect to interest.
3. Sub-paragraph (d)—the comments in 3 above relating to an assignment or sale are equally applicable to transactions providing for the transfer of title to property.
4. The final paragraph of the definition should stop after the word "unsecured" on line 29 on page 4 of the Bill as the remaining words refer to exemptions for variable credit arrangements included under sub-paragraph (f) and this seem contradictory.

Recommendation

The definition should specifically identify "borrower" and "lender" and the words "as joint borrower" should replace "together" as outlined in paragraph 1 above. Sub-paragraphs (b) and (d) should be rewritten in line with comments 2 and 3 above, and the definition should stop after the word "unsecured" in line 29 on page 4 of the Bill.

Amendment

New sub-paragraph (h) appears to be an exclusion to the Bill designed for the protection of the borrower and the lender, but the wording is so imprecise that neither party can be certain as to the application of the Bill until any "intended" development is completed. Also, new sub-paragraph (h) requires a definition of the phrase "dwelling units" in the last line.

SECTION 2(1)—DEFINITION OF "NET PRINCIPAL SUM"

Comment

Concern has been expressed regarding the use of the word "value", as in the absence of definition in the Bill, reference to "value" introduces a factor of uncertainty which may not be determinable with absolute accuracy and indeed is a matter of opinion.

Recommendation

The word "value" should be removed from the definition and the definition should be amended to require that net principal sum be determined by deducting any amount "credited" to a borrower in respect of a trade-in or for any reason in determining a "net principal sum". Also, the words "the benefit of or" should be inserted after the word "obtain" in the third line of the definition of net principal sum to cover benefits obtained from a right of use.

SECTION 2(1)—DEFINITION OF "NHA HOME OWNERSHIP LOAN RATE"

Amendment

This definition has been deleted from the Bill.

SECTION 2(1)—DEFINITION OF "NON-CHEQUABLE SAVINGS DEPOSITS INTEREST RATE"

Amendment

This definition has been deleted from the Bill.

SECTION 2(1)—DEFINITION OF "OFFICIAL FEES"

Recommendation

The definition should clearly include fees or charges reasonably paid by the lender to any public official to effect any public filing or registration of a lending transaction.

Amendment

The proposed amendment would be improved if the words "or interest under" were changed to read "or an interest in" in the second line of subparagraph (b).

SECTION 2(1)—DEFINITION OF "PENALTY"

Comment

As presently defined the word "penalty" includes interest which is payable in respect of an overdue payment of interest and does not clearly exclude third party payments in the process of collection by the lender.

Recommendation

The term "penalty" should not include interest accruing on overdue interest and the Bill should so state.

Amendment

The proposed amendment improves the definition, however, it may not be adequate to clearly exclude from "penalty" expenditures incurred by a lender in realizing upon his security. The item (d) in the third line of new subparagraph (c) should presumably read (b).

SECTION 2(1)—DEFINITION OF "PRIME RATE"

Comment

There appears to be a mechanical problem in determining the "prime rate" as the definition may contemplate a uniform rate which is charged at a given time by all federally incorporated Canadian chartered banks.

Recommendation

The definition should be amended to the average of the prime rates quoted by all Canadian chartered banks or the lowest rate quoted by any federally incorporated Canadian chartered bank.

Amendment

The proposed amendment seems to resolve the mechanical problem, however, your Committee recommends that the determination of prime rate should be made by the Bank of Canada not the Minister.

SECTION 2(1)—DEFINITION OF "REFERENCE RATE"

This definition is an addition to the Bill and comment is not appropriate until the regulation illustrating computation is available, however, as in the case of "prime rate", your Committee believes the determination of the rate should be made by the Bank of Canada and not by the Minister.

SECTION 2(2)

Comment

Many of the associations and organizations appearing before your Committee commented that the definition as to when a payment is deemed to be made is unrealistic, impractical, unfair and unworkable and is an attempt to change conventional business practice which has been followed for many years.

Amendment

The proposed amendments adopt current business practice where payment is made on the date received or negotiated by the lender.

SECTION 2(4)

Comment

This section makes reference to an assignment or right to refunds under the Income Tax Act and appears to be an attempt to control the practice of discounting income tax refunds. If this remains in the Bill, it is conceivable that the Bill should include the assignment or right to other government payments such as unemployment insurance, welfare and workmen's compensation. However, as stated in Part A, II, of this Report your Committee has serious doubts concerning the authority of the Federal Parliament to legislate with respect to contracts where interest is only incidental to the purpose of the transaction.

Recommendation

This section should be deleted from the Bill and control of income tax refund discounting, if necessary, should be exercised through the Income Tax Act.

Amendment

The proposed amendment does not change the intent of the original definition.

SECTION 2(6)

Comment

It has been submitted to your Committee that the 60-day transitional period permitted by this section in deeming the application of the Bill to lending transactions which survive the enactment of the Bill is inadequate and does not allow time for the lenders to prepare, review and implement whatever new administrative procedures may be necessary.

Amendment

The proposed amendment extends the transitional period to 120 days and this would appear to deal reasonably satisfactorily with the comments and submissions received.

SECTION 3

Comments

The apparent intention of this section is to replace section 2 of the Interest Act and to provide direction concerning the charging of interest in any lending transaction not covered by an Act of Parliament. At present there is no conflicting legislation as the Bank Act is the only federal statute dealing with the cost of borrowing and consumer interest. However, if this Bill is enacted there will be conflict with the Bank Act.

Recommendation

Notwithstanding the Bank Act White Paper wherein it is indicated that disclosure of the cost of borrowing in the new Bank Act will be superceded by this Bill, if enacted, your Committee cannot assume that the new Bank Act will provide for the omission of sections 91 and 92 of the present Bank Act. Accordingly, your Committee must deal with the apparent conflict between the present Bank Act and this Bill and we recommend that sections 91 and 92 should remain dominant in the field of consumer lending for Banks.

Amendment

The proposed amendment extends the application of the Bill to transactions which are beyond the announced scope. Accordingly the words "whether" and "or not" in the first and second lines of the proposed amendments should be removed.

SECTION 4

Comment

Section 4(1) extends the application of the Bill to transactions which are not lending transactions as defined within the Bill.

Section 4(2) provides that the prime rate will apply when no credit charge rate is fixed or determinable in respect of a lending transaction thereby penalizing the lender if a higher rate had in fact been agreed upon but was not sufficiently clear in the lending agreement. It has been suggested that the Bill has gone too far in imposing a rate where the parties may have agreed that no credit charge rate was appropriate in the circumstances. Also, it is not clear whether the provision for a "nil" rate would be considered to be a rate for this purpose.

Recommendation

This Bill should apply to only those consumer lending transactions which clearly fall within its ambit and if the Interest Act is repealed its replacement for other credit transactions of a business or commercial nature should be accomplished through other legislation and section 4(1) should be deleted from the Bill. Also clarification is required in section 4(2) to resolve the above comment.

Amendment

The proposed amendment is technical only to more clearly extend the Bill's scope beyond the intended application and does not address your Committee's recommendations with respect to section 4(1) and (2).

SECTION 5

Amendment

Section 5(1) is deleted from the Bill.

SECTION 6

Comment

As stated in Part A, V, of this Report, the organizations and associations appearing before your Committee have expressed great concern that the wording of the section is too broad and covers many possible circumstances outside the boundaries normally defined by the word advertising. Also, the Bill does not provide protection for publishers, broadcasters and other information media who, when acting in good faith on the basis of representations by a third party, publish advertisements relating to consumer credit.

It has been suggested that it may be impossible to "publish an advertisement or otherwise make any representation to the public indicating the availability of credit or relating to credit charge . . . without at the same time disclosing . . . the relevant credit charge and credit charge rate" as the computation of the credit charge and credit charge rate may include items which relate to the particular transaction. For example, it is impossible for the advertised rate to be the same as the actual credit charge rate where certain components of the credit charge are not determinable in advance of the actual transaction.

Recommendation

The Bill should not apply to advertisements or publications, such as credit card decals, which indicate only the availability of credit. Protection for publishers and broadcasters acting in good faith should be in a form which is consistent with section 37.3(1) of the Combines Investigation Act, as follows:

> "37.3 (1) Sections 36 to 37.2 do not apply to a person who prints or publishes or otherwise distributes a representation or an advertisement on behalf of another person in Canada, where he establishes that he obtained and recorded the name and address of that other person and that he accepted the representation or advertisement in good faith for printing, publishing or other distribution in the ordinary course of his business."

As stated in Part A, V, and Part A, VIII, respectively, the right to commence civil action for damages against a person who breaches the Act should be limited to situations where privity of contract exists between the parties and the disclosure requirements for advertisements should be included in the Bill and not in the Regulations as stated in the Bill.

Amendment

The proposed amendment provides limited protection for publishers and broadcasters but does not satisfy your Committee's recommendations above. In addition, it does not remove your Committee's concern about mention of the "availability of credit". Assuming the Regulations require disclosure of the actual rate the amendment does not resolve the impossibility of advertising a credit charge rate which, in all circumstances, will equal the actual credit charge rate calculated in accordance with the statute.

SECTION 7

Comment

It has been suggested that it is necessary to amend sub-section 7(1) to provide that no further disclosure need be made unless there has been some change in the detail of the credit charge rate since the last disclosure, as sub-section 2(6) appears to deem a variable credit arrangement to be newly entered into each time credit is made available.

Concern has been expressed over several points in sub-section 7(2) which are summarized as follows:

1. Where failure to provide the borrower with a copy of the lending agreement is accidental, the credit charge should commence to accrue from the date the agreement is delivered to the borrower and not be entirely cancelled. The subject of the obligation upon the lender is: "any agreement evidencing the lending transaction" and this may be ambiguous.
2. Unintentional error, omission or minor defect caused by oversight which is not deliberate and which does not materially mislead the borrower as to the nature of the transaction should have no effect on the respective obligations of the borrower and the lender. An exception may be required for the misstatement of a credit charge rate in which case the borrower should pay the lesser of the amount required to be disclosed or the amount actually disclosed.
3. It has been submitted that disclosure to the borrower's agent or representative or to any one borrower where more than one borrower is a party to the same transaction should permit the lender to satisfy the requirements of the section.

Recommendation

The Bill requires amendment to deal with the above mentioned deficiencies and as stated in Part A, VIII, the disclosure requirements for advertisements should be incorporated in the Bill.

Amendment

The proposed amendment to sub-section (2) permits the lender to charge the prime rate but sub-section (3) should be broadened to cover accidental failure to provide the borrower with a copy of the lending agreement where the rights of the borrower are not prejudiced.

The proposed amendment to sub-section (3) does not remove the concern for unintentional error, omission or minor defect as it is operative only where the "error, omission or insufficiency in the disclosure to the borrower was not of such a nature as to be likely to mislead or deceive the borrower to his disadvantage" and the amendment fails to introduce a concept of materiality.

SECTION 7.1

Amendment

This is a new section linked with the amendment to the definition of "variable rate". The new section brings into the

80014–36

Bill details concerning variable rate transactions that would have been included in the Regulations.

SECTION 8

Comment

Some of the concerns expressed by your Committee on the various provisions of Section 8(1) are summarized as follows:

1. An agent or representative should not be permitted to act "on behalf of a borrower" in making any application to the court alleging that the credit charge rate was unwarranted on the day the transaction was entered into.
2. The items listed in paragraphs 8(1)(b)(i) through 8(1)(b)(v) could be interpreted as directing the court to examine, amongst other things, the profitability of a lender in its attempt to determine whether the credit charge rate is excessive and this has no bearing on whether the credit charge rate is unwarranted. Also, the list of items should be expanded to enable the court to review such other factors as it considers necessary.
3. Words such as "relationship between the borrower and the lender" in 8(1)(b)(v) are ambiguous and further clarification is required.

Concern has been expressed that paragraph (b) of sub-section 8(2) provides a borrower with unlimited recourse to have a lending transaction set aside even after that transaction is completed and supposedly closed. This same paragraph permits a court to review the lending transaction and if the credit charge is found to be unwarranted to specify a credit charge rate which may not exceed the prime rate but may range from zero to prime. It would seem reasonable that in circumstances where a court has determined that a rate was unwarranted it should have the authority to establish a warranted rate regardless of whether such rate was above or below the prime rate.

The right of unlimited recourse in 8(2)(d) could expose the lender to substantial risk through a borrower alleging that the credit charge rate was unwarranted for the specific purpose of attempting to retrieve security given to the lender because it has substantially increased in value, long after such security has been disposed of. For example, where a mortgagee has foreclosed and sold the property he has unlimited exposure to the risk of the borrower attacking the transaction for the purpose of retrieving the security and if impossible obtaining idemnification from the lender at a possibly enhanced value.

Sub-section 8(3) stipulates that the court must determine that the credit charge rate is unwarranted unless the lender can establish that it is warranted and this is viewed as being unfair and unreasonable.

Recommendation

The list of items in sub-section 8(1) should be expanded to allow the court to consider such other items as it considers to be relevant in the circumstances. If the borrower is given the right to challenge a credit charge rate as being unwarranted, the burden of proof should be upon the borrower to establish his claim. Where a court finds the rate charged by a lender to a borrower was unwarranted the court should have the authority to determine a warranted rate.

Amendment

The proposed amendment does not address the above recommendations.

SECTION 9

Comment

This section would not permit a party to whom a lending transaction has been assigned to provide the borrower with notice of such assignment or if such party did provide such notice the borrower would not be required to expect the original lender who no longer has financial interest in the lending transaction, to act in accordance with the requirements of the section.

Recommendation

The section should be amended to permit the party to whom the lending agreement has been assigned to serve notice of such assignment to the borrower.

Amendment

The proposed amendment is technical only.

SECTION 10

Comment

This section may be in conflict with Section 12(4) which provides that an installment payment made 7 days before an installment due date must be applied against the next succeeding installment rather than against earlier unpaid credit charge and principal amounts. It has been suggested that this section should follow the approach of certain provincial consumer protection acts which allow payments received immediately following a due date to be treated as having been received on the due date.

Amendment

The proposed amendments provide the required revision to the allocation of prepayments and the apparent conflict with sub-section 12(4) is removed.

SECTION 11

Comment

Sub-section (2) provides that in a variable credit arrangement, a change in the credit charge rate applies to new business only. It has been suggested that there should not be any attempt to distinguish between a carry forward balance to which an old credit charge rate would apply and a new balance to which a new rate would apply as this would be complicated and virtually impossible without opening a new account for each borrower at the time of the rate change. This latter procedure would be costly and such cost would have to be recovered from the borrower.

Amendment

The proposed amendment provides a six-month notice period.

SECTION 12

Comment

It has been suggested that this section requires clarification to ensure that out-of-pocket costs may be fully recovered by the lender, that they do not fall within the definition of "penalty" and that interest on such out-of-pocket costs should not be at a rate which is greater than the rate provided in the related agreement.

Amendment

The proposed amendment to the definition of "penalty" does not address the question of interest on third party costs.

SECTION 13

Comment

It has been suggested that prepayment should be permitted in minimum amounts equal to at least one or more installments payable and that such prepayments should be credited to the borrower's account on the next nearest installment date or the first date of a calendar month if a loan is not payable in regular installments. A minimum prepayment fee should be established and applied in the case of the repayment of loans before the due date, and the wording of the section should permit a borrower to provide a lender with a land mortgage as collateral security without loss of such prepayment privileges as may be applicable in non-mortgage transactions.

As stated in Part A, II, a number of organizations have expressed concern to your Committee that the prepayment provisions in this section of the Bill may not be legislation with respect to interest but rather a statutory variation of contractual terms between two or more parties to a contract and may be beyond the power of the Federal Parliament.

Recommendation

Prepayments should only be permitted in minimum amounts equal to at least one or more installments. As stated in Part A, II, clarification of the constitutional authority of the Federal Parliament should be sought from the Supreme Court of Canada.

Amendment

The amendment extends the application of this section to mortgage transactions where the credit charge rate exceeds the relevant "reference rate" by more than four percentage points. It is unclear as to whether sub-section (3) is now deleted. The lack of a prepayment minimum permits the borrower to make a pre-payment in any amount at any time.

SECTION 14

Recommendation

As stated in Part A, II, and as recommended for section 13 clarification of the constitutional right of the Federal Parliament to enact these sections dealing with reformation of a lending contract should be sought from the Supreme Court of Canada.

Amendment

The proposed amendments incorporate a minimum prepayment level for mortgage transactions but do not address the above recommendation.

SECTION 15

Comment

There are inconsistencies in the prepayment penalty scale and other costs to the lender as a result of prepayments both of which should be adjusted.

Recommendation

The Bill should be amended to eliminate the inconsistencies in the prepayment penalty scale and to recognize other costs to the lender as a result of prepayments. The same constitutional question arises here as arose in sections 13 and 14.

Amendment

The proposed amendments in combination with the proposed amendments to sections 13 and 14 substantially change sub-sections (1) and (2). However, the amendment to 15(1) includes provision for a penalty prescribed by regulation to reflect the present value of the loss to the lender that might reasonably be expected to result from the tender or payment. Part A, XI, refer to the complexity of the narrative of the proposed regulation and the probability that it is not capable of being computed or understood by the average borrower. Your Committee therefore recommends that the proposed amendment be changed to make it clear, simple and understandable to such borrower. The proposed amendment is not clear as to the intended disposition of sub-sections (3), (4) and (5).

SECTION 16

Comment

The language of Section 16(1)(a) has the effect of eliminating construction loans on variable rate mortgages which commonly involve only the payment of interest and no amortization of principal and the language should be changed to accommodate such construction loans for variable rate mortgages. The requirement that the term of the lending transaction and the initial amortization be equal and the reference to the non-chequable savings interest rate are unrealistic. Where a lender did not compute the credit charge rate as required and the violation was accidental, it would appear reasonable for the lender to receive some compensation.

Amendment

The proposed amendments pick up the above comments.

SECTION 17

Comment

All lenders are required in this section to maintain records and books of account at their place of business or residence in Canada. Sub-section (3) requires that all records and books of account relating to lending transactions must be kept until written permission for disposal is obtained from the Adminis-

80014—36½

trator. Also, it has been suggested that the Bill permit the storage of records by microfilm and/or photographic process.

The requirement for unlimited storage is arbitrary and should be changed to a more normal requirement of say six years.

Amendment

The proposed amendments include a six-year storage requirement unless otherwise specified by the Minister but in any event not exceeding ten years.

SECTION 18

Comment

It has been suggested that sub-section (1) should be extended to provide the heirs, executors or representatives of deceased borrowers with the same rights and privileges as a borrower in the administration of a deceased borrower's estate. Also, sub-section (2) should limit the provision of a statement to borrowers to one statement per mortgage annually after which any borrower may request a further statement upon the payment of a nominal fee. In the case of a variable credit transaction, the Bill should state that one copy of the borrower's most recent monthly statement would satisfy the requirement.

Recommendation

Provision should be made for a borrower's heirs or executors to exercise necessary powers in the administration of a deceased's estate.

Amendment

The comment and the recommendation has not been recognized and no amendment is proposed.

SECTION 19

Comment

Substantial concern has been caused by the Bill's failure to define "institution" and thus indicate whether this would include a natural person, a partnership, a life insurance company, legal firms and real estate companies, as well as banks, trust companies, caisses populaires and credit unions. In the French translation the word "institution" is translated as "établissement" which appears to have a somewhat narrower interpretation.

It has been suggested that monies held on behalf of a borrower to provide a service associated with mortgage transactions such as the holding of money to pay municipal taxes on mortgaged properties, should not be classified as a deposit. Similarly, it is assumed that it was not the intention of the Bill to include as deposits, activities where life insurance companies maintain deposits to accommodate policyholders such as advance premium accounts, dividend accumulation accounts, policy loans and proceeds accounts and property tax accounts wherein this service is incidental to the primary function of the institution. It is also assumed that amounts retained by landlords as security against damage in rented premises, overpaid installments of income tax, layaway accounts and deposit accounts maintained with retail organizations, and simple account overpayments are not intended to be included in the definition of deposit.

Recommendation

The Bill should include a definition of institution and as stated in Part A, IV, should include only those who accept deposits as a principal function of their business.

Amendment

The proposed amendments define institution and specifically include mortgage transaction tax accounts but the position with respect to the other types of deposit is not covered.

SECTION 20

Comment

As in section 6, concern has been expressed over the failure of the section to exempt publishers and broadcasters who do not make the required disclosure relative to deposits when acting in good faith on the basis of representations by third parties.

Recommendation

The section should contain an exemption for publishers and broadcasters similar to section 37.3(1) of the Combines Investigation Act set out in our recommendation for section 6 and the disclosure requirements for advertisements should be included in the Bill.

Amendment

The proposed amendment is similar to that provided in section 6 and only provides a defense where the advertiser has published such advertisement in the ordinary course of business and did not know and had no reason to suspect the advertisement would breach the section.

SECTION 21

Comment

The Bill appears to contemplate the possibility of requiring institutions to pay interest on the minimum daily balance and to credit such interest to the depositor's account at least monthly. It has been suggested to your Committee that any requirement to compute interest on the basis of actual or average daily balances and to credit such interest to the depositor's account at minimum monthly intervals will substantially increase the institution's cost of administering such accounts and indeed may prove to be extremely difficult if not impossible in those institutions which are without access to electronic data processing equipment.

Your Committee has been advised by one organization that its estimated cost of calculating and crediting interest to recipients is 20 cents per time. Assuming the borrowers average minimum monthly balance is $100, the increased interest yield obtained by the depositor from monthly crediting over annual crediting is $.04 with interest at 3% per annum whereas the cost of crediting such interest will increase by $2.20 per depositor.

Use of average daily balances for the computation of interest appears to be favourable to the depositor who uses a

savings account in substitution for a current account and not favourable, because of a reduced interest rate, to those who maintain steady balances without extreme or frequent fluctuation. Payment of interest on average daily balances could result in the payment of interest on monies in transit and may encourage practices to exploit interest payments on such monies. Also, it would seem unreasonable to require that all financial institutions pay interest monthly on average daily balances while still permitting the federal and provincial governments to obtain funds through savings bonds which pay interest annually.

Even if the institution has access to electronic equipment, the reprogramming time and effort would be extremely costly and must of course be recovered from the accounts to which such effort applies. The inevitable result would be a reduction in the rate of interest to offset the increase in cost of administration, with a net result which could be of no real benefit to the depositors.

Recommendation

Having consideration for the increased cost relative to potential return and the right of depositors to arrange their affairs to minimize interest loss through period minimum balances rather than period average balances, your Committee recommends that if the Minister believes that market forces are not enough to insure that the crediting of interest to borrowers will be within a reasonable time limitation then interest should be computed on the basis of the minimum monthly balance and credited to the depositors accounts quarterly. However, to the extent that any organization may wish to compute interest and to credit the borrower's account more frequently, the Bill should permit such organizations to do so but not require it and to the extent that a borrower may wish to have the interest credited to his account less frequently than quarterly, he should be permitted to so state in the deposit agreement.

As stated in Part A, VIII, the method of calculating interest should be included in the Bill and not provided by Regulation.

Amendment

The proposed amendments provide substantially increased latitude in the frequency of crediting interest to a depositor's account, however, it would appear from the proposed Regulation narrative that the intention is to require the calculation of interest using the average daily balance method notwithstanding the concerns of those organizations which are not mechanically equipped to handle average daily balance calculations and the additional cost of making such calculations.

SECTION 23

Comment

Sub-section (1) states that regardless of the provisions of a judgment rendered prior to the coming into force of the Act interest on the judgment must accrue at the "prime rate" from the date the Act comes in force. It should be noted that sub-section (2) allows the court to otherwise order in a judgment rendered after the Bill comes into force and it seems reasonable that the same latitude should apply to a judgment rendered before the Bill comes into force.

It has been suggested that sub-sections (2) and (3) may allow interest charges obtained in a lower court judgment to continue to accrue notwithstanding the fact that such judgment may be subsequently reversed on appeal. Also, that sub-sections (2) and (3) should permit the parties to agree that a judgment debt bear interest at the rate which, during the term of the contract, was legally payable in respect of the principal and if no interest was payable during the term, the parties should be free to specify a rate which should apply after judgment with the court having the power to reduce the agreed upon rate to the prime rate.

It has been suggested that amendment is required to provide the court with the power to fix the rate at which interest accrues as sub-section (3) suggests the court has no such power.

Recommendation

Sub-sections (1) and (3) should provide that the rate of interest on a judgment debt is the prime rate unless the court otherwise specifies. Clarification is required in sub-sections (2) and (3) to show the intent where judgment is suspended by proceedings in another court.

Amendment

The proposed amendments are of a technical nature only and do not satisfy the above recommendations.

SECTION 24

Comment

It has been suggested that the function of the Administrator would be more properly handled by the Minister.

Amendment

The proposed amendments substitute the Minister of Consumer and Corporate Affairs for the Administrator and permit the Minister to enter into agreements with the provinces for the administration of this Act in the province concerned. However, your Committee is concerned that the delegation of administration to the provinces and to other specified federal officials suggest the loss of federal control and to the extent of the delegation a loss of his Ministerial responsibilities.

SECTION 25

Comment

It has been suggested that provision by the Minister of such information as "is likely to be of general interest to borrowers" is too broad and may result in unwarranted demands on lenders.

Recommendation

The Minister's powers under this section should be more restricted.

Amendment

The proposed amendments are of a technical nature only and your Committee remains concerned over the extent of the information which may be required by the Minister.

SECTION 26

Amendment

The proposed amendments completely delete the section as originally drafted, which was considered by your Committee as impractical and probably unworkable, and substitute Ministerial direction concerning the periodic publication of reports and rates. However, your Committee is concerned that the publication of reports "from time to time" does not indicate a sufficient degree of frequency.

SECTION 28

Comment

Concern has been expressed that the Administrator or any other person authorized by the Minister should be required to prove the existence of "reasonable and probable grounds" for the purpose of being authorized to enter a lender's premises to audit or examine books and records or to require persons to answer questions under oath or otherwise. Also, while the Bill provides that the Administrator requires judicial approval to undertake certain actions, such approval may be obtained without prior notice to the lender or individual concerned and it has been suggested that notice of the court application be given in all cases except where the court is satisfied such notice should not be given for the purpose of preventing the destruction of evidence.

Expressions of concern have also been made on the following points:

1. Sub-section (4) incorporates by reference parts of section 231 of the Income Tax Act to apply with respect to audits, examinations, searches and seizures under this Bill.

2. Sub-section (3) appears to permit all seized documents to be kept virtually indefinitely and it would seem reasonable that some control over retention and use should be provided in the Bill.

3. Special consideration should be given to the manner in which the seizure provisions apply to "books and records" which are electronically stored in a form which is unreadable without the interpretive program and to the extent to which the original data or storage form should be seized as this may create difficulty in the continued operations of the lender.

4. Any review under sub-section (3) should be carried out by a judge of the superior court or county court and not a justice of the peace.

Recommendation

There should be proof of reasonable and probable grounds before any representative should be authorized to enter the premises of a lender. As recommended in Part A, VII, of this Report this Bill should establish its own code of procedure with respect to audits, examinations, searches and seizure and not incorporate by reference sections of the Income Tax Act which have been adopted for an entirely different purpose.

The conflict between the authority to retain seized documents apparently indefinitely, under sub-section (3) and Section 231(2) of the Income Tax Act which requires return within 120 days unless otherwise ordered by a judge of the superior court or county court should be resolved and an appropriate time period should be inserted. Any request for approval of the Minister or his representatives to enter and search should be obtained from a judge of the superior court or county court and not from a justice of the peace and *ex parte* applications should not be permitted.

Amendment

The proposed amendments are primarily technical and do not address the above recommendations.

SECTION 29

Comment

It has been suggested that the Bill does not sufficiently protect lenders and other persons from disclosure of confidential information obtained by officials in the office of the Administrator.

Amendment

The proposed amendment increases the restrictions on the use and disclosure of information.

SECTION 30

Amendment

The proposed amendment completely eliminates the original section and substitutes authority for the Minister to appoint a Commissioner to carry out an investigation under the Inquiries Act. Your Committee questions the Minister's need for such authority.

SECTION 30.1

Amendment

The proposed amendment is a completely new section permitting the Minister to receive from the lender assurance of voluntary compliance where the Minister has reason to believe the lender is engaging in conduct which contravenes the Act and would thus be liable for the payment of damages under section 35. Your Committee questions the need for this authority and if needed, the extent of the terms and conditions which may be imposed on the lender and in particular sub-section 2(d).

SECTION 32

Comment

It has been suggested to your Committee that the wording of this section excludes from evidence a borrower's acknowledgement that a lender has complied with any or all provisions of the Bill unless previously approved by the borrower. This is unreasonable, and may unduly interfere with the normal operation of all financial institutions as a lender may find it virtually impossible to ensure that employees who dealt with the particular borrower would be available in months and years following the execution of a contract to testify as to the circumstances existing at the time the contract was completed.

Amendment

The proposed amendments permit lenders to introduce evidence that a borrower has received a copy of the lending agreement and a statement in writing making the disclosure as and when required by sub-section 7(1).

SECTION 34

Comment

It has been suggested that sub-paragraph (a) refers to a publication of the Bank of Canada which purports to set forth a rate or range of rates under certain circumstances and there is difficulty in seeing how a series individual rate or range of rates could establish proof as to the prime rate.

Amendment

The need for this section in its original form has been eliminated by the proposed amendments to other sections. The replacement section provides the Minister with authority to issue cease and desist orders where he has reasonable grounds to believe that any provision of the Act or accompanying Regulations has been, is being or will be violated. Your Committee recommends the proposed amendment include a clause which would preclude the possibility of vexatious actions against the lender.

SECTION 35 (Original SECTION 36)

Comment on Original Section 36

Sub-paragraph (1)(c) does not contain any concept of fault and it has been suggested that a lender should not be obliged to defend statutory actions for civil damages unless there is some showing of fault on his part. Also, no limitation period is provided in respect of the civil remedy referred to in this section of the Bill and the absence of a limitation period may pose a difficult evidentiary problem in the years following execution of the contract.

Amendment

The proposed amendment eliminates original section 35 and replaces it by renumbered original section 36. A one year limitation period has been included for actions under this section but there has not been any amendment to satisfy the comment on sub-paragraph (1)(c).

SECTION 36

Amendment

A new section 36 is proposed to permit the Minister to assume proceedings on behalf of a borrower or depositor with all the rights that would otherwise be within the power of such borrower or depositor. Your Committee is concerned that the new section does not include safeguards to prevent vexatious actions against the lender and recommends that the Minister should state in his application to the court the nature of the public interest involved and the court should have the discretion to determine whether the Minister can proceed on behalf of the borrower or depositor.

SECTION 37

Comment

Sub-section (1) establishes the offences and the penalties on conviction for such offences and in sub-paragraph (d) provides for a fine or imprisonment or both. Sub-paragraph (e) provides for a fine and imprisonment and section 38(1) provides for a fine or imprisonment or both. In each case, the term of imprisonment is different and fixed. It has been suggested that the court should have some latitude as to the terms of imprisonment as is usual in other statutes.

Concern has been expressed that without definition of the word "threat" in sub-paragraph (1) (c) normal business practices for the collection of past due payments may be considered to be a "threat". Accordingly, it has been suggested that such practices including litigation for the realization of security held under a lending transaction should be excluded from the definition.

Recommendation

The various sections of the Bill should be consistent in punishment on conviction and the court should have discretion to set the term of imprisonment within a maximum limit as it does in the case of monetary fines. The Bill should provide a clearer definition as to what would constitute a "threat".

Amendment

The proposed amendments are primarily technical and do not satisfy the above recommendations but do include specification of the criminal rate of interest. Your Committee is not commenting on the criminal rate of interest selected for inclusion in the amendment.

SECTION 38

Comment

Concern has been expressed that the ambiguity of the language used to describe the practices outlined in sub-paragraphs (1)(c)(i), (ii) and (iii) causes uncertainty as to whether a particular act or practice is prohibited. Also there appears to be some duplication in the provisions of Sections 38(1)(c) and 37(1)(c).

Amendment

The proposed amendments include provision for a defendant to establish as a defence that any act or omission was the result of error and that reasonable measures were taken to prevent such errors or omissions.

SECTION 39

Comment

Section 39(2)(b) states that violation of Section 231(10) of the Income Tax Act as it applies with respect to audits, examination and searches creates an offence and on conviction the offender is liable to a fine not exceeding five thousand dollars.

Recommendation

Search and seizure provisions should be specifically incorporated in this Bill and incorporation by reference to sections of the Income Tax Act should be deleted.

Amendment

This section has not been amended.

SECTION 40

Comment

The Bill provides that summary conviction proceedings may be instituted at any time within three years from the date the subject matter of the proceedings arose.

Recommendation

The three year limitation period for summary conviction proceedings appears excessively long when compared with a one year limitation on civil proceedings.

Amendment

This section has not been amended.

SECTION 44

Comment

Concern has been expressed as to the application of the Bill to existing transactions.

Amendment

The proposed amendments provide further direction as to the application of the Bill to existing transactions.

OTHER COMMENTS

The following additional general comments and suggestions have been made to your Committee and we feel they are worthy of note in this Report.

1. The Minister should develop model disclosure provisions which coordinate with the various provincial consumer acts and eliminate any conflict and/or duplication between federal and provincial legislation. Also, the provinces should be encouraged to incorporate reference to this Bill within their respective act.

2. It is more logical to legislate against criminal or quasi-criminal activities by correcting deficiencies in the Criminal Code thereby more clearly isolating those activities which are considered to be of a criminal nature.

3. It is not clear whether this Bill would supersede the Bank Act and concern has been expressed over the possible conflict of this Bill with Sections 91 and 92 of the Bank Act wherein it is stated that a bank can charge any rate of interest or discount on a loan or advance made by it and disclosure of the cost of such borrowing must be given to the borrower.

4. The French version of the Bill should be re-examined as it would appear particularly in Sections 7(2), 7(3) and 12(1) that the meaning of the French version could be subject to different interpretation. The rights of borrowers and lenders should be indentical regardless of the language used to outline such rights.

Your Committee does not approve of the scheme of the Bill in implementing consumer credit policy.

Your Committee wishes to thank its advisers and staff for the assistance given during the studies and preparation of this report.

Respectfully submitted

SALTER A. HAYDEN
Chairman

THE SENATE

Tuesday, July 12, 1977

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

Prayers.

FISHERIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof, and had directed that the bill be reported without amendment.

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

Senator Petten moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

TRANSPORTATION

POSSIBLE CNR LINK WITH FAIRBANKS, ALASKA—QUESTION ANSWERED

Senator Perrault: Honourable senators, a question was asked by the Honourable Senator Austin on June 23 last. The senator cited reports to the effect that the Canadian government is studying, with officials of the United States, and particularly with state officials of Alaska, the construction of a railway which would link the Canadian National Railways system with the city of Fairbanks, Alaska. Honourable senators may recall that I took this question as notice.

In early 1977, Transport Canada received a report entitled "A Preliminary Study, Alaska-Canada Transcontinental Rail Connection to Contiguous United States," prepared by the State of Alaska. Of particular interest to Transport Canada was the report's principal conclusion that a comprehensive cost-benefit analysis of the railway connection be commissioned. The Minister of Transport, in a March 17, 1977, letter to Alaska Governor J. Hammond, indicated his department was prepared to be of assistance to the state should it decide to proceed with the more in-depth appraisal of the railway connection possibility. Alaska's Department of Commerce and Economic Developments is now undertaking this study.

The federal government has already investigated the financial implications of various Yukon railway extension options. This Yukon railway study was reviewed at a conference in Juneau, Alaska, on April 8, 1976. Statements by a Transport Canada official at the conference indicated the federal government was preparing planning guidelines for the development of railway lines to serve the needs of the Yukon Territory and that these guidelines were being based on findings of the Yukon railway study. The official also stressed that the federal government did not have firm plans for Yukon railway development or estimates of when development might be warranted. In addition, Alaska officials were advised that when new railway facilities were required in the Yukon these could be best accommodated by extensions to the present White Pass and Yukon railway system. The most viable of these extensions would not be compatible with Alaska's desires for a railway link with the Yukon, thence a connection with the Dease Lake line in British Columbia to join with the CN transcontinental line at Prince George.

● (2010)

Although the federal government's preliminary conclusions on railway expansions in the Yukon are derived from Canadian perspectives and needs, the federal government is ready to consider modifying its views should the Alaska railway proposal and the conditions of its construction yield overall advantages to both countries. When the more detailed cost-benefit analysis is completed, and if the study substantiates the merit of such a railway link, the federal government would be prepared to consider proceeding jointly with the State of Alaska to further investigate a common railway to serve Canadian and American interests. Meanwhile, officials in Transport Canada are communicating with their Alaskan counterparts and only providing assistance when requested by Alaska officials in their cost-benefit work.

FOREIGN AFFAIRS

NEGOTIATIONS RESPECTING NUCLEAR SUPPLIES—QUESTIONS ANSWERED

Senator Perrault: On June 21 of this year the Honourable Senator Olson asked a question regarding improved control of nuclear material supplied by Canada. The question was:

> Honourable senators, I wonder if I might ask a question supplementary to the one answered a few minutes ago by the Leader of the Government respecting so-called improved control of nuclear material supplied by Canada. I would ask the Leader of the Government if this new and improved control of the use of nuclear material originating from Canada does in fact involve Canadian personnel having greater surveillance of this material, or if it is simply a matter of improved assurances from some of those countries to which we are exporting this material?

As a supplementary, the honourable senator asked:

> I would ask if copies of the agreements are available. If not, are they held to be not for public information?

The answer to the first question is:

> Under the agreements with receiving countries on the peaceful uses of atomic energy, Canada requires that receiving countries accept stringent safeguards on Canadian material, equipment and technology. These undertakings are verified by the International Atomic Energy Agency which uses on-site inspection and periodic verification to ensure that Canadian items are not being diverted to any but peaceful, non-explosive purposes. While internationally recognized safeguards are in force, Canadian inspection independent of the IAEA inspection is not necessary but the agreements provide for fallback safeguards, when the IAEA is not administering safeguards.

The answer to the honourable senator's supplementary question is:

> Copies of agreements with Spain, Argentina, Korea and Finland are available. A copy of the agreement with Sweden will be made available once it is signed. It would, of course, be contrary to international and Canadian practice to make public a text for an agreement, such as the text with Romania, which has not yet been signed.

Honourable senators, a question was asked by Senator Lang on June 21, 1977 as a supplementary to an answer given to a question by Senator Grosart on that day. The question was:

> In addition to the countries he mentioned, is it not true that Canada has a firm commitment to supply a CANDU reactor to Romania, if not a formal contract? And is it not true that Romania is prepared to meet all the restrictive requirements of Canada, including the requirements and inspection conditions of the NPT and the standards they impose?

The answer is:

> Rumania was amongst the first signatories of the Non-Proliferation Treaty and has concluded the Safeguards Agreement with the IAEA that is provided in the NPT. Moreover, Rumania is prepared to meet Canadian nuclear export requirements. A Safeguards Agreement with Canada has been negotiated but has not been signed pending the conclusion of engineering and licensing agreements between the Atomic Energy of Canada Limited and the Rumanian Government.

CANADA PENSION PLAN

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Carter for the second reading of Bill C-49, to amend the Canada Pension Plan.

Hon. George I. Smith: Honourable senators, I should like to begin by offering my warm congratulations to Senator Carter for his very careful, very complete and very clear explanation of the main contents of this bill last evening.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): Undoubtedly he has made my task lighter. I should like to say also that, though I have a number of points to make pointing out some problems which are involved in this legislation, I support the bill, as I suppose all other senators do. I believe in very substantially improving the status of women with respect to many things, and particularly with respect to those material things of life with which this bill deals.

I think they have many a legitimate complaint. I can remember first coming to this conclusion in reading, in my days at law school, a decision of a judge in the common law courts of England, who said something like this: "In marriage, man and woman are one; and the man is the one." Well, though that was a very satisfactory point of view for us males over the years, I think even we, in our most selfish moments, have come to agree that it is completely unfair and completely unsatisfactory in the light of what we believe today. Nevertheless, though, I may point out some problems in doing the things we would like to do in this bill.

I want to make it crystal clear at the beginning of my remarks that I do not make these comments from the point of view of being against the provisions designed to help the female part of our population. I—well, perhaps I had better leave it at that, before I go too far.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): There are, however, as I said, some points to make about it all. Like all good things, this endeavour is bound to be accompanied by problems. I draw attention to them, not for the purpose of saying that we should be against the provisions of the bill but only to make sure that we have the problems in mind, and that those—and I suppose we are some of those—who have the responsibility for dealing with the problems of the country, keep them in mind as matters which have to be faced.

There is one question which is completely fundamental. That is, what is the future of the Canada Pension Plan and its funding? How is it to be funded? How many beneficial changes—beneficial in terms of benefits to individuals—can we make without causing too much of a burden on future generations? How often and how clearly do we recognize that, when we make these changes, someone, some day, has to pay for them.

Senator Croll: Yes.

Senator Smith (Colchester): If we do not recognize that we are certainly casting a heavy burden upon the generations who come after us. Are we going to do this, or are we going to face the problem—I am not sure to which question Senator Croll answered yes. Perhaps we will find out in a minute. He may be in favour of postponing payment.

Senator Flynn: No doubt.

Senator Croll: No doubt.

Senator Flynn: The proof has been made.

Senator Smith (Colchester): In any event, we have to face up to it and decide if we are going to help to pay these additional costs ourselves in our immediate future, or whether we are going to shrug our shoulders, as it is possible for us to

do, and say that we will let the future pay. Or, in the words of a great sovereign of a great state of ancient days, "after me, the deluge."

● (2020)

Another fundamental question—and a very general one—is the question of what becomes of the contributions that are made. As we all know, from the beginning of the plan the accumulated contributions from year to year have formed a relatively low-cost source of borrowings for provincial governments, and not a source of capital for private investment, as is the case in other pension plans, such as those of insurance companies.

I do not pretend to know a great lot about a great many things, but I do know something about this. I had the responsibility for the financing of a province when these arrangements were entered into in the first place. I believed then—and I have had no cause to change my mind since—that the present arrangement was made, at least in part, as an inducement to bring about provincial concurrence in the establishment of the plan. At the time, I must say, I rather thought that that might be the proper course. Being pressed for sources from which to obtain funds for good public purposes, as all people were in those circumstances, I was certainly not displeased to find this source so readily at hand. I think it may well have been a justified policy at the time. However, I wonder if we have not now reached the stage where we should begin to consider whether this is the proper course for the future.

Inevitably, it seems to me, such a policy has a number of effects, not all of which are to be applauded. One of the obvious effects, of course, is that it readily increases the ease with which provincial governments may borrow. While that is a good thing in some instances, it may not be good for the economy of the country or to the benefit of the plan over the long term. Clearly, such a policy makes it easier for provinces to borrow. It provides a source of funds from which the provinces may borrow at a lesser cost than they would pay were they to go to the open market for such borrowings. It may be that in the economic circumstances in which we now find ourselves in this country this no longer is a course of action which should be encouraged. It seems to me that we have to face this question as one of the fundamental decisions, along with the question of who is to pay and when, which I mentioned a little earlier.

Senator Connolly (Ottawa West): Could the honourable senator give us the current rate paid by the provinces in respect of borrowing from this fund?

Senator Smith (Colchester): I am sorry, I do not have that information. It is information with which I should have armed myself. I can only say that it is a substantially lesser cost per year than they would pay on the open market. I can recall at one stage it was very nearly 1 per cent less. I think it is related, primarily, to the cost of long-term borrowings by the federal government. The level of comparison would differ from province to province. For instance, the rate which one province has to pay is bound to be greater than another's. Ontario can borrow nearer to the federal rate than can Nova Scotia. But when you come to talk in hundreds of millions of dollars of borrowing this becomes a substantial sum, particularly when you think of it in terms of 20 years' interest that you pay. I thank the honourable senator for asking me that question, and for my own satisfaction if nothing else I shall certainly inform myself on the matter.

Let me turn now to some of the specific provisions of the bill. The first one Senator Carter mentioned was certainly one of the most important in my opinion. Other senators may have a different view on that, of course. It is the matter of the division of Canada pension entitlements upon the breakup of a marriage by way of divorce. I understand that this was discussed at a federal-provincial conference with all of the provinces and that all of the provinces agreed on the policy. That is not necessarily a guarantee that the policy is the right one, but certainly the endorsement of all of the provinces of Canada is a helpful endorsement to have and one to which a great deal of attention must be paid, and one which I certainly do not propose to criticize. I think it was a good decision. I think it is a good provision in the bill.

I do want, however, to draw attention to what, from a positive point of view, I should like to think of as improvements which could be made rather than as objections or difficulties that arise from it.

As I understand it, and as I understand Senator Carter's explanation, it is confined to the legal termination of legal marriages. One of the unfortunate features of life in Canada, and I suppose in most of the world today, is that the desirability of forming attachments between men and women only on the basis of legal marriage is not as great as once it was; and the desirability of maintaining those legal attachments once formed is not as great as once it was.

So it occurs to one to wonder, after a moment's consideration, just what should happen in cases of desertion of one spouse by another. Is the wronged spouse in that kind of termination of marriage less deserving of help than in a legal termination? Incidentally, I understand that these days that class of case occupies a great deal of the time of the family courts.

What of separation without divorce? What about those who believe—and there are many of them—that divorce is not a morally permissible thing for them to seek, but who do find that life with the spouse to whom they are legally attached is no longer something they can bear? So they separate in all good faith, in all good sense. As I understand this provision they will not receive any assistance from this bill.

What of the breakdown of another type of relationship which is becoming more and more prevalent, that of the so-called common law relationship? I do not particularly defend that kind of relationship, but we have to recognize as a fact of life that it is becoming more and more common.

Senator Deschatelets: The army has recognized it.

Senator Smith (Colchester): Yes, indeed the army has recognized it and it has been recognized in some other aspects of life as well. There are many reasons for this increase, I

think, and very few of them relate to what one would call immorality. Most of them, I believe—and I have encountered a great many of them—come about, not as a result of any immorality but rather as the result of the pressure of circumstances. Perhaps, for instance, it comes about between people whose command of this world's goods does not allow them to seek a divorce. One can quite properly say, I think, that in substantial measure the number of such relationships comes about because of the lack of this world's goods.

• (2030)

Senator Greene: Perhaps we could cut the legal fees.

Senator Smith (Colchester): I beg your pardon? I would be glad to take a question if that is what is meant.

Senator Greene: Perhaps we could cut the legal fees.

Senator Smith (Colchester): That is a quite proper and reasonable suggestion, but I am not sure how we would go about doing that. It may come about simply because divorce is impossible. Perhaps one of the partners in a marriage disappears, goes away or deserts his spouse, and so over the years a common law relationship is formed. It may be just as much born of love and just as moral as any legal marriage, although, again, I do not advocate it in place of marriage. I only try to explain what I see going on around me.

It seems to me that these problems point up the fact that divorce is not always an available remedy, especially to those who are not well endowed with this world's goods. Perhaps, no matter how well endowed you are, it is not a possibility for moral reasons, or simply because the circumstances do not allow the successful conduct of a divorce proceeding.

I would like now to turn to what I regard as the other main provision of the bill, and that is the so-called drop-out provision. While again this is something I support, it certainly has some problems surrounding it. One of these problems is that it is clearly a departure from the original concept of the plan and the financing of the plan. In effect, we will be imputing contributions to the fund when none is made. Thus, of course, we will be increasing, and perhaps very substantially—I am not sure about that, and I think nobody else is—but perhaps we will be increasing substantially the social assistance aspect of the plan. Again we must face the question of who pays.

Of course, we must recognize too that it does not help the woman who has never been in the labour force, or the woman who has been in the labour force only a relatively few years. Is such a woman less deserving simply because she has performed for most of her adult life the duties of a housewife and kept a home together? And what about the mother who stays home to care for the children or for disabled parents, or for that matter simply to make a home?

These are problems of improvement that we will have to face, but they are also problems that bring with them the ever-present question of costs. If I say "costs" over and over again, I do so intentionally, because it is so easy to forget when we are about to do a good work that it has to be paid for, and that it is the citizens of Canada who are going to have to pay with their taxes. So I ask again: How will all this affect the funding of the plan? I understand that a board or committee is now looking into the general question of the funding of the plan. We do not know what they will have to say. We do not know what progress they have made, but certainly it would be helpful if we could find out what progress they have made and whether they have formed any views.

I understand that the Province of Quebec made a study of this point with respect to the Quebec Pension Plan, and they came to the conclusion that the drop-out provisions with regard to the Quebec plan will increase payments only to the extent of something like 4 per cent for the next 50 years. Of course, even 4 per cent is substantial. I am not at all sure what assumptions were made by those who reached that conclusion about the Quebec plan. What assumption did they make about the behaviour of women? What assumption did they make about inflation? What other assumptions, if any, did they make?

In any event, it seems to me that, while we should go ahead and implement this provision, we should now be seriously addressing ourselves to the question of what the cost is likely to be and how we are going to pay.

It is necessary, in contemplating this plan, and if we are to recognize the problem in the "drop-out," to realize that it has different effects for women in different circumstances. To take one example, let us suppose that one woman, who decides to bring up three children, can afford to take the full number of years allowed under the proposal. I believe that is something in the order of 15 years; I am not certain about that, but it is something in that order. Suppose she takes all those years because she can afford to stay out of the labour force, and also suppose her neighbour is not financially able to do that. Her neighbour has the same number of children, but cannot afford to stay home that long to look after them, so suppose she has to go to work in, say, three to five years. Obviously, the one who can stay at home for the greatest number of years will receive the greatest amount of subsidy. That is something to which we should address ourselves. Clearly, while we want to help people, we do not want to help those who are well off more than we want to help those who are not so well off. I repeat that this is something which has to be looked at.

So much for the particular points that I wanted to make with regard to those two provisions. Senator Carter quite correctly made the observation that the Province of Ontario had not approved of the so-called drop-out amendments to the Canada Pension Plan, and he drew attention to the fact—if he did not, perhaps I acquired this view from somewhere else—that Ontario, by virtue of its population being more than 40 per cent of the population of the provinces in the Canada Pension Plan, has the power of veto. That is to say, if Ontario does not agree with this particular change, then it cannot become effective. Senator Carter deplored the fact, as I recall his remarks, and I suppose all of us would.

• (2040)

We have to remember, however, that Ontario has demonstrated over the years that it has a very sound finance department, in the sense that it is able to assess what things cost. One

may agree or disagree with the policies which evolve from the views of that department, but one would have to recognize that it is one of the very few organizations in Canada that has the expertise and the knowledge to deal on equal terms with the officials of the Department of Finance of the Government of Canada. The fact that Ontario has so far found it undesirable to concur in this provision must give us pause. They must have found reasons which have made them hesitate. I do not know what those reasons are, but I rather suspect they have to do with the financial aspects of the plan, such as how it is going to be paid for and what the actuarial situation will be if this provision is implemented. While I do not suggest for a moment that we should delay passage of this bill simply because Ontario may or may not, as time goes on, agree with it, this fact should certainly make us realize that it carries with it some very serious financial implications which we have to keep in mind.

There are other amendments, such as the change to retroactive payments of 12 months if you are a little slow in applying, or the retroactive provisions if you do not apply and you leave this world and your estate is left to make an application, or the question of equal payments to each child in large families. We have to remember that all these matters cost money too, but again, I support them. When I support them, however, I have to envisage along with their benefits the question of payment.

I come now to the one provision the merits of which I have some real doubts about. This is the somewhat unusual provision in clause 25 providing payment to members of the Advisory Committee for days spent on committee business in addition to meetings which they attend. I understand—and I understood it long before this particular question arose—that this is a very good committee which does a great deal of helpful work, but it seems rather strange to me for members of a committee, or an organization of any kind in the public service, to be paid not only a per diem allowance for attendance at meetings but also for other time spent in attending to matters relating to committee business. It seems to me that this opens the door to a very unusual and very generous principle. No doubt, it will not be abused in any way by these fine people, but it is not a good one to introduce into affairs of government. It seems to me that no matter how much work a committee does—and I know that these people do a lot of good work—arrangements can be made for that work to be fully paid for by a per diem allowance for attendance at meetings. The agenda of meetings can be arranged so that the work is done at the meetings rather than somewhere else. While I draw attention to this provision as being one which should not commend itself to us—at least, it does not commend itself to me—it is not any way going to affect my support of the bill.

Those, honourable senators, are all the comments I wish to make about this bill, and I close by emphasizing once more that I am for its provisions. I believe it is a step in the right direction, but I also believe it must be accompanied by a full realization of the costs it is likely to entail, and a full determination to pay for those costs, or to arrange for their payment, in a prudent, proper and sensible way.

With regard to the question of whether this bill should go to a committee, I leave that entirely without comment. I am perfectly happy to accept the judgment of the sponsor of the bill, or, of course, of the Senate as a whole. I make no suggestion myself one way or the other in that regard.

Hon. John M. Macdonald: Honourable senators, I would like to say just a few words on this bill before second reading.

First of all, I too would like to congratulate Senator Carter on the very able manner in which he explained this measure. It struck me as I listened to him—and I have listened to him many a time explain legislation so clearly—how very unfortunate it is that his time for retiring is approaching, and that this might be the last bill that he will have the opportunity of sponsoring in this chamber.

The Canada Pension Plan is a good act—there is no question about that—and I think these amendments will further improve it. I see no objection whatever to them.

Apart from the amendments contained in the bill, however, I think what is more important still is that a principle has been recognized. This was explained last evening by Senator Carter, when he said:

> Honourable senators will have noted that although the language of the bill refers to spouses and work in the home, these two amendments are really a further recognition of the principle of the equality of the sexes and a recognition also of women's rights and the contribution they make to society and to the country as a whole through their work in the home and the raising of children.

Personally, I believe that recognition is even more important than the amendment; but no matter how good a bill is it can always be further improved and I think that while this is a partial recognition of the rights of women, it does not go far enough. To bring it to its logical conclusion there should be a further amendment which would allow those who work in the home to come under the provisions of the Canada Pension Plan. This would do two things. It would give them more security for their senior years, but it would also give them the status of first-class citizens. It would recognize them as persons. We must realize, honourable senators, that there are about 4½ million women in Canada who come under the classification of homemakers. That is one-fifth of the population. Should they not be recognized as first-class citizens?

People say that this is difficult to do. Although I do not disagree with what Senator Smith said about the costs, I am one of those who believe that if we are going to do something then we should get on with it, and somehow the money will be found. I have noticed that when governments want to do something, the money is always available. On the other hand, if they do not want to do it they complain that the cost is exorbitant, that taxes are bound to go up, and that it is just impossible.

We are told that it would be difficult to bring these women under the provisions of the Canada Pension Plan because they are not wage earners, they are not earning salaries, and they are not self-employed—at least, they are not self-employed for gain—but cannot all these problems be overcome? I have read, as I suppose many of you have, the debates in the other place and the proceedings of the committee which studied this bill. This point was brought up, and one thing that struck me was that there was a very negative attitude towards the whole thing, there was very negative thinking. They seemed too concerned with making objections; they seemed too concerned to try to prove that it could not be done rather than to show that it could be done if the will to do it was there.

• (2050)

If I recall correctly, there were five or six objections made. Most were objections about the method, not to the principle; they were objections to how the contributions would be figured out, and so on. One valid objection was how we would co-ordinate the compulsory features of the present plan with the voluntary feature which there would have to be if these women were brought into the plan. Personally, I do not know how it could be done. However, I do know that if we have the will to do it a solution could be found.

I must tell you that I thought one of the objections was a very sad one. It was sad because it was seriously argued that this could not be done because a lot of these women would not be able to afford to pay the premiums. I say that if in this day and age we are living in a country where these women cannot afford to pay the premiums, it is time we did something about it. Perhaps others might say that we are coming to the guaranteed annual income, which to my mind is already too long delayed. If we are to get it in bits and pieces, then let us get it in bits and pieces, but half a loaf, as the saying is, is better than no bread.

Difficulties? Yes, but they must not stand in the way of giving justice to four and a half million people. They must not stand in the way of recognizing that these people are first-class citizens who are entitled to all the rights of first-class citizens. They are entitled to come under the provisions of the Canada Pension Plan. Personally, I see no great objection that could be made about the mechanism. In fact, I think it could be done quite simply.

Honourable senators, I wanted to make my views known. I agree with everything Senator Carter said. I agree with Senator Smith (Colchester) that it will not be necessary to send this bill to committee, and I think we could pass it without further debate.

I should like to add this. Some of you might be interested in learning more about the proposal that women who work in the home should be able to participate in the Canada Pension Plan. Let me tell you this. If you wish to find out more about it, read the speech made in the House of Commons on July 8 by the honourable member for Kingston and the Islands, Flora MacDonald, a kinswoman of my own.

Senator Perrault: No conflict of interest there.

Senator Macdonald: She put it in far better words than I could. To my mind, she proved beyond any reasonable doubt that it could be done, and she demolished the arguments of those who spoke against it.

Senator Perrault: A true Macdonald.

Senator Macdonald: I support the amendments in the bill, and I hope it will not be too long before further amendments are proposed whereby the homemakers, those women who work in the home, will also be able to participate in the Canada Pension Plan.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Carter speaks now his speech will have the effect of closing the debate.

Senator Flynn: Before Senator Carter speaks, may I say that I was very interested in the two speeches we heard tonight. However, I cannot imagine that we should not have this bill sent to committee. I certainly want an answer to the question posed by Senator Macdonald. I have some ideas on how it could be done and I should like to try them out on the Minister of National Health and Welfare, who in any event will come and smile in the committee. I hope Senator Carter will move that the bill be referred to committee. There are too many questions.

Senator Carter: Honourable senators, I should like to thank Senators Smith (Colchester) and Macdonald for their kind references to myself, and also for their fine contributions to the debate on this bill.

Senator Smith asked about funding, which I think is a matter of legitimate and valid concern to all of us as we look into the future, although we can only see a short distance ahead. The Canada Pension Plan is somewhere in between a private plan which is fully funded and most public plans, which are funded on a pay-as-you-go basis, where each generation of contributors pays for the benefits of each generation of beneficiaries.

The present rate of contribution works out to around 3.6 per cent. If this plan were to be fully funded, the rate would increase immediately to 7.4 per cent. At that rate, projecting to the year 2025 the fund would be up to $1.5 trillion, which would be a problem in itself; it would present management problems.

Senator Smith asked what happens to the contributions, where does the money go. A good deal of the fund, of course, goes out in the form of provincial loans, the yield on which is now around 8.83 per cent.

As Senators Smith and Macdonald pointed out, this bill is far from perfect but it is a step forward, even if a modest one.

Senator Smith referred to some problems. He asked what happens in cases of deserted spouses, separation without divorce, and common law marriages. These are not covered under the bill because of the administrative difficulty of knowing when a marriage begins and when a marriage ends.

Senator Flynn: That is well put.

Senator Carter: For that reason claims under the fund are practically limited to legal marriages.

Senator Smith also made reference to the drop-out provision. He referred to it as a departure from the original concept. It is not a very great departure from the original concept because in its original concept the Canada Pension Plan was not based strictly on insurance principles; it was based more on social insurance principles. For that reason, during the first ten years of maturity contributors who paid into the fund reaped a much greater benefit in terms of return on their contributions than those following after the plan came to maturity.

● (2100)

With respect to the Ontario reservation in connection with the "drop-out," Ontario objected mainly with respect to the increased cross-subsidization and equity considerations. However, there again the answer is that the Canada Pension Plan is not based on strictly insurance principles. We must also keep in mind that this is a national plan and, as such, it can only accommodate itself to national issues and national averages.

Senator Macdonald referred to the recognition of rights of women, equality of the sexes and, particularly, the recognition given to women who work in the home. He suggested that this legislation might have gone further and made provision for all spouses who work in the home. The government is not averse to this principle. It was considered and even recommended, I believe, by the Advisory Council on the Status of Women, but was rejected by the Advisory Council to the Canada Pension Plan mainly because of the difficulties involved, as Senator Macdonald mentioned. There were also some reservations as to the benefits. One way of implementing this would be for the wage earner in the family to make his or her contributions, then to have those contributions and earnings divided between the wife and husband so that each would have half. However, that could have as many disadvantages as advantages, because when the earnings are divided in two, the plan itself being based on earnings, the benefits to each could be very low except for one or two exceptions in which the benefits could be higher.

We must also bear in mind that provisions of this nature must also always have the consent of the provinces, which is not always easy to obtain. However, I believe that Senator Macdonald should be encouraged by the fact that the last time the Canada Pension Plan was before the Senate chamber he raised a point which was taken very seriously and resulted in an amendment in this bill to make retroactive payments to those who apply later than necessary for their benefits. I am sure that his remarks this evening will be taken equally seriously, and perhaps the next time this legislation is before the Senate there will have been some method worked out and included in it to take care of the concern which he has expressed.

With respect to the Advisory Council and the per diem allowance, I can only repeat what I said last evening, that under the present legislation the members of the council can be paid only for formal meetings. There are occasions on which they must carry on a great deal of work outside those meetings, in which case they pay the expenses out of their own pockets. The purpose of this amendment would be to enable them to be reimbursed for their expenses when they have to meet for further discharge of their duties. I suppose everything can be open to abuse, but I think we can take it for granted that the type of people forming the membership of this council will not abuse this privilege.

As far as referring the bill to committee is concerned, I will be quite happy to make the necessary motion if the bill receives second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Carter moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

[*Translation*]

Hon. Michel Fournier: Honourable senators, before dealing with the subject matter of this debate, namely, how to respond more efficiently to the economic and cultural aspirations of the various regions of Canada, I must tell you frankly that just like several other colleagues of mine, I also had certain qualms as to whether it was timely for me to enter into this debate on the issue of national unity, fearing that I might do more harm than good. But since then, I have changed my mind. After having listened to all the excellent speeches delivered by the honourable senators who already participated in the debate and who all without exception deserve our congratulations, without forgetting the speaker who preceded me last evening, Senator Greene, and above all after having witnessed the skillful manner in which our leader has launched and developed this inquiry from the beginning, I am now convinced that we owe him our respects for having opened this debate by giving us all a chance to participate.

A writer once said that whoever wishes to be listened to, must speak about things he knows well. I do not have the degree of expertise in constitutional matters some of my distinguished colleagues have, however, I happen to belong to an important French-speaking minority group in Canada, namely, the Acadians. I think I know well the way people think in my area. I will try to let you know the opinion of the people back home regarding this debate on the future of Canada.

The issue of national unity may seem to us as a rather delicate subject in certain aspects, but I think that the time has come, as Canadian adults, that we look at one another frankly and raise this issue without constraints, not only to seek out who is guilty, but above all to try and find some solutions.

The history of our country has been so badly taught, as several senators who spoke before me pointed out in their remarks, that there is nothing surprising if views do often conflict and are sometimes even wrong when it comes to the history of Confederation.

There is no doubt that the period which preceded the signing of the Confederation Act in 1867 was a hard time and required lengthy efforts of persuasion to unite the two peoples of Upper and Lower Canada as well as those of New Brunswick and Nova Scotia. It is even said that the joining of Lower Canada and these two small eastern provinces would have been very difficult to achieve without the creation of a second House of Parliament, which was to be called the Senate and whose attributes or special mandate would be to represent the regions in order to ensure the protection of the small provinces, the defence of the minorities and, in addition, of course, to study the bills.

Consequently, if it is a duty for any Canadian to work in favour of national unity, it is even more so our prerogative as senators and members of an institution historically created for the purpose of protecting minorities and maintaining harmony between the different regions of our country.

I sometimes ask myself if in the past we took our role as seriously as we should have. Have we always denounced the injustices wherever they took place, mostly towards minorities, and did we recommend the redress that was called for?

I know the Senate has produced very important studies, such as the one on the Canadian Constitution, the study on poverty in Canada as well as on other subjects and many aspects of the Canadian way of life.

I would hope that after this debate on Canadian unity, we will draw some conclusions on the issue which concerns us all and which is so vital for the future of this country. I am one of those who have much optimism for the future of Confederation and who realize that although time may be running short it is not too late to take the necessary steps to ensure our survival.

If we must change or amend the Constitution, as some would believe, we must take action now. It seems evident that our federal system is faring increasingly worse when we see that several provinces besides Quebec speak of separatism.

Some feel that unless we amend the Constitution in the not too distant future, Canada will become a very difficult country to govern. Moreover, after 110 years of federalism or any other system, it should not be surprising that some changes are needed. Certainly, if federal and provincial authorities would get down to work seriously they would certainly find satisfying solutions and arrangements.

It is no longer time to ask with some irony: "What does Quebec want?" or "What does Alberta want?" With the election of a new government in Quebec, we know what they want, because they said openly it is independence through separation. I am sure that is not what Quebecers want, not for the moment at least. But with a government which seeks secession the situation is now very serious.

● (2110)

[*English*]

If the people in the other provincial governments really wish to keep Quebec in Confederation, now is the time, as never before, to act. It is necessary for the other provinces to demonstrate to Quebecers and Francophones outside Quebec that they can move almost anywhere in Canada without losing their language and culture. It is the duty of the majority of the provinces to join with the federal government in implementing the Official Languages Act in every part of Canada where there are enough French-speaking people to warrant bilingual services. The Official Languages Act must exist not only in principle but also in actual fact.

This reminds me of an incident that I witnessed, some 12 years ago in Saint John, New Brunswick. A friend of mine, who was an engineer employed by the Industrial Development Bank, accepted a transfer from Quebec to Saint John. It was a promotion for him, and he was encouraged to make the move because he had heard that New Brunswick was a bilingual province, with 40 per cent of the people being French-speaking. He felt that his two children would have the opportunity to be educated in both languages. Unfortunately, however, he was unable to find a single classroom, let alone a school, where his children could study in both languages. There was not even one such class in the whole of Saint John, which is the metropolitan city of New Brunswick. That was before we agreed to put the two official languages into effect in my province.

[*Translation*]

In other words, what the Canadian of French language and culture has always wanted to defend is his dignity as a Canadian citizen belonging to one of the two founding peoples whose mission it was to settle and build together a great country in Canada from sea to sea, in mutual respect for their linguistic and cultural rights.

Unfortunately, it has not always been so. There have been many accidents along the way which have often threatened Canadian unity.

We must admit, for instance, that the French Canadians, who have been among the first to open up and settle the Prairies and the Northwest Territories, were at a certain time considered more or less as undesirable in this part of the country, as evidenced by the Riel affair in 1885, the 1890 legislation in Manitoba, and the legislation passed in the territories one year later which banned French as a recognized language in the legislature and the courts. All this practically forced the French Canadians to withdraw to themselves and relinquish any desire to develop in this territory.

If we can now more or less forget these past incidents, it is not as easy to put aside and to forget the inequities that still exist, like the issue of a French school in the Windsor area,

and the incident of the airline pilots in Quebec, to mention only two cases. How can there not be any reaction to situations as stupid as those?

[*English*]

I will not try to relate what has happened in Ontario in the past with regard to the language issue. On the contrary, we must recognize the progress made in the last few years and stimulate the local government to continue its efforts to finally give full justice to its minority.

I am convinced that if the Ontario majority would give its French-speaking minority the same privileges that the Quebec majority has given to its English minority, most of the problems would disappear, and Quebec would think seriously before going independent.

[*Translation*]

No one can refuse Quebec the right to impose French as a working language. If Quebec had decided 15 years ago to make French its working language, we would not be in our present situation. Everyone would have learned French voluntarily, including the immigrants, the Anglophones and all those who wanted to settle in Quebec and learn French, since the working language would have been French.

It is now essential that Quebec, while taking the necessary action to protect its culture and its language, continue to give its minority the linguistic and cultural rights that it has always enjoyed. It is exactly what the French-speaking groups outside Quebec are asking for themselves of the English-speaking majority; that is, respect for their linguistic and cultural rights. In other words they simply want fair play. It is as simple as that.

If we truly want to respect the concept, if not the pact of Confederation, it is essential that we give both official languages the possibility of developing freely while making every effort to protect and to preserve the rights of all minorities.

The last policy document on the matter of official languages in Canada tabled in the other place by the Secretary of State, the Honourable John Roberts, seems absolutely to the point and could be used as a model by all provincial jurisdictions.

The document outlines the true basic principles under which both official languages should be made available to all, without coercion, but rather according to the individual's free choice, especially in the field of education.

This brings me to my own province, New Brunswick. I am proud to state that New Brunswick was the first and is still the only province outside Quebec to officialize our two national languages. This was in 1969 under the Robichaud administration, whose former premier we are happy to have among us. I am sorry he is not here this evening.

Significant progress has been made in the area of education in New Brunswick over these last ten or twelve years. First, a centralization of education financing in the province opened the equal opportunity project offered to all, French-speaking and English-speaking alike, in have-not areas as well as in have areas, the same school and education services. This gave rise to the building of a number of elementary, secondary and technical schools.

At the university level, the University of Moncton was established, the first French university in the Maritimes, although there had been a number of English universities.

Without the English-speaking majority losing anything—quite the opposite, they themselves benefited from the new financing structures—the French-speaking minority finally and for the first time in a century received the same educational opportunities as their English-speaking fellow citizens.

This whole change, which occurred in the sixties, did not result in any disruption and did not jeopardize unity between both language groups in our province. Instead, I believe it has rather brought people together and they learned to know and understand one another better.

If there still are economic disparities between the various regions of my province, it is because catching up takes more time in this area. It can be said, however, that there are some indications which enable us to believe and hope that the poorest areas, the Acadian region, have regained a new lease of life which is promising for the future.

I simply have to mention the Assomption Company, the Fédération des caisses populaires, the Assurance des caisses, the Union des coopératives acadiennes, in the cooperative sector of the economy, in addition to all our small independent businessmen, merchants and dealers, to show that within a few years, the French-speaking people of New Brunswick will also have their place in the economy of the province.

As far as culture is concerned, it can be asserted that Acadians have a separate culture, the first roots of which go back to several hundreds of years. It is surprising that this small shrub of the Acadian culture, subjected to all kinds of miseries and forever overwhelmed by a North American English-speaking community, has not long since been swallowed up. On the contrary, one can see that its roots have stood fast, and that it is beginning to produce some excellent fruit. Many of our talents in literature, music and singing are already well known, not only in our province and in Quebec, but throughout America and Europe, where many won fame and where some of our choirs received international recognition. I shall not name any of these wonderful artists of our region, lest I should forget one of them. What is most encouraging is that we can see a whole group of young people who are training themselves and who show promise of a rewarding future.

● (2120)

[*English*]

For all of these reasons, I believe that we can overcome the present difficulties. We must remember that there are two official languages in Canada and that both French-speaking and English-speaking Canadians have the right to express themselves in their own mother tongue throughout our country. I am aware, as you are, that this is possible here in Ottawa and in other regions of Canada.

[*Translation*]

So we should convince our French-speaking fellow citizens who are in the minority that there is room for them in Canada. We should convince our English-speaking fellow citizens who are in the majority that they should change their attitude. The fact that the majority anglicized the minority, as was unfortunately the case in several places—and this we experienced in Acadia—is not the best Canadian achievement. This is the situation which led to the present crisis.

We will have to begin to try to reconcile the French Canadians with the English Canadians. We will have to rediscover the meaning of the word democracy. Therefore I invite you to seek with me this democratic spirit which endeavours to preserve the rights of the minorities without imposing the privileges of the majority.

[*English*]

On motion of Senator Inman, debate adjourned.

CLERESTORY OF THE SENATE CHAMBER

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, June 23, the debate on the motion of Senator Connolly (Ottawa West) for the adoption of the report of the Special Senate Committee on the Clerestory of the Senate Chamber.

Hon. John M. Macdonald: Honourable senators, I thought perhaps I should say a few words this evening on the motion of Senator Connolly (Ottawa West) for the adoption of the report of the Special Senate Committee on the Clerestory of the Senate Chamber. Let me admit, at the outset, that until I heard Senator Connolly speak on the subject, I had no interest in the windows of this chamber. After listening to his speech in moving the adoption of the report, I took the time to read the report very carefully and, as well, the proceedings of the committee. I was impressed by what I read.

I expect that anyone seeing the Senate chamber for the first time must be greatly impressed. It is a beautiful chamber—so well proportioned, with lovely woodwork and fine stonework, and that great ceiling which gives an air of splendour to the whole place. Of course, I suppose many of us have become accustomed to it and we take it for granted. Indeed, we never take notice of all its splendour until our attention is drawn to it by some event or other. Certainly, that was the case with me.

My attention was drawn to the beauty of this chamber when Senator Connolly proposed the appointment of a special committee to consider the matter of replacing the present windows with stained glass. After listening to his speech in moving the adoption of the report of that special committee, I re-entered the chamber and examined it in detail. Once again, I was impressed, and I thought how fortunate we are to have such a setting in which to hold our deliberations. It struck me, too, that anything we can do to further enhance the beauty of this chamber certainly deserves our favourable consideration.

I believe that replacing the present windows with stained glass would enhance the beauty of this place. The present windows are all rights, I suppose. They serve a useful purpose by keeping out the rain, snow and wind, and the bright sunshine. But when you have said that, you have said everything in their favour. Certainly, they are not in keeping with the rest of the chamber. The committee certainly noticed this, but its recommendation of stained glass replacements is put on a higher plain. Let me quote paragraphs 11 and 12 of the report:

> 11. The Senate is an integral part of Parliament. It is the only space where Parliament's three elements meet. Parliament is central to the democratic process. It is the focus of attention for most Canadian studies in political science. It is visited annually by tens of thousands of Canadians and by many foreign visitors. It is reported upon constantly in the media. Politics and politicians are the warp and woof of conversation of our people. The place where this interest is generated has become, in a sense, a shrine. If it is a place of dignity and even of majesty, it will raise the perspectives and broaden the horizons and opportunities of those who make it function. If its buildings and their components and surroundings can indicate something of the purposes, the aspirations and the achievements of the nation, the place of Parliament can be of enormous inspirational value to our people.
>
> 12. For these reasons the Committee was concerned that any theme chosen for the windows should support these objectives. It is impressed with the importance of reflecting the broad lines of national progress and national life, as the work of parliamentarians should reflect that progress and that life.

● (2130)

I certainly agree with the first four recommendations of the committee, and I think they are worth repeating:

> 1. At an appropriate time the coloured windows in the clerestory of the Senate Chamber should be replaced with stained glass.
>
> 2. The theme should be the ethnic origins of the Canadian people.
>
> 3. The style should conform with the other features of the Chamber and of the building.
>
> 4. The treatment of the windows should be simple and uncluttered. Suitable colour should be a feature. Red should be a predominant colour. Protection against direct sunlight must be ensured.

Then, honourable senators, the members of the committee found they could not consider the matter of stained glass windows in isolation, as it were. The wall space between the woodwork and the windows cried out for attention. It was generally agreed the present pictures depicting World War I scenes should be discarded, if possible, and with this I certainly agree, although I have always understood that such pictures were put there in the first place to improve the acoustics before

the advent of microphones and loudspeakers. Certainly, I do not think they are in keeping with the general features of the Senate chamber. But if they have to be retained to improve the acoustics, then I suggest that at least half the World War I pictures be discarded and replaced by pictures of World War II. Indeed, I think one of those pictures could well be of the navy—perhaps even of the ship commanded during the war by the Deputy Leader of the Government.

Hon. Senators: Hear, hear.

Senator Macdonald: The committee heard various suggestions as to what should replace these pictures, such as tapestries murals or stonework. Recomendations 6 and 7 deal with this matter.

> 6. The Senate, at a suitable time, should consider the removal of the pictures now on the walls of the chamber to an appropriate place of display in Ottawa.
>
> 7. The style, composition and treatment of a project for the replacement of these pictures should be in harmony with the stained glass and the general features of the Senate chamber.

Personally, I would hope that the suggestions contained in paragraph 46 are followed:

> The Committee considers that if paintings or tapestries are not appropriate, serious consideration should be given to a solution in which stone alone be used. This means that the space below the windows and above the wood panelling would be decorative stone to match the other stone of the chamber. It is suggested that the design be based upon the sketches of Mr. John Pearson. However, instead of openings for galleries between the arches as in the Pearson design, there would be a stone facing. In the result the chamber would be brighter, and the architectural features in the stone would eliminate monotony.

There is nothing which can improve on good, fine woodwork, and good, fine stonework, such as we have in this chamber, and I believe it would be a shame to cover it with anything. I was pleased when that old canopy and the other tapestry above the Speaker's Chair were done away with. The beautiful stonework behind the Chair cannot be improved upon. We also have a good view of the fine workmanship which went into the Chair's theme.

While it does not have anything to do with the report, may I suggest that some study be made of the furnishings of the chamber, with a view to getting rid of these old-fashioned desks with their inkwells and penholders? I should also like to see the Speaker, Clerks and pages wearing more colourful gowns or uniforms. After all, there is no good reason why these should be black. I understand the gowns worn by the Speaker and by the Clerks were, and indeed are, of the type, colour and style used in the legal profession. They are barristers' gowns, or possibly some kind of cross between a barrister's gown and a Queen's Counsel's gown. I suppose this came about because Parliament was known as the highest court in the land. However, the more colourful gowns worn by the Speakers of the British Houses of Parliament for ceremonial occasions were not adopted here. So, I hope it will come about that these mournful gowns and uniforms will be discarded and more colourful ones substituted. I do not know just who would authorize it, but for a beginning I would urge our Speaker to break with the tradition of wearing a barrister's robe or gown—to throw it away, and get a more colourful one for the opening of the next session of Parliament.

Honourable senators, Senator Connolly and his committee have done a commendable service in studying this matter. Their report is worthy of study and favourable consideration, and I hope it receives it.

Senator Smith (Colchester): Honourable senators, in a moment I shall move the adjournment of this debate. I do so in order to see if I can summon up the courage to disagree with my learned and eloquent colleague on some of the points he has made, particularly with relation to the removal of the pictures on the walls and the discarding of those hallowed robes worn by generations of clerics followed by other generations of barristers and judges.

I now move the adjournment of this debate.

On motion of Senator Smith (Colchester), debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 13, 1977

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

Prayers.

THE HONOURABLE CHESLEY W. CARTER

TRIBUTES ON RETIREMENT FROM SENATE

Hon. David A. Croll: Honourable senators, Chesley William Carter—Ches to all of us—will reach the magic Senate age of retirement on July 29 of this year. He came to Canada with Newfoundland. He was first elected to the House of Commons for Newfoundland in 1949 and subsequently seven times more, once by acclamation, and he served in the House of Commons for 17 years. He was appointed to the Senate in 1966, where he has served for 11 years. Twenty-eight years of continuous service is a long time, particularly in the public service, and few of us are privileged to have that opportunity.

He has been an outstanding public servant, who has been appreciated by his fellow members in the House of Commons and in the Senate, as well as the people of his native province and Canada generally. Suddenly he will be gone from here. It is hard to visualize the Senate without him, yet that will be the case before we return in August.

It has been suggested that he invented the work ethic. He denies it, but we all claim that he embraced it, he embellished it, he encouraged it, he practised it and he improved it. In the 28 years that he has served he has attained a total credibility from his vast resources of energy and devotion. He was meticulous in his presentations to the Senate. He did thorough research and he prepared his presentation. An educationalist by training, it showed. He was foremost in addressing himself to the cause of his beloved fishermen, the veterans, the poor and the needy, the aging, the poverty-stricken and those who needed help in the Third World. He participated in many of the essential fields of activities in the Senate and it can be said that he was a senator for all seasons. Humanitarian in outlook and practice, he chose to be a Canadian and Canada chose him to be a senator, a rewarding relationship for both.

He has much that he can continue to contribute to Canada, particularly in its destiny as it wrestles for a united Canada. His experience, his energy, his good judgment should not be frittered away at this time, when our need is the greatest. I spoke to a senior senator yesterday, saying to him, "Ches will be gone." He replied, "It is a real loss." So say we all.

We wish him well, good luck, good fortune and we wish him to know and leave with the knowledge that he left an indelible impression on his peers in the Senate of Canada.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault: Honourable senators, together with other senators, I join in supporting the sentiments expressed so eloquently by Senator Croll. All of us have witnessed in the course of our public careers, whether they be brief or long, that there are a number of men and women, of all political parties, serving at all levels of government, who are an effective adornment to our parliamentary system. Ches Carter is one of these. Both in war and in peace he has served this nation with dedication, energy and great distinction. He is living proof of the need to create the position of senator emeritus, a recommendation which I forwarded some time ago to the Right Honourable the Prime Minister. It is a concept which I believe should be considered by this government or by another government in the future.

• (1410)

Senator Flynn: Considered and decided upon.

Senator Perrault: Yes, and perhaps a decision will be made at some point. Senator Carter is living, working proof of the need to create a position whereby those who have contributed so much to Parliament can, after retirement, be invited to assist from time to time in certain capacities in the process of helping to meet the problems of Canadians.

The position of senator emeritus—a position I should like to see come into being at some point—would enable certain senators who retire early from the Senate, or those who have reached the formal retirement age of 75 but who still remain youthful in their ability, to contribute voluntarily to the parliamentary system, to be invited from time to time to provide expertise for parliamentary committees or, perhaps, to represent Parliament on certain public occasions across the country. To repeat, Senator Carter is living proof of the need to create just such a position as "senator emeritus."

Together with all honourable senators, I wish Senator Carter well as he enters his retirement years. The word "retirement", of course, can only be used in its very loosest sense in relation to Senator Carter. To contemplate any kind of meaningful retirement for Ches Carter is really supposing that the impossible will happen. Ches Carter will never really retire. He will always be actively interested in the welfare of his nation, his home province and in the work of Parliament.

Our very best wishes, as well, to his gracious wife who has played such a key role in Senator Carter's life—not only at home but here "on the Hill."

Hon. Jacques Flynn: Honourable senators, I doubt that I can add much to what has been said by Senators Croll and Perrault. I was very impressed with Senator Croll's eulogy. I think he sees in Senator Carter an ideal that he himself has never quite been able to achieve.

Senator Croll: How right you are.

Senator Flynn: There is no doubt but that when Ches Carter leaves this place, the Senate of Canada will have lost one of its hardest workers. Ches Carter takes everything and everyone but himself seriously. He possesses an alive, inquisitive mind, a mind that has never ceased to search out the truth. Many times he found that truth and, when he did, he had the courage and self-respect to vote against his party. It may even be that he would have been more at home on this side of the house.

I have said it before—and I repeat it now—occasionally the conclusions to his speeches were too far from the introductions. However, what came in between was the fruit of concentrated effort, the type of which we need much more in Parliament.

Ches Carter's role as parliamentarian was one of service. He served his country, his province, and the interests of his constituents extremely well. The high esteem in which he is held by those who know him is exemplified by the fact that Ches Carter was never defeated in an election—a reason for me to envy him, since I was defeated twice in three attempts. He was even elected to Parliament by acclamation on one occasion—that, for me, was a dream, a recurrent dream when I was in the other place.

The great respect people have for him is demonstrated by the fact that he receives more mail than most members of the other place, and certainly more than anyone in this place.

We are losing to retirement, therefore, a man of integrity, ability and drive; a man who is a credit to his native Newfoundland, and certainly a credit to Parliament. We wish both him and Mrs. Carter a pleasant, lengthy and healthy retirement. May he find enough to do to keep him happy, but not so much as to prevent him from enjoying fully the winter of his years.

Ches, if anyone in Parliament can sit back and say with satisfaction and without fear of exaggeration that he has served his country well and merits a rest from the toils of political service, it is you. Godspeed, Ches.

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of the previous speakers. Senators Croll and Flynn, as well as my leader, have covered the waterfront. I would simply say to you, Ches, and to your charming wife, that I wish you all the best for the future and, as we say down east, "Long may your big jib draw."

Hon. W. M. Benidickson: Honourable senators, I have not the ability to speak about Senator Carter with the eloquence of my deskmate Senator Croll, who with me sat with Senator Carter in the House of Commons for many years and was also particularly associated with him in the post-war years in the Veterans Affairs Committee and other committees on which Senator Carter was so noted as a champion of the disadvantaged. But, having just entered the Chamber I heard the Leader of the Government make reference to the possibility that a senator on retirement might have an opportunity to take his place as a senator emeritus. Perhaps I might be permitted to say a word or two on that subject. I hope Ches and his most supportive wife Elsie will forgive me for not referring to them specifically in tributes at this moment which I didn't anticipate. But I did have the pleasure, under the inspiration of Senator Croll and Senator Cook, to be associated with and co-host at a little farewell party which most of you honourable senators joined in two weeks ago. I simply wish to say that we should do our part to address retired senators and to promote the address of senators after retirement and to promote the reference to such persons as "Senator." That is done in the United States. A president in the U.S.A. remains, in address, "Mr. President" for life. Likewise, a former governor or senator, even after retirement, is usually similarly given this honour and courtesy. In our own interests I think we should do all in our power to honour distinguished colleagues of ours who, under new rules, are subject to automatic retirement at age 75. I think we, and the public as well, should continue for their lifetime to address them as "Senator".

Hon. John J. Connolly: Honourable senators, I will not hold the Senate for any length of time, but I do think it would be remiss of me if I were not to say that since Ches Carter came to the Senate 11 years ago he has been an ornament to this place. Other speakers have spoken with eloquence of his integrity, of his dedication and, above all, of his great industry. This was manifested in this chamber, but I think it was particularly manifested in the work of the various committees upon which he sat. I do not think anybody ever came to a committee better prepared for the work before that committee on a given occasion than Senator Carter. His questioning was always positive, incisive and constructive.

What Senator Flynn said about the fact that Senator Carter can leave Parliament knowing that he has served Parliament and the people must be the ultimate desire of every parliamentarian, and certainly Senator Carter can claim that distinction.

I like to think, too, about his work when he went abroad on behalf of Parliament for the North Atlantic Treaty Organization or for the Commonwealth Parliamentary Association and other similar groups.

I particularly want to say, too, how much we will miss the presence, the gaiety and the grace of Mrs. Carter in the halls of Parliament, because she has been a great adjunct and a great supporter of the fine work Ches has done in Parliament both in this place and in the other place.

• (1420)

Hon. Paul Yuzyk: Honourable Senators, I should like to join with those who have spoken before me in paying tribute to our colleague, Ches Carter. In addition I should like to add a little information about him that probably has not been made known before. We are paying tribute to a very exemplary senator who has had a many-sided career, a man who has always been dedicated to the highest principles of humanity—freedom, democracy, human rights, the unity of Canada, and the brotherhood of man and of nations. I should like to pay tribute to him particularly inasmuch as I have been associated with him in some of the work that he has done even beyond this chamber, and that is in the field of human rights, and in the work that he has done for the welfare of Canada, for the

good of Canada, for the unity of Canada and in the promotion not only of bilingualism but also of multiculturalism.

Senator Carter will be sorely missed by ethnic groups, and particularly by the Baltic peoples, because it is here on Parliament Hill that Baltic Evening has been established and become a tradition, and Senator Carter has been associated with that event from its foundation five years ago right up to the present day.

He has been responsible for presenting resolutions in defence of the human rights of people beyond Canada, those people who have been deprived by their governments of rights that we consider to be sacred here in Canada. It is for that reason that I say that not only will he be sorely missed in this chamber, but he will be sorely missed outside this chamber.

I should also like to have him pass on to his good wife Elsie that we will miss her too, because she has been amongst us and has worked faithfully with her husband for all these causes that are so dear to him and to us. We wish him and Elsie the very best.

Knowing Senator Carter as I do, I know that he is not going to retire from service to many of the causes that he has espoused and defended not only here in this chamber but outside as well. We look forward to being associated with him in some other forum, as has been mentioned already by those who spoke before me.

Hon. John Ewasew: Honourable senators, it is very difficult for me to put this into words since I have been in this chamber for less than five months. Not having been a parliamentarian before or a member of the Privy Council, I can tell you that it is an awe-inspiring experience to join you. After what one reads in the press over the years one is inclined to accept this place as a sort of dungeon where you take it easy and sleep all day. I find the situation to be entirely the opposite. Hard working men like Senator Carter have demonstrated to this novice the raison d'être of the Senate.

At this particular moment, honourable senators, I am not just paying tribute to him although I mention him by name. There are others of you who are equally entitled to this kind of compliment. You have impressed me with your hard work and you have shown me that the Senate is an essential part of this democratic system of ours in Canada, and it is to be hoped that it will always continue to be because of men like Senator Carter. Therefore, as humbly as I can, I declare my pride in being a member of this assembly and to having had the privilege of knowing Senator Carter, although, unfortunately, for too brief a time, may God grant him the good health and serenity that he so richly deserves.

Hon. Chesley W. Carter: Honourable senators—

Hon. Senators: Hear, hear.

Senator Carter: I must confess that this has really taken me completely by surprise. I thought that the very delightful party given in the Speaker's chambers a few days ago was the one event that would take care of the matter and make other tributes unnecessary. Furthermore, if I hear any more such tributes, there is a danger that I might come to believe some of them.

Senator Quart: They are all true.

Senator Carter: I do not think that these tributes are called for, really. I do not feel that I have done anything special. I have merely done what I felt was my duty as a senator, as a public servant, and nothing beyond the call of duty; and when one does one's duty in the army, or in the services, it is taken for granted and no special medals are handed out for doing it.

If any credit is due, it is not due so much to me as, first, to my parents, who brought me up in a Christian, God-fearing home, who taught me that if I did not give my best I was robbing society, that whatever talents I had were meant to be used, and used for the service of my fellow men; also to my father, who taught me that if I did not give an honest day's work for an honest day's pay, I was again robbing society.

Also, if there is any credit due, it would be to my teachers, who taught me that if anything was worth doing at all, it was worth doing well.

Beyond that, the credit goes to my wife, who has stood by me through thick and thin, who is responsible perhaps more than anyone else for getting me into politics. Originally I had no intention of becoming a politician, but I had a strong conviction that here was an opportunity of service that was required of me and that I should not turn it down.

My years in the Senate and on the Hill have in themselves brought their own rewards in the friendships and associations I have formed, and I take with me many cherished memories of both houses and of friendships formed that will endure for as long as I live.

I should like to thank Senator Croll, Senator Perrault, Senator Flynn, Senator Connolly (Ottawa West), Senator Benidickson, Senator Ewasew and Senator Yuzyk. I hope I have not left anyone out. I include those I may have overlooked—

An Hon. Senator: Senator Petten.

Senator Carter: Thank you—and Senator Petten. But he is a Newfoundlander. He is used to being left out.

Hon. Senators: Oh, oh!

Senator Carter: I want to thank you all from the bottom of my heart, on behalf of both my wife and myself. Thank you again.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Perolin-Bird Archer, Limited and its employees, represented by the United Steelworkers of America, Local 7175, dated July 4, 1977.

2. Wellesley Hospital Toronto, Ontario, Nurses, dated July 4, 1977.

3. Silverwood Industries Limited and its Toronto Plant and Driver Personnel, represented by the Canadian Union of Operating Engineers, Local 101, dated July 4, 1977.

4. Executive Group of Arborg Memorial Hospital, dated July 4, 1977.

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to section 47 of the Broadcasting Act, Chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of Ordinances, Chapters 1 to 12 inclusive, passed by the Council of the Northwest Territories during its 1974 Third (53rd consecutive) Session and assented to June 28, 1974, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970.

Copies of Ordinances, Chapters 1 to 11 inclusive, passed by the Council of the Northwest Territories during its 1975 First (54th consecutive) Session and assented to January 21, 1975, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1975-628, dated March 18, 1975.

Copies of Ordinances, Chapters 1 to 10 inclusive, passed by the Council of the Northwest Territories during its 1975 Third (56th consecutive) Session and assented to June 20, 1975, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1975-2146, dated September 11, 1975.

Copies of Ordinances, Chapters 1 to 13 inclusive, passed by the Council of the Northwest Territories during its 1976 First Session and assented to February 13, 1976, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1976-848, dated April 6, 1976.

Copies of Ordinances, Chapters 1 to 9 inclusive, passed by the Council of the Northwest Territories during its 1976 Second (59th consecutive) Session and assented to May 28, 1976, pursuant to section 16(1) of the Northwest Territories Act, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1976-2224, dated September 8, 1976.

• (1430)

AGRICULTURE

COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE INTERIM REPORT ON ITS INQUIRY INTO THE DESIRABILITY OF LONG-TERM STABILIZATION IN THE CANADIAN BEEF INDUSTRY

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, with leave of the Senate and notwithstanding rule 45(1) (h), moved:

> That the Standing Senate Committee on Agriculture be authorized to publish and distribute its interim report on its inquiry into the desirability of long-term stabilization in the Canadian beef industry, as soon as it becomes available, even though the Senate may not then be sitting.

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

Hon. Senators: Agreed.

Senator Flynn: When does the chairman expect the report to be available?

Senator Argue: We are working very hard on it and we hope it will be out in a month or so.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1) (a), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Langlois: I should like to inform honourable senators that the committee will assemble in room 256-S momentarily.

Motion agreed to.

THE SENATE

SUMMER RECESS—QUESTION

Senator Flynn: Honourable senators, in view of the fact that some senators would like to know what travel arrangements they can make at this time, is the Leader of the Government in a position to tell us whether it is the plan to adjourn this house tomorrow, as usual, or is there any remote possibility of completing the work on Friday?

Senator Perrault: Honourable senators, I met yesterday with the leader of the other place and discussed with him the

date of a possible adjournment for the summer recess, or even a short-term adjournment at this time. It is the hope of the house leader in the Commons that the workload now before that place can be dealt with by Friday. I understand, however, that today is rather critical in that a number of controversial matters may or may not come to a vote. The events of today may well determine the adjournment date. I had hoped that by this time today I would have been in a position to inform the Leader of the Opposition about progress on the other side although actually he may have a better estimate of adjournment possibilities than I do at this particular time.

There has been some difficulty with one or two measures in the other place, but I hope that by later today we will have a report from the House of Commons with respect to progress or lack of it. I foresee that if one or two bills come to us either later today or tomorrow, it would be possible to deal with the work before us by the weekend, with perhaps one or two measures being left for consideration by this chamber in the first week of August when, as honourable senators are aware, there will be a debate on the subject of the natural gas pipeline route.

Perhaps the Leader of the Opposition and I can confer later this afternoon on some of these matters.

BRITISH COLUMBIA

RAILWEST ROLLING STOCK FACILITY—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the Government a question in respect to the Railwest operation in British Columbia. I am sure the leader is aware that some hundreds of B.C. workmen are awaiting an answer as to whether that railway rolling stock facility will be able to continue in operation. Can the leader tell us whether the federal government is playing any role in trying to extend the life of that facility?

Senator Perrault: Honourable senators, as a result of cabinet discussions, an interdepartmental group was created to investigate the problems confronting the entity known as Railwest, located in British Columbia. There have been meetings of that group. It is my understanding that it will be the intention of the two major railways in Canada to call for tenders, perhaps within the next two weeks, for a number of ballast cars and, of course, Railwest, together with other companies in Canada, will have an opportunity to bid on this particular order if a decision is taken to request tenders.

Apart from that, there are obvious long-term problems confronting the Railwest organization. Discussions are now proceeding to determine whether any measures exist at the federal level which may assist this company to achieve long-term viability, or alternatively to assist in the conversion of the Railwest plant to a different type of economic activity which would serve to maintain the work force on a long-term basis.

The government continues to have an active concern for the plight of workers in the Squamish area who may be adversely affected by possible closure of this railway car plant.

FISHERIES ACT

BILL TO AMEND—THIRD READING

Senator Petten moved the third reading of Bill C-38, to amend the Fisheries Act and to amend the Criminal Code in consequence thereof.

Motion agreed to and bill read third time and passed.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

Hon. F. Elsie Inman: Honourable senators, at this time I should like to say a few words on behalf of the distaff members of this house to Senator Carter. We deeply regret, along with all senators, his departure from this chamber. His going is a very great loss to the Senate. We will always remember him and Elsie, and we wish them health and happiness in the years ahead.

I should also like to say welcome to the senators who have joined us in recent months. I know their talents and expertise will help greatly in the work of the Senate.

Honourable senators, unity is a big word in Canada today. We are talking unity; we are thinking unity; and I hope we will continue to practice unity.

I wish to speak for a few minutes about the beginnings of the unity of the Canadian provinces and the Canadian people. The subject of national unity is a particularly appropriate one for Prince Edward Island to discuss, for here is the cradle of Confederation. It was here where the unity of the provinces of Canada began.

In the Confederation Chamber of the Provincial Building in Prince Edward Island, where the maritime delegates met with their Canadian counterparts to discuss a general union of the colonies in British North America, a bronze tablet on the wall bears the following inscription:

> In the hearts and minds of the delegates who assembled in this room on September 1, 1864, was born the Dominion of Canada—Providence being their guide, they builded better than they knew.

● (1440)

They did not build without difficulty, nor were the hearts and minds of the maritimers easily swayed. When the meeting was first arranged, it was to be a union of the three maritime provinces, not union with any other parts of the country. Joseph Howe of Nova Scotia fought very hard to keep out of union—or Confederation as it was afterwards known—with Upper and Lower Canada, as Quebec and Ontario were then called.

A conference later took place in Quebec to further discuss this union, but on their return from the Quebec conference the maritime delegates were greeted with angry charges that they

had sold their constituents to Canada for 80 cents a head, the agreed-upon federal subsidy to the provinces.

Nova Scotia and Prince Edward Island were particularly obdurate in their resistance. Initially, the Island would have nothing to do with the terms and conditions offered her, despite the possibility that she might have to pay the salary of her governor and the reality that her exports would be subject to a Canadian duty. A very expensive railway eventually forced the colony to approach the dominion government with amended terms to join Confederation. Negotiations took place toward this end. The Islanders of the day drove a hard bargain, and finally Ottawa consented to their demands and they joined the dominion on very generous terms in 1873.

Meanwhile, Sir Charles Tupper of Nova Scotia at first did not dare to submit the Quebec resolutions to his legislature for fear he would be defeated by the supporters of Joseph Howe. Even as the British Parliament passed the British North America Act, Howe and a delegation from Nova Scotia were in London to urge the rejection of Confederation. Following the passage of the act, Howe attempted to take the province out of federal Canada. Popular feelings at the time were so opposed to the union that Tupper alone among the federalists was returned to the first federal Parliament, and the provincial elections returned Howe and 35 anti-federalists out of 38 seats. Today we would call them separatists.

The broad outline and principles of federation were threshed out between Upper and Lower Canada before they were submitted to the maritime delegates at Charlottetown and, with suitable alterations, became the basis of Confederation.

In a very real sense Quebec and the French Canadians were co-founders of Canada. Willingly or unwillingly, Quebec, as the most important government in North America controlled by a French-speaking majority, plays a very substantial role in the aspiration of French Canadians in every province, and even in the United States, to maintain their language and culture. We English-speaking people must find ways to really get to know Quebec and its people. This means that the problems between the different groups would be more easily overcome. That applies in reverse also, for French-speaking and English-speaking people have much in common.

I feel strongly that part of our present problems with Quebec lie in the fact that the history of our great country has been sadly neglected, and is still being sadly neglected, in our schools and universities, and also in the fact that our official languages have not been taught—and they should now be taught—in our schools from the first grade. Had this been done earlier we would have been closer to understanding each other's cultures, traditions and customs.

In Canada we have freedom to disagree publicly with government policy and actions. This, of course, implies more responsibility on the part of the citizen to think with care and concern for the public good instead of only private interests.

Our most important task today is to endeavour to keep national unity among our provinces and peoples, to stay together in Confederation and to preserve those relationships which keep us together in order to become a great nation—a great Canada.

On motion of Senator Graham, debate adjourned.

BANKING LEGISLATION

CONSIDERATION OF REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Monday, July 11, the debate on the inquiry of Senator Hayden calling the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the document entitled: "White Paper on the Revision of Canadian Banking Legislation, August, 1976," tabled in the Senate on Tuesday, 28th June, 1977.

Hon. Jacques Flynn: Honourable senators, I am willing to yield to anyone who wishes to speak at this time. My reason for having this debate adjourned in my name was that I wanted the Senate to take cognizance of this most important report.

This report of the Standing Senate Committee on Banking, Trade and Commerce is in the tradition of reports of that committee on important legislation already proposed or intended. In this case it is on the "White Paper on the Revision of Canadian Banking Legislation." It is a masterful job, for which I think the chairman and the members of the committee should be heartily congratulated.

In my view, it is a pity that a report like this should be merely tabled, with a few words of explanation by the chairman, and then entirely forgotten by the members of the Senate. It is bound to be very useful to the government when it drafts legislation based on the white paper and, I am sure, based on this report, which will influence the government enormously and in a most valuable way.

I was hoping that there would be some debate. I did not intend to speak myself, because I did not participate in the work of the committee, except on a minor constitutional point when the report was being drafted. I abstained because I am a director of a trust company. You will remember the row that took place when the white paper was referred to the committee because some members of the committee were directors of banks or trust companies. Everybody feared a conflict of interest. It was useless for me, as an *ex officio* member, to resign; I just abstained, although others resigned.

Anyone who takes the trouble to read the report will see that the problem of conflict of interest that was envisaged at the beginning really never existed, and certainly does not show in the recommendations of the committee, although at least two members of the committee were former directors of banks. I do not see what difference being a former director of a bank or a present director of a bank makes. You can express an opinion, saying that you are a bank director or that you were a bank director.

I repeat, this report shows how useful it is to have members of a committee with some experience and some knowledge of

the subject matter. Although I am very much in favour of avoiding conflict of interest, I am also in favour of not seeing it where it doesn't exist.

I hope that some other senators, whether members of the committee or not, will comment on the specific proposals made in this report. In any event, if that does not happen, at least I will have drawn the attention of the Senate to a well prepared report, which will be useful to the government, useful to the population in general, and useful to the banking and financial community as a whole. This is one area in which the Senate can and does accomplish excellent work. It is too bad that the press does not always publicize this aspect. It is easier for the Senate to do its work in this manner than it is to come into direct confrontation with the government on a specific legislative matter. If we can continue to do this we will have something to boast about.

● (1450)

Hon. John J. Connolly: Honourable senators, I rise only in response to some of the earlier remarks of Senator Flynn. I believe I am able to take part in this debate at this time because I also was unable to really participate in the work of the Banking, Trade and Commerce Committee in connection with the white paper on banking legislation because I was absent for most of the fall and winter. However, I did read all the earlier proceedings of the committee.

As Senator Flynn has said, this is a remarkable and constructive document to have on the records of Parliament. I also believe that it will be a useful document, and I hope it will be used by those in the Department of Finance who are advising the minister with respect to the new Bank Act which is to be introduced. I am sure it will have a good deal of influence upon the mind of the minister as he brings in the new legislation.

I believe it is wise for the Senate every once in a while to stop and take stock of the kind of work that has been, and continues to be, done here in the field of economic legislation such as banking, the Competition Bill and the Borrowers and Depositors Protection Bill, which have been studied by this committee during this session. The reports that have been produced are unlike reports that can be produced by any segment of industry because they are broad, and because they look upon the problem from the point of view of the whole national interest. They cannot be produced in the other House of Parliament because the expertise and the opportunity is not available there.

This is a unique type of production, and we have had similar reports in other fields. Some of the reports of committees chaired by Senator Croll in the field of social legislation are equally important from the point of view of establishing milestones of progress and development of this country in respect of its social, political, financial and business institutions.

I believe our banking institutions are the basis of our economic system, and radical changes have been proposed. This committee has so far come to grips with those problems in a realistic way. The members of this committee have cross-examined witnesses in the field of banking and allied fields in a manner which is of great credit to Parliament. It was done by lawyers and as well by those who have experience in the field of banking and institutions allied with banking. To have this kind of person, able to get at the principle of issues which can be problems not only in the public sector but in the private sector, is of advantage to the country. I make no apology for saying that I believe the greatest capacity of people in the country is that of those who are in the private sector. In the first place, there are more of them. In the second place, they are able people, the kind of people to whom Parliament should listen, and there should be a forum in Parliament in which they can present their case.

They had that opportunity before the Senate committee as it studied the white paper on banking. I commend the members of the committee for what they have done in the way of examining those briefs and, particularly, for their examination of the witnesses who presented them.

Secondly—and this is old hat to this chamber, but we have to do it if for no other reason than we wish him to keep going—we must commend the chairman for the industry and initiative he shows in this very onerous class of work. Carlyle, you know, called economics "the dismal science". I suppose if one were to spend all of his time on economics it would be for him "the dismal science." But not with Senator Hayden, because when he touches this type of work he illuminates it. More important for the Senate and for Parliament is his determination to examine thoroughly the proposals which touch the economic life of this country at its vital spots. So I hope—and I am sure I voice the views of all members of the committee and probably all members of this house—that he will continue to give the same kind of dedicated service to the committee, to this chamber, to Parliament and to the country as he has been able to give for so long.

I also commend Senator Hayden for another initiative, which is now one with which we have had much experience. He has assembled a staff in each of the three areas that have been studied during this session—the field of banking, the field of competition and the field touched upon by the Borrowers and Depositors Protection Bill. There are three major pieces of legislation that have come before Parliament during this session, and the manner in which Senator Hayden and his committee have been able to keep these three balls in the air, juggle them successfully and produce reports with respect to each, is a tremendous tribute to them and, indeed, the staff that the chairman had the wisdom to assemble. He has done this in a manner that is of great credit to him, but credit must also be given to the members of the staff.

Honourable senators, this is the only place in Parliament where this type of expertise is made available to all of Parliament. They do not attempt this in the other house, but perhaps some day they will learn about it. However, there is an opportunity provided here by this committee. With the expert assistance the committee members had from their chairman and the staff they were able to give incisive consideration to

these far-reaching proposed pieces of legislation, which will affect the future of this country so much.

● (1500)

The members of the Banking, Trade and Commerce Committee have also become experts in the field of draftsmanship—at least, they are great critics of the drafting of legislation. That is the way it must be. We see legislation coming here from another place that is a good deal less than perfect, and it is our duty to correct it to the extent that we can. But very often the kind of legislation that I speak of now comes to us from the hands of the amateur, whereas that which is referred to the Banking, Trade and Commerce Committee is legislation that has been produced by experts in the Department of Justice or other departments of government. It takes expertise to criticize that type of legislation. It takes expertise to assess it, to improve it where possible, and to make sure that it fits in with the legislative establishment that we have in this country.

There is very little publicity given to these reports. There is no excitement in the press. I do not think that many in the media would take the time to read these reports. However, the people who count in this country, the people whose hide is on the fence—I refer to those who make the economy of this country go—will always be indebted to Senator Hayden and the Banking, Trade and Commerce Committee for the reports they have traditionally made to this house and to Parliament.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate, this inquiry is considered as having been debated.

PROTECTION OF BORROWERS AND DEPOSITORS

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE CONCLUDED

On the Order;

> Resuming the debate on the inquiry of the Honourable Senator Hayden calling the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the Bill C-16, intituled: "An Act to provide for the protection of borrowers and depositors, to regulate interest on judgment debts, to repeal the Interest Act, the Pawnbrokers Act and the Small Loans Act and to amend certain other statutes in consequence thereof," tabled in the Senate on Thursday, 7th July, 1977.—(*Honourable Senator Grosart*).

Senator Grosart: Honourable senators, as I said when I adjourned the debate, it is not my intention to participate myself. I adjourned the debate in the hope that Senator Flynn would have some comments to make. I should therefore like to yield to Senator Flynn.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn: Honourable senators, I need not repeat what I said concerning the report of the Banking, Trade and Commerce Committee on the White Paper on Canadian Banking Legislation, but it is in the same vein that I wish to speak on this report. Again, we have here a very important and well prepared report.

In dealing with the previous report, I complimented the committee in general on its work. I did not allude specifically to the chairman. I think I was wise in the course I took for two reasons: first, I did not wish to contradict his claim that he is only one member of the committee. I have previously categorized that claim as the height of understatement.

Hon. Senators: Hear, hear.

Senator Flynn: My second reason for not mentioning the chairman specifically was that no one can compliment someone better than Senator John Connolly can. I would much rather listen to Senator Connolly compliment Senator Hayden on his work, and I subscribe to every word he said about him.

Another point that came to my mind while listening to Senator Connolly is that we have to recognize the fact that other committees of the Senate also do excellent work. In speaking to the previous item on the order paper, I made reference to the fact that the Banking, Trade and Commerce Committee does deal with legislation to a much greater extent than other committees of the Senate. I have not for a moment forgotten the usefulness of other committees, such as the Special Committee of the Senate on Science Policy presided over by Senator Lamontagne which, over the last five or six years, has done tremendous work; nor have I forgotten the work of the National Finance Committee in specific areas. The Senate can be proud of the work of its committees. Another is the Foreign Affairs Committee, which has been dealing with the subject of Canada-United States relations for some years now. It has already produced an excellent report in that regard, and is to produce another one soon.

At the time of my first comments I had in mind the way in which the Senate may deal with legislation. As honourable Senators are aware, there are four ways in which the Senate can deal with legislation, or proposed legislation, the first of which is by having the government's policy paper on a given subject referred to a committee of the Senate, which was the case with the White paper on Canadian Banking Legislation.

The second method is the referral to committee of the subject matter of a bill introduced and given first reading in the other place in advance of that bill's actually coming before the Senate.

The third method is to have the legislation introduced in the Senate in the first instance. This is a method which has not been widely used during the current session. I suggest that the government missed the opportunity during this session of introducing in the Senate in the first instance some pieces of legislation which we would have been able to deal with in a much better way than did the other place. Here I am thinking specifically of the Maritime Code bill which is now before the Transport and Communications Committee. That is a bill on

which we could have done a much better job than did the committee of the other place.

Finally, a bill can reach the Senate in its ordinary course of passage through Parliament—that is to say, consideration of a bill after it has been passed by the other place. In respect of the latter, it is always difficult, I suggest, for a Senate dominated by a majority supporting the government to amend such bills, if such amendment would result in a confrontation with the other place. It is far easier for the Senate to amend bills when they are introduced in the Senate in the first instance. In that circumstance, neither the pride of the other place, nor that of the government itself, is wounded.

The method of referring the subject matter of a bill to committee in advance of the bill itself coming before the Senate, which is also known as the "Hayden formula," is another means by which to avoid confrontation. That is precisely the way in which the Banking, Trade and Commerce Committee dealt with the Protection of Borrowers and Depositors Bill. The result of this method was that the Banking, Trade and Commerce Committee considered the proposed legislation at the same time as the committee of the other place. It heard numerous witnesses and received numerous briefs. The conclusion of the committee is contained in paragraph 23 of the Summary of Recommendations, which reads as follows:

> In view of the extent of the amendments, the Bill in its present state should not be proceeded with further. It should be considered as a new Bill and the consultative process should be commenced again.

I am quite sure that the work of the Banking, Trade and Commerce Committee on the proposed legislation is at the root of the decision of the minister to withdraw the bill. Unless I am mistaken, the minister himself has said precisely that.

Apparently there is some confusion as to whether the minister has in fact abandoned the bill, and decided to put it back on the drafting table. All indications are that if his decision in that respect is not yet final, it will certainly be the case that the bill will be put back on the drafting table for reconsideration. Such a decision, to my mind, would be a very wise one, and I think the Banking, Trade and Commerce Committee will have been instrumental in the minister's arriving at that decision.

● (1510)

I am not sure whether it is because of a reorientation of the thinking of the government, but this bill, like so many bills which have come to us in recent years, is simply trying to accomplish too much all at one time. The draftsmen or the architects or the—

Senator Grosart: The perpetrators.

Senator Flynn: That may be a little exaggerated, but the thinkers behind this legislation have been trying to solve everything at the same time, and I suggest that that is one of the major causes of the errors which have plagued the government for so many years. They have been trying to solve everything. We must be mindful of the fact that much of the legislation which exists in the provincial areas does deal quite extensively with many of the problems the federal government is trying to solve, but obviously someone at the bureaucratic level has decided he can solve everything all in one go. He says, "I am going to duplicate or cover the provincial legislation and revamp the federal legislation all in one bill." But the attempt to accomplish too much results in practically nothing worthwhile being done.

I am quite sure this report has spelled the death of Bill C-16, and I am most pleased if it has.

Incidentally, I might just comment on one other recommendation. Recommendation 5 reads:

> Your Committee has grave doubts as to the constitutional authority of the federal government to legislate with respect to certain important matters dealt with in Bill C-16 and the Bill should be referred to the Supreme Court of Canada as to jurisdiction of Parliament to legislate on the items contained in the Bill.

Of course, if the bill were to come to us as it is now proposed, the suggestion of referring it to the Supreme Court would be good, but such is not necessarily the case. In my opinion the federal government, and the federal Parliament in general, when legislation is drafted, should be careful not to enter needlessly into areas of provincial jurisdiction in matters concerning property and civil rights. Quite often, as is mentioned in this report, there are provisions in provincial legislation dealing precisely with these matters, and it becomes pointless to try to solve everything federally.

If it is felt necessary to have provincial legislation which would complement federal legislation, why can they not, generally speaking, simply invite the provinces to do that? The federal government could simply say, "We intend to legislate in such and such a way and it would be useful if you were to add, by way of complementary legislation, provisions of a certain kind." In that way we could avoid confrontation. There is, however, a certain tendency in the bureaucratic world of Ottawa to ignore the problems of constitutional competence. This may not always be important politically, but it does accentuate such a tendency, and eventually it will create many problems. I say let the government be more respectful of the Constitution and let it try to solve these problems in consultation with the provinces by inviting the provincial governments to legislate in a complementary way, if need be.

Surely the problems we have to face in this country are bad enough without aggravating them by this systematic approach of centralization based on a sense of omnipotency, one might say, or on a desire on the part of the bureaucrats of Ottawa to solve everything, and to engulf in one piece of legislation all of the solutions to all of the problems as they see them. Most often such an approach works in a direction opposite to the one intended.

In any event, I do compliment the chairman and the committee for this report on Bill C-16, and for the success it has had in helping to have the bill withdrawn.

The Hon. the Speaker: Honourable senators, as no other honourable senator wishes to participate, this inquiry is considered as having been debated.

COMPETITION POLICY

INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE CONCLUDED

Hon. Salter A. Hayden rose pursuant to notice of July 7, 1977:

> That he will call the attention of the Senate to the interim report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the Bill C-42, intituled: "An Act to amend the Combines Investigation Act and to amend the Bank Act and other Acts in relation thereto or in consequence thereof," tabled in the Senate on Thursday, 7th July, 1977.

He said: Honourable senators, I am not quite sure whether I should stand and speak to this particular notice, because I would not want to derogate from the overwhelming—shall I call them accolades?—remarks which have been directed my way and the committee's way, because I have always said that I am one member of the committee. I work hard at it, but all the other members work hard too, and they are capable, intelligent, hard-working people. We have developed a good team there, and I am proud of being a member of it and of being chairman of the committee.

With respect to the subject matter of the inquiry I wish first to request that the interim report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-42, to amend the Combines Investigation Act and to amend the Bank Act and other acts in relation thereto or in consequence thereof, tabled in the Senate on Thursday, July 7, 1977, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix to today's Hansard.*)

Senator Hayden: Honourable senators, the first thing I want to direct your attention to is the fact that at this moment the situation in relation to Bill C-42 is about the same as if Bill C-42 were in the form of a white paper. That is so because during the course of second reading in the House of Commons there was a motion to refer the subject matter of Bill C-42 to a committee of that house. The next step was that Bill C-42 was withdrawn from the Order Paper. In my view, that immediately converted Bill C-42 into a white paper. On that basis, and on the basis of our experience, we dealt freely and thoroughly with the bill in our consideration of it.

I should indicate—although it is not necessary to say this to all members of the Senate—that this committee has a great deal of knowledge and experience in the field of combines legislation. In reading the report you will see from the history of the attempts at combines legislation over the period of the last seven or eight years that it reached its culmination in 1975 when Bill C-2 was introduced in Parliament, and your committee immediately started a study of its subject matter. We finally wrote a report on what was called Phase I of Bill C-2, dealing with amendments to the Combines Investigation Act. One particular item in the bill has persisted into the present Bill C-42, and that is the matter of regulated industries.

• (1520)

We in the committee took the position that the bill, whether or not it clearly and positively stated so, did in fact extend into the field of regulated industries. We had witnesses before us, such as the Air Travel Association and IATA—the International Air Transport Association—who were concerned that the Canadian Transport Commission which was the basic authority to deal with air transportation and air tolls and rates, was going to be subject to the overriding authority of the Department of Consumer and Corporate Affairs. We took a position, and even prepared an amendment, whereupon the minister had a number of meetings with the committee. He was very anxious to get his bill passed that year. We did not have any particular reason for refusing him as long as the points we were concerned with were dealt with. This point about regulated industries and the position of IATA was one that we were very determined about. As a matter of fact, at that time the minister said:

> Phase II of the revision of the competition policy will be concerned especially with those matters which affect the structural issues of industry raised by merger, monopoly and specialization agreements. I could undertake today before you to say that this question of uncertainty which exists for the transportation industry must and could be clarified in the course of the coming months after full discussion with my colleague, the Minister of Transport, and the appropriate decision made as to whether it would be dealt with through the Canadian Transport Commission or the Combines Investigation Act . . .
>
> Secondly, I am quite prepared to meet some of the fears expressed by members of this Committee by saying that the new area now covered, that in order to clarify the situation we will undertake to have an in-depth study and come up with a positive conclusion one way or the other on Phase II. But basically we assume that competition is expected in the air transport industry and that the industry should conduct itself accordingly.

Now at that time we took the position in relation to the air travel industry that agreements were made between Canada and other countries of the world in relation to this subject matter, and in practically all those agreements IATA was named as the agent to negotiate as between the two countries—Canada and the other country—and the tariffs had to be filed with the Canadian Transport Commission. The position we took at that time was that if there was not adequate authority in the Canadian Transport Commission to do all the things that the public interest required, then it was a simple matter to amend the National Transportation Act to provide that additional authority. If there is not sufficient authority in

the National Transportation Act, it is a simple thing to amend it so as to provide that authority. You will see in a few minutes where they are in the course of doing that. The bill to presumably solve this problem is languishing in the Commons at this moment but, as I will indicate to you, I do not think it proposes any real solution.

With respect to regulated industries, as many members of the committee who are now here will recall, we made a very firm statement to the minister at that time—that was in December 1975—that we were not going to be a party to open warfare between two departments of government; that if they could not agree we were going to propose amendments, and we would stand by them. This was the understanding that was reached—that is, that the minister would negotiate with his counterpart in Transport and they would come up with something to propose by the time we got to Phase II.

Now Phase II has come and there were two proposals, neither one of which was satisfactory to your committee or to the witnesses. I shall read one of them to you, and I think you will see how it just had to be unsatisfactory. This is the proposed section 3.3(1) of the National Transportation Act, which is presently before the House of Commons, and it is expected to deal with this problem. It says:

> The Governor in Council may, if he is satisfied after due consideration of the desirability of maintaining competition that an exemption as referred to in this subsection is necessary for greater efficiency or economy of transportation, by order with the approval of the Minister of Transport and the Minister of Consumer and Corporate Affairs and after the Director of Investigation and Research appointed under the Combines Investigation Act has been notified of the terms of the proposed order, exempt from the application of section 32 of the Combines Investigation Act any conduct that is imposed or required by an order or regulation made by the Commission that is specifically referred to in the order made pursuant to this subsection and that was made by the Commission for the fulfilment of a direction issued to it under section 3.2 of this Act.

You can see the weakness of this proposal is that you still have two departments of government involved. You have the Department of Transport which has the original basic authority to deal with the area of transport, which includes aeronautics and railways as well as other forms of transport. Now both ministers under this proposed legislation have a veto. The Minister of Consumer and Corporate Affairs, as if he had not enough to do under his own legislation, must consent, or there can be no exemption. A commission created under the National Transportation Act and charged with the duty of dealing with the operation of railways and air travel, can override those decisions or, at least, prevent them from being carried into effect and expose the regulated industry to a prosecution. The other thing that they have done in connection with the matter of regulated industries is to provide in two sections of Bill C-42 that the decision of the federal board or commission or agency is not appealable. But after you read down about seven or eight lines you then find an exception. The competition policy advocate, which is a new name under this bill for the Director of Investigation and Research, may intervene. The exception to the denial of any right of appeal from a decision of a federal board—which would be a board regulating an industry—is that the decision cannot be appealed except that the competition policy advocate may intervene. In another section of the bill he is given the right to intervene, I would say, generally—that is, on any matter.

● (1530)

It is very curious when you realize that the wording is:

> The Competition Policy Advocate, at the request of any federal board, commission or other agency, or on his own initiative, may, and on direction from the Minister shall, intervene in any matter before such a board, commission or other agency for the purpose of making representations in respect of any aspect of the central purpose of Canadian public policy expressed in the preamble to this Act including the maintenance of competition and the efficient allocation and utilization of resources whenever such representations are, in the opinion of the Competition Policy Advocate or the Minister, relevant to a matter before the board, commission or other agency, and to the factors that the board, commission or other agency is entitled to take into consideration in determining such matter.

That is really a free pass to the competition policy advocate to move in on any hearing before any such federal board.

If honourable senators read the preamble to Bill C-42, they will see that it is quite broad in the way in which it theorizes on the economic and social considerations. Then, having intervened, the competition policy advocate has all the authority that an aggrieved person would have in the conduct of proceedings, in the examination of witnesses, calling of witnesses, arranging for the production of documents, and cross-examination of witnesses.

So the IATA people filed a brief this time, as they did on the earlier occasion, complaining, as one could well understand, that these provisions do not solve anything. They still leave the situation where there is a contest between two departments of government, and unless they both agree that an exemption should exist in a particular case, then there is no exemption and there can be a prosecution of the party who appeared before the commission and received an approval and attempted to carry it out. Such a party could be prosecuted under the Combines Investigation Act.

It is very unsatisfactory to leave that kind of confusion. While the minister thought his department had dealt with that particular matter back in December 1975, obviously the only way they have dealt with it is by studying the situation in their own light and still trying to keep a hand in the operations. Any federal board, commission or agency which has this kind of power may be supervised in that form, I would suggest, the advocate being a court of appeal because he decides; he is the one who starts the machinery going.

I hope that honourable senators will not become concerned that I am engaging in a detailed discussion. However, there is one matter which I believe will be of interest. First, I must explain what we did in our report with respect to the Skeoch-McDonald Commission. They were commissioned to write a report which is entitled "Dynamic Change and Accountability in the Canadian Market Economy." When the minister was presenting his bill, he indicated that it reflected the policy indicated in the Skeoch-McDonald Report. At page 4 of our report, we say:

> Your Committee's view is, and its study of the Bill indicates, that most of the thrust of the recommendations of the Economic Council and of Skeoch-McDonald started and ended with the preamble and very little has been carried over into the body of Phase 2 of the Combines Act (now the Competition Act).

We then say:

> At a time when the Canadian economy is anything but robust, it appears to your Committee that most of the substantive changes proposed in the legislation are diametrically opposed to the generally accepted idea of a free market economy and are therefore ill-conceived and badly timed.

In the second column on page 4 of the report we say:

> —your Committee regrets that the recommendations of the Skeoch-McDonald Report, specially commissioned by the government as the basis for the proposed Bill, were not more closely followed.

The aftermath of that I will now explain to honourable senators. This morning I received by special despatch a letter from Dr. Skeoch enclosing a statement entitled "Statement by Dr. L. A. Skeoch on the Dynamic Change Report and Bill C-42." I do not propose to refer to or tender this document because it does not have relevancy as a document. It does not have the proper foundation. The letter was addressed to me and is dated July 11, so it was written after we had written our report indicating the way we felt, that C-42 did not reflect the provisions of the Skeoch-McDonald Report. This letter is addressed to "The Chairman, The Banking Committee, The Senate of Canada, Ottawa, Canada," and it reads:

> Dear Mr. Chairman;
>
> As the person principally responsible for preparing the report of the Independent Committee on Phase II of the combines legislation, I am very much concerned about the policies incorporated in Bill C-42 which claims to embody the approach and substance of that report.
>
> In the attached statement, I review the major elements of Bill C-42 which conflict in a fundamental way with the recommendations of the report.
>
> Bill C-42, in my judgment, requires substantial revision.
>
> Yours sincerely,
>
> Lawrence A. Skeoch.

It is interesting that your committee reached a conclusion independently, after studying the bill and the Skeoch-McDonald report, that the bill did not reflect fundamentally the recommendations of the Skeoch-McDonald report.

This brings me to another subject to which I would like to call the attention of honourable senators. It is with reference to a provision in Bill C-42 concerning what is called "Joint Monopolization." If that is not a long-enough phrase, and if you would like me to paraphrase it, it has been referred to as "conscious parallelism." That may not be very much more helpful. It means that if a number of concerns in the same industry have closely matched plans, terms and pricing, then they are engaging in what is called "conscious parallelism," and it is an offence.

The bill says that if those facts that I related are assured, then that is evidence that an offence exists. Another section of the bill says that in those circumstances, even if there is no evidence of mutual arrangement or agreement, it is still an offence. In other words, part of an industry might be in Winnipeg, another part in Toronto, and another part in Halifax, and if they meet those conditions there is conscious parallelism—joint monopolization. It might be just the nature of the industry, and you could not have a different price from what a competitor had, and you met that price without any consultation, but the fact that you met that price—the close matching conduct, et cetera—is evidence that that kind of offence exists. Even if there is no evidence to prove that you ever got together, or that there was a mutual arrangement, agreement or understanding, it is still an offence, and you can still be prosecuted under the bill.

● (1540)

The only reason I mention it in this connection is that I wonder how close the committee and Dr. Skeoch got in arriving at the same conclusions as to the reflections of the recommendations of the Skeoch-McDonald report on Bill C-42 with regard to whether this is a kind of conscious parallelism. Moreover, it does not appear to be covered by the provisions of this clause of the bill.

There are a number of other clauses that certainly could be called highlights of the bill. For instance, there is the appeal clause, or the lack of appeal clause. You have a competition board, which used to be the old Restrictive Trade Practices Commission, and their authority has been greatly enlarged. This is the body to which the competition policy advocate can refer practically every kind of business and property right, on some basis or other, under the bill. This commission can make an order dealing with the parties and dealing with the nature of the contents of the application. They can make orders extending even to an order of divestiture, and there is no right of appeal. The only place, therefore, that a party can look to for any opportunity of appealing is section 28 of the Federal Court Act. That is so limited as to be almost useless as a weapon of attack, because the circumstances under which you

are given an appeal from an order of a federal board, et cetera, are very narrow.

We have recommended that there should be a right of appeal to the Federal Court on a question of fact, where there is manifest error, and on a question of law. We have also recommended that there should be a right of appeal to the Governor in Council, either by action of the Governor in Council to modify in the public interest a decision of this competition board, or that the party affected should be able to go to the Governor in Council. In this way the party affected by an order of the competition board would have two avenues of approach by way of appeal. There is a long rationalization in the background material for Bill C-42 which justifies, or attempts to justify, the failure to provide any right of appeal. It was not felt that this is desirable in matters involving these economic provisions.

While there are a number of other items dealing with mergers and monopolies, our report on those subjects is very clear. There is a new feature, a classification, which I think I should tell you something about. It will not take very long.

There is a provision in the bill under which a person or a group of persons who have been affected by an action of some company or firm, and have suffered damage, may start an action. It is called a class action for damages. They can start that action in the court where they reside. Then, having started the action and made the other people who are in the same position parties, constituting a class, before they can go any further they have to go back to the court and have the court approve, and give authority for, the maintenance of that action. There are then provisions for carrying the action along and as to how the court may deal with it.

There is this new provision in the bill, that if the court refuses to give the order then these people who have started an action, as a class, for damages cannot go ahead. In those circumstances, the competition policy advocate can pick up the reins, or whatever you may wish to call the right of action, and he can carry on the action. Any proceeds on realization must be paid into the Consolidated Revenue Fund.

Early in the course of our meetings we heard evidence as to class actions in the United States. It has been a very unsatisfactory situation there. We had some opinion evidence from attorneys in the United States. Usually, if there are quite a number of people who belong to the class, each must be served with a notice—if it is reasonably possible to give each a notice—that he or she has been named as a party plaintiff. If they have been served, they have a period of time within which they can opt out. If they do not opt out, then the action goes ahead with them as parties. Many of them do not even know that they are parties, but there comes a day of reckoning when there is a judgment, if a judgment is secured. Then there is the question of the allocation among the various plaintiffs of whatever the amount of the judgment is. Certainly the evidence we had was that such actions were a fruitful source of revenue for the attorneys, but for the parties to the action, if they are very numerous, the division might be in the order of $10, $20 or something of that kind. There is no obligation on the plaintiffs, if the action fails, to pay the costs. There is no provision against the possible vexatious nature of the action, where a defendant could require that security for costs be put up.

● (1550)

So this is really an attempt to ape the procedures in the United States. Those procedures have been very unsatisfactory, and they have recently adopted something similar to the proposed procedure here, in which the advocate can move in and take over the action. However, it has been a fruitful source of revenue for some of the attorneys, but it has not been a fruitful source of revenue for the plaintiffs when the action has gone to trial. The hidden weapon in all this is the ability to make settlements, because if those who sue for damages in class actions are numerous then the defendants are faced with an interminable course of litigation and are fair game for bargaining with the attorneys. The evidence shows that the general procedure has been by way of the bargaining process, and attempting to get rid of the action and pay the least money by way of settlement.

The committee recommends that those provisions be deleted. This would not deprive a person in a class which has been adversely affected from maintaining an action on his own behalf, and it would not prevent a series of people in a class from taking action separately, obtaining an order of consolidation, and having all cases tried at the same time. So it is not, in the opinion of the members of the committee, a vital matter so far as the proper administration of the provisions of the Competition Bill are concerned.

I had noted a number of other points which are highlights, but they are clearly developed in the report. They concern such matters as mergers and monopolies. I have told you about joint monopolization. There is also industrial intellectual property. For instance, there is a compulsory licensing system proposed in connection with trade marks. On the evidence we received, this is really a fantastic thing, because a trade mark is adopted by a person as a label for his own goods in order that customers who wish to purchase those goods know that if that label is attached they are obtaining the goods they desire. However, to have a compulsory licensing system in connection with the trade mark is just contrary to the whole principle of trade mark legislation.

I could develop other aspects of this report, but I do not believe it to be necessary. I think it is fair reading, and there is a reasonable continuity in it. If any questions should develop, of course, I am prepared to deal with them. In any event, I will end my calling your attention to this report. We have been told by the minister that we can expect a new bill in the fall. It is to be hoped that this report will assist in many directions in the preparation of the new bill, and all we can do is wait.

Senator Ewasew: Honourable senators, I would like to direct a question to Senator Hayden.

I hesitate to question him on a matter of law of this nature because of his obvious expertise, but where I come from—the jurisdiction of Quebec—we do not have such a proceeding in

the Code of Civil Procedure as a class action. We have always adopted a common law approach on this, because it cuts down on the multiplicity of actions in a certain class. Perhaps I misunderstood what the honourable senator said but, being an attorney, it kind of ruffled me a little, because I cannot see how an attorney benefits that much from a class action. He would benefit much more in a situation in which there were no class action. In my jurisdiction, 100 different people would have to sue in 100 different situations in the same class, whereas in the common law provinces, as I understand it, one person can take that action on behalf of the remainder in the same class. It not only saves legal fees; it cuts down on all the other costs such as court costs, and saves a tremendous amount of court time.

As I said earlier, being a junior senator I am rather reticent about putting a question of this nature to Senator Hayden, but I just do not understand why he said that this thing that is being abolished was really for the benefit of the attorneys. Basically, I cannot see it.

Senator Hayden: First of all, senator, we are not abolishing anything. All we are doing is recommending that the provision be deleted.

Senator Ewasew: You are recommending that the provision be deleted?

Senator Hayden: Yes.

Senator Ewasew: But do you think that is wise?

Senator Hayden: Yes. I will answer your second question. When I was telling you about attorneys, I was referring to the history in the United States of proceedings of this type, where the real benefit has been to the attorney and not to the masses of people who become joined in a class action.

Senator Ewasew: But, Senator Hayden, the United States is a jurisdiction in which we hear of judgments amounting to $1 million in actions for personal injury. Let us consider the situation of the CFI Pulp and Paper Corporation in Manitoba, in which the litigation was taken to the point at which a great deal of money could be saved by virtue of this vehicle in the common law known as a class action. All the creditors joined with one person suing. I wonder, with all due respect to you, whether you are correct in that recommendation?

Senator Hayden: My friend is entitled to his own opinion. I was explaining the bill and the report. The report is a consensus as far as the members of the committee are concerned. It may be that my friend has missed something of what I said, which was that class actions of the kind provided for in Bill C-42 are new. These class actions could be continued even when the original plaintiffs are refused an order permitting them to proceed by the court. There are grounds in this bill on which the judge could refuse to give a consent to the continuance of the class action. At that stage the competition policy advocate could move in and take over the conduct of the action. There is an entirely different principle involved there, which has, in effect, the government stepping in on behalf of the plaintiffs in a class action who are debarred, by a refusal of the court to give them an order to continue their action, from proceeding any further. I say the process of the court should not be used in a manner where the government moves in and takes sides.

• (1600)

When I said that the only people who benefit from class actions are attorneys, I was talking about the United States. That was the evidence we had before us.

Senator Ewasew: In fairness—

Senator Grosart: Order!

Senator Ewasew: In fairness to the attorneys in Canada, sir, may I object?

Some Hon. Senators: Order!

Senator Ewasew: It is not really fair to make that statement because in this country we do not have that situation, except in the common law provinces where it has been really conservatively used, and has been to the benefit of the litigants and certainly not to the benefit of the attorneys.

Senator Greene: Would the honourable senator permit me a question?

Senator Flynn: Which honourable senator?

Senator Hayden: Yes, go ahead.

Senator Greene: I was much impressed with the fact that two of the most powerful economies of the world that I have personally had the opportunity of observing, Japan and the EEC, have, staying narrowly within the ambit of the GATT and such international agreements , made their rules internally so that they could be competitive in world markets. I would be interested to hear from Senator Hayden, the one who is probably more capable of answering this question than any man in Parliament, the answer to the question of whether or not Bill C-42 in its purport would make it more difficult rather than easier for our manufacturers to be truly competitive against such economies as the EEC and Japan. Would it affect them in such a way that they could be most competitive in world markets?

Sometimes I feel that perhaps our rules have been geared to the American example, where the market of American manufacturers was domestic, and therefore they were in the quandary of making governmental rules for the protection of the consumer as well as for regulating the producer. Would this bill make it more difficult for us to compete against Japan and the EEC in world markets? It may be that in times like this, in order to be able to compete in world markets, we should make more co-operation from our industrial producers possible rather than make it more restrictive for them to co-operate.

Senator Hayden: I can tell my friend that the briefs which were filed by substantial interested parties indicated that they were very much concerned as to what would happen in their operations outside Canada if the full force or impact of this bill on that point was given effect. We did not go further than that because of time limitations, and because we knew we would have another chance to consider the bill. We made that

point in our report. Depending on the pressures, this would appear to be a fertile area for deep study, but you have to remember that there is at least as deep study required, perhaps more so, on the extent of the restrictions in the domestic market.

Senator Deschatelets: Would Senator Hayden answer one brief question? He referred in his remarks to a new type of offence in the bill—conscious parallelism.

Senator Hayden: Yes.

Senator Deschatelets: It seems to me incredible that companies in the same industry could be found guilty of an offence without in fact having either directly or indirectly come to an agreement on pricing, for example. Did I understand correctly that you are recommending that those provisions be deleted?

Senator Hayden: Yes.

Senator Deschatelets: Could you tell me if the offence of conscious parallelism is something new, or does it exist elsewhere in the world?

Senator Hayden: Monopoly is, of course, an offence. Joint monopolization, which is an extension of the doctrine of monopoly, can be paraphrased as conscious parallelism. I have told you what conscious parallelism is. Let me elaborate. If a number of firms or companies are closely matched in their operations—for instance, they have the same price—then that is an example of conscious parallelism. There are many other ways listed in the bill, however, such as restricting entry into the market. That would be another form of conscious parallelism. But the bill goes on to say that if the facts which constitute conscious parallelism exist, then that is the offence, and even if that situation exists without there having been any mutual agreement or arrangement or conduct which would point to its being deliberately done, nevertheless that constitutes the offence and you can be proceeded against. It is extraordinary.

I see a startled expression on your face, Senator Deschatelets. I, too, was startled the first time I read this. It is fantastic.

Senator Deschatelets: Do you mean that this even creates a presumption of guilt, and you cannot remove that guilt by showing your good faith. Is that what you mean?

Senator Hayden: When you say "creates a presumption of guilt," I am not sure that that is a happy expression to describe it.

Senator McIlraith: It creates the offence.

Senator Hayden: Let us assume I am in the business of manufacturing a particular product and there are other people manufacturing the same product. My product is no better than theirs, and there is a market for the product in Canada. Let us assume that the product is of such a kind that it has no special quality when I produce it as against when Joe Doakes produces it. I know that if he lowers the price and I do not, he will get the business, but according to this legislation I have to sit back and wait until he runs out of the product. On the other hand, perhaps I cannot afford to do that and therefore I lower my price. That is then a case of conscious parallelism.

You can shake your head, senator, as I shook mine many times after having a good look at this, but we dealt with it in the way it should be dealt with. We recommended that it be deleted.

● (1610)

Senator Greene: May I ask a supplementary question? Does it abrogate the time-honoured doctrine of *mens rea* from our quasi-criminal law?

Senator Hayden: The honourable senator is asking me for my opinion, which is that in many aspects it does. In other words, you have absolute offences.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See page 1146)

COMPETITION POLICY

INTERIM REPORT

OF THE

STANDING SENATE COMMITTEE

ON BANKING, TRADE AND COMMERCE

ON

THE SUBJECT-MATTER OF

BILL C-42,

AN ACT TO AMEND THE COMBINES INVESTIGATION ACT AND TO AMEND THE BANK ACT AND OTHER ACTS IN RELATION THERETO OR IN CONSEQUENCE THEREOF

COMPETITION POLICY

Interim Report
of the Standing Senate Committee
on Banking, Trade and Commerce

CONTENTS

I Introduction
II General Observations
III Matters Arising out of Phase I
IV Summary of Recommendations
V Regulated Trades, Industries and Professions
VI Regulated Conduct
VII Representations to Regulatory Agencies—Preamble
VIII Appeals
IX Mergers
X Joint Ventures
XI Monopolies
XII Joint Monopolization
XIII Specialization Agreements
XIV Price Discrimination
XV Preliminary Applications
XVI Systematic Delivered Pricing
XVII Interlocking Management
XVIII Class Actions
XIX Interim Injunctions
XX Solicitor-Client Privilege
XXI Industrial and Intellectual Property

Appendix —Appearances before Committee

INTERIM REPORT
OF THE STANDING SENATE COMMITTEE
ON BANKING, TRADE AND COMMERCE

I INTRODUCTION

The Standing Senate Committee on Banking, Trade and Commerce, which was authorized to examine and report upon the subject matter of Bill C-42 entitled: "An Act to amend the Combines Investigation Act and to amend the Bank Act and other Acts in relation thereto or in consequence thereof", has, in obedience to the Order of Reference of May 4, 1977, examined the said matter and now reports thereon.

In connection with its study your Committee had the benefit of the services and expert assistance of Mr. John F. Lewis, C.A. of Thorne, Riddell & Co., Chartered Accountants, adviser to the Committee, and retained its legal counsel, Mr. Robert J. Cowling, of Ogilvy, Montgomery, Renault, Clarke, Kirkpatrick, Hannon & Howard.

Competition policy in Canada has been under active review for over ten years. Believing that the existing law was deficient in a number of respects, the Government of the day in July 1966 requested the Economic Council of Canada, amongst other things, to, "study and advise regarding ... combines, mergers, monopolies and restraint of trade."[1]

Following the Council's Report, in 1971 the Government introduced Bill C-256, entitled "An Act to promote competition, to provide for the general regulation of trade and commerce, to promote honest and fair dealing, to establish a Competitive Practices Tribunal and the Office of Commissioner, to repeal the Combines Investigation Act and to make consequential amendments to the *Bank Act*." However, Bill C-256 was withdrawn shortly after its introduction by the Minister, the Honourable Ron Basford, who stated that he would prefer to view the Bill as a white paper on competition policy for discussion purposes and present another Bill at a later date. Possibly in view of the anxiety which Bill C-256 had caused in the business community, the Government decided to introduce further legislation in two stages and by way of amendment to rather than replacement of the *Combines Investigation Act*. Bill C-227, representing Phase I, was introduced in November, 1973; however, owing to interruption of consideration of that and an identical successor bill (C-7) resulting from dissolutions of Parliament, the legislation, in moderately amended form, was not adopted until December, 1975 as Bill C-2. Your Committee examined both the subject matter of those Bills in advance of Bill C-2 coming before the Senate and the Bill itself; reference is made to its Reports in that connection.[2]

In early 1975, the Minister of Consumer and Corporate Affairs requested an independent committee from the private sector to make recommendations with respect to Phase II which was to deal primarily with the provisions on mergers and monopolies. That committee's report, entitled "Dynamic Change and Accountability in a Canadian Market Economy"[3] was submitted in March 1976.

For a more complete history of developments leading up to amendments to the Act, reference is made to "Proposals for a new Competition Policy for Canada-Second Stage", March 1977, Department of Consumer and Corporate Affairs.[4]

Phase II of the amendments was introduced in the House of Commons by the present Minister of Consumer and Corporate Affairs, the Honourable A. C. Abbott, on March 16, 1977. The Bill, however, was almost immediately withdrawn although the subject matter thereof was referred to the Standing Commons Committee on Finance, Trade and Economic Affairs. [5]. This procedure indicates that the Government concedes that amendments to the Bill may be desirable and that the representations made before Parliamentary Committees studying the subject matter will be of assistance to the Government in preparing a fresh Bill for introduction at the next session.

To date twenty-six briefs have been received from various parties and associations and eight have appeared at the eight hearings which your Committee has held[6], in addition to meetings held for discussion purposes.

II GENERAL OBSERVATIONS

In its study of Bill C-42 your Committee has considered the "Background and Rationale of the Proposed Legislation" as outlined in the booklet published by the Department of Consumer and Corporate Affairs entitled "Proposals for a New Competition Policy for Canada—Second Stage".

In connection with the Preamble to Bill C-42, the above Rationale refers to the Economic Council and the Skeoch-McDonald Report as follows:

"The Council stated:

'It will be a recurrent theme of this Report that Canadian competition policy should aim primarily at

[1] "Interim Report on Competition Policy", Economic Council of Canada, July 1969, p. 1.

[2] Interim Report, Committee Proceedings Issue No. 33 and Appendix to Hansard, March 19, 1975; Second Interim Report, Committee Proceedings Issue No. 47 and Appendix to Hansard, June 26, 1975; and Report, Committee Proceedings Issue No. 70 and Appendix to Hansard, December 10, 1975.

[3] Often referred to as the "Skeoch-McDonald Report".

[4] At pp. 1-6.

[5] See Official Reports, House of Commons, March 25, 1977.

[6] See Appendix A.

bringing about more efficient performance by the economy as a whole. Competition should not itself be the objective but rather the most single means by which efficiency is achieved.'

"The language of the Skeoch-McDonald Report was different but its thrust was much the same. For them the question was how to facilitate the essential process of economic change. With the caveat that concentration must be permitted where necessary for the achievement of real-cost economies, they called for a market economy 'in which the dynamic variables are kept free with a fairly freely functioning price system.'

"Those ideas of the Economic Council and Skeoch-McDonald have met with a very wide measure of public acceptance in Canada, and their influence on the wording of the preamble is apparent."

Your Committee's view is, and its study of the Bill indicates, that most of the thrust of the recommendations of the Economic Council and of Skeoch-McDonald started and ended with the preamble and very little has been carried over into the body of Phase II of the Combines Act (now the Competition Act).

The booklet and the preamble purport to advance the cause of a free market policy, but the impression gained by your Committee and by those witnesses who appeared before us is that the drafters of the Bill were using completely different guidelines.

At a time when the Canadian economy is anything but robust, it appears to your Committee that most of the substantive changes proposed in the legislation are diametrically opposed to the generally accepted idea of a free market economy and are therefore ill-conceived and badly timed.

In the guise of enhancing competition in the market-place as a better means of achieving economic efficiency that detailed public regulation would be, Bill C-42 in fact provides stricter regulation over mergers, cartels and monopolies through their legitimation. Through a broadening of the definition of mergers, Bill C-42 also sweeps into the control and overview of the Competition Policy Advocate practically every acquisition of property and shares of every business in Canada either by acquisition, lease, amalgamation or establishment of a joint venture. The Competition Board will have the authority to make the most detailed regulation of every business in Canada. It might well be said, in the view of your Committee, that the Bill is the cornerstone of a comprehensively government-planned economy.

The proposed creation of a new situation into which individual businesses will fall entitled "joint monopolization" provides a further enlargement of the control net of the Competition Board.

It appears to your Committee that some effort has been made to rationalize or promote efficiency and cost reduction by permitting Specialization Agreements under certain controlled conditions such as advance approval and registration of agreements subject to a limited period. However, even these conditions appear to your Committee to be over-restrictive.

Your Committee notes from the Preamble to Bill C-42 that one of the basic conditions requisite to the achievement of the central purpose of Canadian public policy is the "creation and maintenance of a flexible, adaptable and dynamic Canadian economy that (among other things) will protect freedom of economic opportunity and choice by discouraging unnecessary concentration and the predatory exercise of economic power and by reducing the need for detailed public regulation of economic activity."

Your Committee, as a result of its study of Bill C-42, is not convinced that the objectives in the preamble have been conscientiously attempted by the drafters. As will be indicated later in this report, your Committee regrets that the recommendations of the Skeoch-McDonald Report, specially commissioned by the Government as the basis for the proposed Bill, were not more closely followed.

III MATTERS ARISING OUT OF PHASE I

In commenting on Phase I, your Committee resisted recommending amendments in a number of areas, principally the question of providing an effective right of appeal from decisions of the Restrictive Trade Practices Commission (RPTC) (to be renamed "the Competition Board") in the knowledge that Phase II would be following shortly and that it was likely that more appropriate amendments could be developed in the light of the further modifications to the Act resulting from Phase II.

In other areas, your Committee in its report on Phase I was content to abstain from recommending amendments on the strength of undertakings given by the then Minister of Consumer and Corporate Affairs, the Honourable André Ouellette, that amendments meeting your Committee's concern would be included with the other amendments comprising the Phase II package. In this category fall the provisions dealing with uniformity of expression of the punishment provisions and provisions exempting regulated trades, industries and professions from application of the Act. Another area which the Minister indicated he might be reviewing in Phase II was the conscious non-application in Phase I of exemptions for dealings between affiliated companies in relation to the price discrimination provisions.[6] Your Committee points out, however, that the difficulty concerning your Committee in this regard was not dealt with in any way in Bill C-42.

Your Committee notes with satisfaction that its recommendations as to the penalty provisions were fully reflected in Bill C-42.[7]

As to your Committee's recommendations with respect to the exemption of regulated trades, etc., the Government has

[6] See report of Standing Committee on Banking, Trade and Commerce, Appendix to Senate Debates, December 10, 1975, p. 1590.

[7] See Schedule to the Bill, pp. 72-73

done two things. Firstly, a new section 3.3 of the *National Transportation Act* has been proposed in Bill C-33, being an Act to amend that Act, which is presently before the House of Commons.[8] This provision would deal with the transportation industry. Secondly, new sections 4.5 and 4.6 of the *Competition Act* would be added by Bill C-42 dealing with regulated trades, industries and professions in general.

Your Committee regrets that in its opinion neither of these proposals goes sufficiently far in overcoming the difficulties outlined by your Committee which will result from the conflicts between the *Competition Act* and legislation, either federal or provincial, regulating trades, industries and professions.

The reasons for your Committee's concern are set out in detail in its Report on Bill C-2 (1975), which we quote here in part:[9]

> "Since in many cases it may not be up to or within the power of the particular industry, trade or profession to affect the manner in which such bodies exercise their legislative powers, your Committee considers that they may well be placed in an untenable position if the *Combines Investigation Act* is applied blindly to them.
>
> "The case of the air transport industry in Canada is particularly striking in this regard. Because of the nature of its activities, there has always been a high degree of cooperation amongst the various companies in the industry. This cooperation has been, in some cases, required and in other cases simply encouraged by the Government. For example, the Government of Canada has many agreements with other countries respecting air transportation which provide as follows:
>
> > 'The tariffs referred to in paragraph (1) in this Article shall, if possible, be agreed in respect of each route between the designated airlines of the contracting parties, in consultation with other airlines operating over the whole or part of that route, and such agreement shall, where possible, be reached through the rate-fixing machinery of the International Air Transport Association. The tariffs so agreed shall be subject to the approval of the aeronautical authorities of both contracting parties.'
>
> "It is true that the tariffs which result from such agreements must be filed with the Canadian Transport Commission but the question remains as to whether this process is a sufficient 'regulation' to bring the carriers within the exempting formula contained in the judgment of Chief Justice McRuer in the *Breweries* case. Moreover, there may be other aspects of the air transport industry on which it has been the practice to have agreements and arrangements, with the encouragement of the Department of Transport and the Canadian Transport Commission, in respect of which the powers of supervision of the Canadian Transport Commission are not as precise as they are in the case of tariffs."

Later in this Report under "REGULATED CONDUCT" your Committee discusses at further length the problems concerning regulated industries created by the proposed amendments contemplated by Bill C-42.

IV SUMMARY OF RECOMMENDATIONS

While your Committee is anxious that its concerns be reflected in the fresh Bill to be introduced at the next session, and that it is therefore important to record its views at the earliest possible opportunity, time has not permitted the preparation of specific drafting recommendations. Rather, your Committee has concluded that it should indicate its concerns in a general way, reserving the right to make a more complete report at a later date.

From the briefs and submissions made to your Committee as well as its own appreciation of the Bill, your Committee has regretfully concluded that there is hardly a provision in the Bill which does not warrant serious reconsideration either from the policy or the drafting point of view and in many cases, both. The Committee is not aware of any representations to the effect that the Bill does not go far enough in dealing with anti-competitive practices. Your Committee deplores the tendency in much recent legislation, of which Bill C-42 is an example, to be over-reaching with relief being available only through discretionary exception. The fact that there have been few prosecutions under the merger and monopoly sections of the existing legislation is not a complete answer as to why changes as sweeping as proposed in Bill C-42 are necessary. In your Committee's opinion the amendments contained in the proposed Bill are not sufficiently addressed to the merits and desirability of change and too much to administrative convenience. It is regrettable that the recommendations of the Skeoch-McDonald Report, specially commissioned by the Government as the basis for the proposed Bill, were not more closely followed. Your Committee finds unacceptable the suggestion sometimes made that while certain conduct in certain circumstances may technically be prohibited by provisions of the Bill, it would not be the intention to attack such conduct. Understandably, such assurances are unlikely to be of much comfort

---

[8] 3.3(1) The Governor in Council may, if he is satisfied after due consideration of the desirability of maintaining competition that an exemption as referred to in this subsection is necessary for greater efficiency or economy of transportation, by order with the approval of the Minister of Transport and the Minister of Consumer and Corporate Affairs and after the Director of Investigation and Research appointed under the *Combines Investigation Act* has been notified of the terms of the proposed order, exempt from the application of section 32 of the Combines Investigation Act any conduct that is imposed or required by an order or regulation made by the Commission that is specifically referred to in the order made pursuant to this subsection and that was made by the Commission for the fulfilment of a direction issued to it under section 3.2 of this Act.

(2) In any prosecution under subsection 32(1) of the Combines Investigation Act, the court shall not convict an accused if the conduct that is in question in the prosecution is conduct that is exempted from the application of section 32 of that Act by an order made pursuant to subsection (1).

[9] See report of Standing Committee on Banking, Trade and Commerce, Appendix to Senate Debates, December 10, 1975, pp. 1590-1593.

to those placed in the position of making decisions which affect the economic welfare of the country. Your Committee is concerned that this cloud of uncertainty will contribute to economic stagnation with detrimental material and social consequences for all.

While the following should not be taken as an exhaustive list, your Committee is particularly concerned with the following matters:

V REGULATED TRADES, INDUSTRIES AND PROFESSIONS

As indicated above, this subject continues to be of major concern to your Committee. It continues to believe firmly, as indicated in previous reports on Phase I, that competition legislation should not be used as a means of policing the effectiveness of specialized regulatory agencies which have largely been set up in the first place to control situations where monopolistic tendencies may exist. Supervision of the trades, industries and professions subject to these regulatory agencies should remain under the exclusive jurisdiction of such agencies without interference under competition legislation. It has been suggested that laws of general application, such as the *Competition Act*, may be more desirable than the kind of ad hoc regulation provided under special legislation. The difficulty is that the proposed competition legislation is itself becoming more regulatory in its approach with the result that, rather than eliminating regulation, another layer of regulation has been added to be administered by a body without the specialized knowledge required for an understanding of the problems of the trades, industries and professions concerned.

Your Committee therefore recommends that the definition of "regulated conduct" in proposed new section 4.5 be amended so as to provide that any conduct authorized by a "public agency" by or pursuant to an Act of Parliament or of the legislature of a province or which is subject to review by such an agency and the agency has not disapproved it within the time limits, if any, provided in the law in question should be exempt from application of the *Competition Act*.

In so far as the transportation industry is concerned, particularly the air transport industry, which made submissions to your Committee through industry associations both in Phase I and Phase II, it may be necessary, for complete certainty, to amend the special legislation applicable to it in order to ensure that certain of its long standing practices, which clearly cannot be abruptly terminated and possibly should not be terminated at all, will be placed under the exclusive jurisdiction of the Canadian Transport Commission to ensure freedom from interference under the *Competition Act*.

VI REGULATED CONDUCT

"Regulated Conduct" is defined in the Bill in Section 4.5(2) and such regulated conduct is exempted under proposed Subsection 4.5(1).

As stated earlier Bill C-33 which proposed an amendment Section 3.3(1) to the *National Transportation Act* and the *Department of Transport Act* in the opinion of your Committee would not overcome the conflicts between the Competition Act and regulating legislation in regulated industries. Proposed Section 4.5 of Bill C-42 would tend to add further confusion. In addition, reference in proposed Section 27(1) of Bill C-42 to the preamble, as discussed later in this Report under "Preamble" would, in the opinion of your Committee, add confusion to confusion.

Representation has been made to your Committee that enactment of subsection 4.5(2) which defines "regulated conduct" would result in a most distressing environment of uncertainty, confusion and potential litigation insofar as regulated industries, in particular those which are closely regulated as public untilities, are concerned. This is because parties who are subject to and have acted in accordance with orders or regulations of a regulatory body established under federal or provincial legislation might subsequently find that they are in jeopardy because a court might substitute its own judgment for that of the regulatory agency.

In the opinion of your Committee, this proposed Subsection 4.5(2) of the Bill would throw confusion into all regulated industry both for the industry and for the regulatory body. The effect of the amendment would be that every decision of the regulatory body or bodies to whose jurisdiction the company or industry are subject could be open to attack on the grounds that the objectives of the regulatory legislation could have been accomplished in some other way.

A typical example would be a transmission pipeline company which is subject at one and the same time to the *National Energy Board Act, the National Transportation Act, the Petroleum Administration Act, the Alberta Natural Gas Pricing Agreement Act, the Alberta Energy Resources Conservation Board Act* and other legislation to which it may be subject. Most large pipeline companies are subject to regulation in virtually every aspect of their operations. Because of the nature of a pipeline and because of the effects of regulation, in most of their operations they are monopolies or in other respects they may operate in a non-competitive environment.

If there is anything in the authority given to the Canadian Transport Commission which does not extend far enough in the public interest, then the National Transportation Act should provide such additional authority. If the National Transportation Act in its provisions lacks authority to give full power to the Canadian Transport Commission, that Act should be amended so that it may be enabled to give all necessary authority for the protection of the public interest by the Canadian Transport Commission. In the air transport industry this should also be the case.

Your Committee must assume that in the transportation industry the Canadian Transport Commission has the necessary knowledge and expertise to perform its duties in the public interest more so than can be expected from the proposed Competition Board to be set up under the terms of this Bill.

VII REPRESENTATIONS TO REGULATORY AGENCIES—PREAMBLE

Proposed Section 27.1(1) provides for intervention by the Competition Policy Advocate in any matter before any federal board, commission or other agency for the purpose of making representations in respect of any aspect of the central purpose of Canadian public policy expressed in the preamble to the Competition Act. Representations have been made to your Committee that there are inconsistencies and confusion between the provisions of Section 4.6 and Section 27.1 as proposed by the Bill. Your Committee would go farther and would state that in this case confusion has been piled on top of confusion and that when one takes into account the other federal regulatory legislation which must be taken into account, that confusion is compounded further.

Some of this confusion and inconsistency is discussed in detail in the brief submitted by the Canadian Bar Association, pages 24 and 25, para. 54-56.

Apart from the reference to possible inter-departmental "warfare" made earlier in this report, your Committee also has particular concern about the proposed reference to and dependence on the scope and interpretation of the preamble itself.

The preamble is so general in scope, somewhat in the nature of a description of Canadian economic and social "motherhood", that the principle of the maintenance of competition appears to be completely subdued if not buried.

However, your Committee is of the opinion that the preamble, or any preamble for that matter, is not considered as part of the law but should only be looked at for purposes of clarification or removing ambiguity. Because of the many areas of ambiguity, confusion and lack of clarity in the Bill, some of which your Committee has noted in this report, it is apparent that there would be ample room under various Sections of the Bill to look at the preamble if this confusion is permitted to remain in the Bill as drafted.

In the opinion of your Committee, the right of the Competition Policy Advocate to intervene should be subject to the prior approval of a federal court judge after hearing all the parties concerned. The Competition Policy Advocate should not have a roving commission to appear on any matter that is before a regulatory board, commission or agency unless his representations are relevant to the matter before such body, and relate to the maintenance of competition. Otherwise, this would constitute a challenge to the regulatory body and the authority under which it is constituted and would be tantamount to interdepartmental "warfare', instituted by the Minister of Consumer and Corporate Affairs and the Competition Policy Advocate of that same department on the one hand and a challenge to the Ministers and department officials responsible under the particular regulatory legislation on the other hand.

Your Committee therefore recommends that Clause 18 of the Bill amending Section 27.1(1) be deleted and that the present Section 27.1(1), referring to making representations to and calling evidence "in respect of the maintenance of competition" remain unchanged.

VIII APPEALS

Your Committee's view at the Phase I stage that the matter of appeals from decisions of the Competition Board could be better considered at the Phase II stage is confirmed by the tremendous expansion of the powers of the Board proposed by Phase II. Your Committee considers that the relatively limited rights afforded in this connection by section 28 of the *Federal Court Act* are insufficient having regard to the important implication Board decisions will have for the economy. Your Committee also considers that an expanded right of appeal may go some distance in mitigating the feeling of uncertainty which will prevail in the business community at least during the early years of experience under the untested powers of a new Board with novel techniques at its disposal.

Your Committee reviewed a fairly wide range of suggestions as to the form which the appeal should take although all parties before it were unanimous in recommending that some right of appeal be given. Your Committee considers that a full right of appeal to the Federal Court of Appeal should be provided. As to the dangers of an appellate court being unequipped to deal with matters of factual expertise, your Committee considers that the well known, though unwritten rule universally observed by appellate tribunals to the effect that they should only intervene in matters of fact where there has been manifest error affords a sufficient safeguard against unwarranted interference with the findings of the Competition Board. The Director of Investigations and Research himself has suggested that the Judges of the Federal Court should develop a special expertise in competition matters.[10]

In addition to a full right of appeal, your Committee considers that there may be circumstances in which it is important for the Government to be able to modify a decision of the Board on the basis of a broader consideration than is permissible under the criteria spelled out in the Act. Your Committee therefore recommends that it be provided that the Governor in Council be given the right to modify decisions of the Board in the same manner as he may under, e.g., subsection 64(1) of the *National Transportation Act*.

IX MERGERS (new s. 31.71)

The Phase II proposal amendments, while removing mergers from the *per se* offence category, will, if not modified, give the Competition Advocate the right to have a large percentage of mergers in Canada reviewed by the Board with the possible consequence for the parties of a divestiture order. As many beneficial mergers may not proceed simply through fear of this drastic remedy being eventually applied, it is recommended that a party to a proposed merger be permitted to apply for a confidential binding advance ruling from the Board as to whether the proposed merger meets the criteria set out in the

[10] See Proceedings of the Committee, Issue No. 35, April 27, 1975, testimony of Mr. R. J. Bertrand speaking in relation to the jurisdiction of the Federal Court to try offences under the Act.

Act. Your Committee also recommends that a party receiving an adverse ruling be permitted to proceed with the merger, if he so chooses, reserving his right to put forward his case anew if subsequently brought before the Board by the Advocate. A limitation should be placed on the time within which the Advocate may seek to have the Board review an actual merger, commencing with the date of receipt of notice thereof.

Unless modifications are made either to the Bill or to the Foreign Investment Review Act, where the acquiring party is a non-eligible person under the latter Act, he may be required to go through duplicate screening procedures as effect on competition is a matter which must be taken into consideration by the Governor-in-Council in deciding whether or not to allow an investment under FIRA. These criteria should either be removed from FIRA in respect of mergers (acquisition of control) or some other procedure developed to avoid the anomaly of the Competition Board, in effect, sitting in review of an order of the Governor in Council made upon consideration of similar matters.

Turning now to the actual provisions of proposed section 31.71, the scheme of the proposal is that the Board only has jurisdiction if the merger lessens or is likely to lessen competition substantially and if (in the case of a horizontal merger only) the merger would result in the combined share of the parties following the merger exceeding 20 per cent of any market. If the Board finds it has jurisdiction, it "may" make an order of the kind described in subsection (3) and in determining whether or not an order should be made, it is directed to have regard to the "factors" set out in subsection (4). In any event, however, the Board may not make an order if it is satisfied that there is a high probability that the merger will bring about "substantial gains in efficiency . . . "

Your Committee considers that the jurisdictional test of "substantially lessening competition" is too vague and flexible to provide a meaningful threshold and that some such expression as "material impairment of competition" be considered. Your Committee also considers that the market share threshold which, it is to be noted, applies to "any market", is too low. It should be increased from 20 % to 40 % and instead of "any market" the percentage should be of any regional domestic market which itself accounts for more than 50 % of the total domestic business of any of the parties.

Expressions such as "as . . . the Board considers to be relevant" and "where it is satisfied" should be eliminated because they may frustrate the effectiveness of the full right of appeal which your Committee is recommending in that the appellate court may consider that it is bound by the findings of the Board where such language appears.

Your Committee considers that the overriding consideration provided in subsection (5) may not in the end be of much practical use because of the obvious difficulties an applicant will have in proving that there will be a high probability that the merger will bring about substantial gains in efficiency. Your Committee recommends that a test of "reasonable likelihood" should be substituted for "high probability".

X JOINT VENTURES

The definition of "merger" contained in proposed section 31.71 is broad enough to include joint ventures, or, consortia, as they are sometimes called. This will have the effect of discouraging many projects in Canada which, because of the magnitude of investment required, technological problems or other considerations, can only be accomplished by several or even all of the firms in a given industry combining on a cooperative basis. Your Committee recommends that an exemption be granted for joint ventures which meet these criteria. The exemption should apply notwithstanding that the parties may choose to operate the venture through a corporation the shares of which are owned by them.

Representations also have been made by various representatives of resource industries that the particular wording of Section 31.71 which defines mergers would include many forms of activities which have evolved in a natural way for the expeditious exploration, development, extraction and distribution of natural resources. These forms include joint ventures, joint bidding, "farm-out" and "farm-in" agreements, joint operating agreements, unitization ageements and common asset ownerships, most of which result from or are subject to direct government input and regulation.

The seriousness of the disruption of industry which would result from the application of the proposed amendment, it is claimed, is such as to prejudice and jeopardize the resource industries generally and the oil and gas exploration and development industry in particular. It is claimed that the inclusion of joint ventures within the scope of the merger provisions would introduce an air of uncertainty which detracts from the ability to carry on operations effectively; equally, it was represented to your Committee by the Canadian Petroleum Association in their brief on page iv of its summary, *the monopoly and joint monopolization sections of the Bill may effectively prohibit oil and gas exploration and production operations as presently carried out.*

At a time when the Minister of Energy is engaged in instituting incentives to promote development of new energy resources, it appears to your Committee that disruptive and unsettling legislation of the type contemplated by the amendments concerning mergers, joint ventures, monopolization and joint monopolization should not be considered by Parliament.

Your Committee recommends that adequate exemptions be provided for joint ventures in the resource industries in such a manner as would not discourage or disturb their further and continued development.

XI MONOPOLIES. (s. 33 and new s. 31.72)

The offence of carrying on a monopoly which is against the public interest would be retained by the Bill in much the same form as the existing law but a new reviewable practice of "monopolization" would be added.

As to the proposed new reviewable practice, your Committee recommends that the practice be defined in the context of abuse of dominant power, as was recommended in the Skeoch-

McDonald Report. An attempt at relief is made in the proposed provision by providing in subsection 31.71(4) that where behaviour having certain effects results *solely* from superior efficiency or economic performance of the monopoly, no order shall be made by the Board. Your Committee considers that this test will impose an impossible burden in most instances and that the "solely" concept should be eliminated. Your Committee considers that any provision similar to subparagraph 31.72(2)(a)(v), the "catchall" provision, should not be included. The four provisions under subsections 31.72(2)(a)(i) to (iv) should be adequate and the omnibus or basket subsection (v) should be deleted.

XII JOINT MONOPOLIZATION (new s. 31.73)

A new reviewable practice called "joint monopolization" is proposed by the Bill. It is in this provision that the notion of "conscious parallelism" has been introduced. While application of the provision is confined to "a small number of persons, not all of whom are affiliated . . . " who "achieve or seek to achieve substantial control . . . of a class or species of business", because of the nature of the Canadian economy the provision may affect many industries. All parties who appeared before your Committee were concerned about this new provision particularly because intent to harm does not appear to be an ingredient. If the parallel policies have certain effects, then the practice exists and is subject to orders by the Competition Board including divestiture. The provision is intended to apply even though the parallel policies were based on nothing more than a mutual recognition by the parties of their inter-dependence and that there was no agreement or arrangement between or among them. In other words, a perfectly natural situation achieved through innocent conduct may find itself in the inexorable grip of a criminal prohibition. The drafting of the provision is confusing in that it is only parallel conduct having the effects enumerated in paragraphs (a) to (f) which constitute the practice, yet these paragraphs themselves introduce matters which would be more properly included as ingredients of the offensive practice than as evidence of effects, e.g., predatory pricing, coercing competitors to avoid competitive behaviour and punishing competitors. In summary, your Committee believes that the practices described should only be subject to review or other legal action where harmful intent is involved and it would appear to your Committee that other provisions of the Act sufficiently cover the possible evils perceived. Your Committee therefore is of the opinion that this provision should be deleted entirely from the Bill. In any event, the omnibus or "catch-all" subsection 31.73(l)(f) should be deleted.

The remarks of your Committee under Joint Ventures concerning disruptive legislation of this type which is of particular concern to the resource industry should be noted.

It should also be noted that The Canadian Bankers' Association have indicated that chartered banks could be caught under the joint monopolization and parallel conduct provisions of this amendment to the Act if the banks were to implement the monetary policies indicated from time to time by the Bank of Canada. Your Committee is indeed concerned that there is a probability, even a possibility, that the monetary policy of our central bank could be frustrated by the Joint Monopolization amendment to the Act.

Your Committee therefore recommends, as noted above, that the Joint Monopolization Section (sec. 31.73) be deleted and in any event that chartered banks should be exempt from this type of over-reaching legislation.

XIII SPECIALIZATION AGREEMENT (new s. 31.76)

The provision regarding Specialization Agreements should be extended to include services as well as articles and the provision should be clarified to permit such agreements to apply on a regional basis and to either present or future production of the parties. It is also recommended that the maximum five-year term be extended to ten years and the term of ten years in the case of graduated reductions be extended to twenty years, or in both cases, such longer period as the Board may determine.

XIV PRICE DISCRIMINATION AND DIFFERENTIATION (para. 34(1)(a) and new s. 31.77)

It is difficult to understand why the scope of this provision is being expanded at the present time. The present provision is modelled on similar provisions in the Robinson-Patman Act in the United States enacted at a time when deflationary tendencies were threatening small business. In view of the tendency of prices today, it is to be wondered whether consideration should not be given to repealing the provision in Canada.

Your Committee recommends that the present provision in the form in which it is in the present Act be transferred from the criminal offence to the reviewable practices category but with the addition of a provision similar to that contained in paragraph 31.77(c) proposed by the Bill.

XV PRELIMINARY APPLICATIONS (new s. 31.91)

Your Committee considers that the provision requiring the Competition Policy Advocate in effect to obtain leave from the Competition Board before commencing proceedings should be deleted.

XVI SYSTEMATIC DELIVERED PRICING (new s. 38.1)

Your Committee recommends that this new provision, if it is to be retained at all, should be made a reviewable practice in respect of which the Board can only make an order if the practice was having a significant adverse effect on competition.

XVII INTERLOCKING MANAGEMENT (new s. 31.75)

Your Committee recommends that the proposals in this connection be deferred until there has been an opportunity to consider the report of the Bryce Commission.

XVIII CLASS ACTIONS (new Part V.1)

Your Committee is far from convinced that any advantages of class actions outweigh the many disadvantages. The creation of additional offences, the provision for reviewable practices covering conduct defined in broader terms, the substan-

tial increase in the severity of the punishment provisions of the Act, the provision of a statutory civil right of action and the more active enforcement of competition legislation which has already begun and which can be anticipated to continue, it seems to your Committee, are a sufficient deterrent against violation of the Act. Your Committee thinks the specific class action provision of the Bill should be deleted.

If it is considered that the provisions should be retained, then the Committee recommends that the provision for the substitute action by the Competition Policy Advocate should be deleted as well as the provision denying costs to a successful defendant. In your Committee's view the Plaintiff should be required to put up security for costs. From the information available to your Committee, this would not present an insuperable barrier in view of the fact that consumer class actions are likely to be promoted by a consumer organization or by a member of the legal profession specializing in such actions.

XIX INTERIM INJUNCTIONS (ss. 29 and 29.1)

Your Committee sees no reason for derogation from the "balance of convenience" rule in issuing interim injunctions. It also recommends that jurisdiction to grant interim injunctions should not be given to the Competition Board and that they should remain the exclusive jurisdiction of the ordinary courts.

XX SOLICITOR-CLIENT PRIVILEGE (new s. 10.1)

Your Committee considers that where a question of solicitor-client privilege arises, the procedure set further in section 10.1 should be mandatory rather than permissive.

XXI INDUSTRIAL AND INTELLECTUAL PROPERTY

Proposed Bill C-42 includes a new Section 31.74 which empowers the Competition Board, under certain conditions, to declare unenforceable, in whole or in part, any agreement, arrangement, or licence into which that person has entered relating to the use of the patent, trademark, copyright or industrial design, and also empowers the Board to order the compulsory licencing of same.

Representations have been made to your Committee that the compulsory licencing of a trademark is legalistically impossible, being contrary to the essential nature of a trademark, clearly inappropriate and contrary to the public interest as likely to lead to the deception of consumers. As a result of its study, your Committee is inclined towards this view, and recommends that all references to trademarks should be deleted from the Competition Act.

Your Committee also recommends that any legislation dealing with these matters of industrial property should only appear in the respective Acts dealing with the subject, namely the *Patent Act*, the *Trade Marks Act*, the *Copyright Act* and the *Industrial Design Act*.

The Trade Marks Act is based on the common law concept of unfair competition to prevent the public from being confused or misled in that a trade mark is to identify for the public and not just the owner the source of the goods or services to which it is applied. The trade mark enables consumers to choose between competitors' products and thus to select those which have found favour and reject those which have not. If consumers or dealers prefer to purchase a given article because it was made by a particular manufacturer or class of manufacturers it has been held that they have a right to do so and this right cannot be satisfied by imposing upon them a similar article of a different origin.

Trade mark legislation is based greatly upon the concept of competition and the protection of the public. It is not understood by your Committee how an activity which under the appropriate legislation is fair competition should be perceived to be subject to expulsion as an effective remedy for an alleged act of unfair competition under different legislation particularly if the latter legislation is to be administered by persons who cannot be expected to understand trade marks and all their complexities.

Section 31.74(1)(c) proposes to give to the Board the power to grant compulsory licenses not only of the statutory monopolies of patents, copyrights and industrial designs, but also of trade marks.

As pointed out above the matter of licensing of the statutory monopolies should only be set forth in the respective legislation dealing with such monopolies. It is a basic error even in theory to contemplate compulsory licensing of trade marks to be remotely similar to compulsory licensing of a statutory monopoly.

The proposal ignores the primary function of a trade mark which is to identify for the public the source of goods and to distinguish one manufacturer's goods from similar goods put out by others. Any form of compulsory licensing of a trade mark seriously impairs the above referred to functions of a trade mark which are there to protect the public as much as to protect the owner of the trade mark.

Canada is a member State of the Paris Convention for the Protection of Industrial Property (1883) which regulates industrial property, particularly patents and trade marks, at the international level. The Convention is administered by the World Intellectual Property Organization (WIPO) of which Canada is also a member State. Although the Convention is presently silent on the subject of the compulsory licensing of trade marks, it appears that a recent statement issued by a representative international Group meeting under the sponsorship of WIPO noted that its great majority objected to amending the Paris Convention by including in it a provision which would allow the granting of compulsory licences in the case of trade marks.

Your Committee is therefore of the opinion that the proposed sub-section 31.74(1) should not make reference to compulsory licensing of trade marks, particularly since sub-section 31.74(2) states that no order shall be made under this section that is at variance with any treaty, arrangement or engagement with any other country respecting trade marks to which Canada is a party.

Although your Committee would have preferred to make a lengthier report explaining in greater detail its reasons for the recommendations made herein, it considers that it is important that the present interim report be made available at the earliest opportunity so that the draftsmen of the revised legislation will have the benefit of your Committee's conclusions during the course of their work. Your Committee may request permission to make a further report spelling out its recommendations in greater detail. Your Committee wishes to assure those who appeared before it that, although time has not permitted your Committee to deal in the present interim report with each and every point raised in the various briefs, they have nevertheless received the careful consideration of your Committee.

* * *

In view of the very extensive submissions which have been made to this Committee and to the Commons Committee on Finance, Trade and Economic Affairs, your Committee is concerned that unless there is consultation during the actual drafting process between the Government and representatives of those who made submissions there is a danger that the fresh bill to be presented will not adequately respond to the concerns which have been raised with the result that further protracted hearings will be required when the new bill is introduced. In order to minimize this danger to the greatest degree possible, your Committee recommends that the Government appoint a select Committee from the private sector, a majority of the members of which are members of the Bar specialising in competition matters to consult with it and the draftsmen during the preparation of the new bill.

Your Committee wishes to thank its advisers and staff for the assistance given during the studies and preparation of this report.

Respectfully submitted,

SALTER A. HAYDEN
Chairman

APPENDIX

Appearances before the Standing Senate Committee on Banking, Trade and Commerce in connection with the Committee's study of the subject matter of Bill C-42—An Act to Amend the Combines Investigation Act.

June 15, 1977	Imperial Oil Limited Canadian Petroleum Association The Canadian Manufacturers' Association.
June 22, 1977	Coca-Cola Ltd. Blake, Cassels & Graydon Bell Canada.
June 29, 1977	Dominion Foundries and Steel, Limited Husky Oil Operations Ltd.

THE SENATE

Thursday, July 14, 1977

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

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of an amendment, dated June 15, 1977, to By-law No. 1 of the Export Development Corporation, pursuant to section 16(3) of the Export Development Act, Chapter E-18, R.S.C., 1970.

CANADA PENSION PLAN

BILL TO AMEND—REPORT OF COMMITTEE

Senator Carter, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-49, to amend the Canada Pension Plan, and had directed that the bill be reported without amendment.

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

Senator Carter moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADIAN WHEAT BOARD ACT
WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Senator Argue, Chairman of the Standing Senate Committee on Agriculture, to which was referred Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof, presented the report of the committee.

The Clerk Assistant (*Reading*):

THURSDAY, July 14, 1977

The Standing Senate Committee on Agriculture to which was referred the Bill C-34, entitled: "An Act to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof", has in obedience to the order of reference of 21st June 1977, examined the said Bill and now reports as follows:—

Your Committee recommends that this Bill be not proceeded with further in the Senate for the following reasons:

(a) The Canadian Wheat Board is incorporated with the object of marketing in an orderly manner, in interprovincial and export trade, grain grown in the designated area.

Senator Flynn: Dispense.

Some Hon. Senators: No.

The Clerk Assistant (*Reading*):

While on the surface there appear to be similarities between the voluntary marketing plans that could be established if these amendments are enacted and the orderly marketing system operated by the Board, the Committee believes that there are fundamental differences. As the Board will not be involved in either the organization and administration of these plans or the marketing of the grains, the Committee finds no good reason for the establishment of these plans under the *Canadian Wheat Board Act.*

(b) The Committee has found that marketing plans of the type envisioned by this Bill can now be established under the *Agricultural Products Cooperative Marketing Act.* The primary purpose of both the Bill and the Act is to facilitate joint marketing by producers of their grains. The Bill would enable the establishment, by order and on the fulfilment of certain conditions, of marketing plans that would include provision for the pooling of sales receipts from the grain and a system of initial payments. It also provides that certain losses incurred under such a plan may be recoverable from the Government of Canada. The *Agricultural Products Cooperative Marketing Act,* passed in 1939, provides for the establishment by producers of cooperative marketing plans. These are characterized by the pooling of proceeds from the sale of products marketed and by the extension of initial payments to the participants for the products delivered. Under the Act, the Government of Canada may, by agreement, guarantee certain losses should these be incurred by the plan. This Act is presently and successfully utilized by producers in Ontario for the cooperative marketing of wheat and beans and by producers on Prince Edward Island for the marketing of certain fruits and vegetables.

(c) There have been in the past and there presently are voluntary marketing plans for such grains as rapeseed and sunflower seeds. These plans have been established and operated by various companies, cooperatives and associations in the designated area through agreements and contracts. None of the producers or the companies involved in these plans has sought government assist-

ance although such assistance was clearly available to them under the *Agricultural Products Cooperative Marketing Act*.

● (1410)

(d) The Committee recognizes that there are certain provisions of the Bill that do not pertain directly to the establishment of cooperative marketing plans. Clauses 5 through 10 are consequential amendments to the *Western Grain Stabilization Act* the purpose of which is to facilitate the compulsory collection of contributions or levies to the stabilization plan. The levies are now collected on grains, such as rapeseed, sold on the open market. Should a cooperative marketing plan be established, the Committee believes that the levies could continue to be collected on payments made or that producers by individual submission could make their contributions to the stabilization plan.

The Committee thus considers that these amendments are of relatively minor importance both to the operation of any cooperative marketing plan and to the functioning of the grain stabilization program.

In conclusion, your Committee has found this Bill to be unnecessary, indeed to clearly duplicate an existing Statute, the *Agricultural Products Cooperative Marketing Act*. The producers of rapeseed or any other agricultural product, except wheat, grown in the designated area can now establish a voluntary or cooperative marketing plan and receive all the important benefits that would be available should this Bill be enacted. However, the Committee recognizes that the *Agricultural Products Cooperative Marketing Act* may be found wanting, and therefore recommends that if producers establish a cooperative marketing plan for any eligible grain grown in the designated area, then the Minister should closely monitor its operation with the objective of quickly bringing forth any amendments that are proved necessary.

Respectfully submitted.

Hazen Argue,
Chairman

Senator Flynn: On a point of order. Since honourable senators wanted this document to be read entirely, do you not think we should have the French version?

Senator Argue: The French version is on the table.

Senator Flynn: I mean, don't you want to listen to it? I was thinking that Senator Benidickson might like to hear it.

Senator Benidickson: Honourable senators, it is a difficult situation for me in that it is probably known that I have relatives who are prominent in western grain agriculture. Never has it had any effect upon me. However, the Leader of the Opposition knows that when he sat as a cabinet minister under the Right Honourable John Diefenbaker, because I was the representative in the opposition in Parliament of the most westerly part of the country, I became the agriculture critic. I never received any suggestion from my relatives as to what government policy should be in agriculture, nor did I ever seek it from their large resources. I had to do my homework. I owe much to the then slender Parliamentary Library research staff, and experts in the Department of Agriculture. I was named agriculture critic in those years, with the exception that the Honourable Paul Martin retained agricultural criticism relative to sugar beets—important to his constituency around Windsor—and, great orator that he was, his speeches as opposition critic got more attention than mine. I had to make speeches on such unfamiliar subjects as international wheat agreements, crop insurance, and so on. I was only a country lawyer, and I had to do much homework.

Senator Flynn: It was soya beans.

Senator Benidickson: And sugar beets, too. However, my hearing is not the best, unfortunately. I want no abridgement of the rules.

Senator Flynn: May I interrupt the honourable senator? I was not objecting to his request that the report be read, but usually it is better to have the reading dispensed with, have it printed, and allow the senators to read it in *Hansard*. That, in my opinion, is more useful than just listening to the Clerk Assistant read the report. My point is that if all we want to do is merely take up the time of the house, we might as well have the French version of the report read also.

Senator Benidickson: I thank my honourable friend. I simply want no abridgement of our rules with respect to this report. I have not studied this report.

Senator Greene: On the point of order raised by the Leader of the Opposition, might I suggest that it would be a good precedent to set in this Senate that a report not be accepted unless it be in both official languages, and that this report be sent back to the committee to be returned in the two official languages?

Senator Grosart: It is in both official languages.

Senator Greene: Excuse me; I thought that was the point of order.

Senator Argue: The report has been tabled in both official languages.

Senator Flynn: My point of order is that when we receive a long report we usually dispense with its reading. However, it appears now that all some senators wish to do is to take up the time of the house by having this long report read. The report would be better understood, I submit, if we were to read it in *Hansard*. If all we want to do is take up time to appear busy, we might as well read the French version of the report into the record. But maybe that point is too subtle for some.

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

Senator Argue: With leave, I ask that it be taken into consideration now.

Senator Flynn: No.

Some Hon. Senators: Leave is not granted.

Senator Argue moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE SENATE

SUMMER RECESS—QUESTION

Senator Flynn: Honourable senators, since the deputy leader has not moved a motion, as is his practice on Thursdays, with respect to the adjournment of the Senate, I believe we are entitled to some explanation, either from him or from the Leader of the Government. I'll settle for whatever they can give me at this time. At least we should have some idea where we are going. On second thought, maybe we shouldn't.

Senator Perrault: Honourable senators, the Senate always knows where it is going. It seems to me in this case that the members of the other place may be having some difficulty in determining where they are going.

The subject of an adjournment for what is loosely described as a "summer recess" has been discussed again today. I understand that there have been conversations with representatives of all parties in the other place to determine the amount of work which that house may be inclined to carry out today and tomorrow. There is still a hope, I understand, that the other house might adjourn tonight until the first week in August.

• (1420)

There is a degree of uncertainty still existing which is simply not possible to remove at this point. I suggest that perhaps by 6 o'clock this evening we will be in a position to determine whether we should meet tomorrow or even next week. I should like to keep in continuing contact with the Honourable Leader of the Opposition with respect to this matter over the course of the next two hours. I understand that one of the controversial bills in question is now under debate in the other place and there may be a vote on that measure this afternoon.

As I have said, it is my hope that over the next two hours the situation can be very much clarified, and I would be pleased to communicate with the Leader of the Opposition in that regard.

Senator Flynn: I am willing to accept that. However, I see no useful purpose being served in having the Senate meet tomorrow to await the arrival of bills from the other place. If there is any uncertainty at all, surely the logical thing for us to do would be to adjourn until Monday. There is very little doubt that we will have to return next week, unless the government leader is contemplating agreeing to a package arrangement whereby we would be expected to pass two or three bills tomorrow. That would be nonsense. Of course, if the government ceases to insist upon passage of some of the bills that are considered priority items in the other place, well and good. But I do not feel we should sit here and await the arrival of any bills the other place may bestir itself to pass. The logical thing to do would be to adjourn today and come back on Monday evening.

Some Hon. Senators: Hear, hear.

Senator Perrault: I want to assure honourable senators that there is no inclination to attempt to persuade honourable senators to sit around and await anything from the other place. However, there may be a body of information available within the next while which can be shared with the Leader of the Opposition. I can provide the assurance that the Senate will not be placed in the position of sitting and waiting for the other place to act. It may be that we will adjourn at some point this afternoon during pleasure to the call of the bell at approximately 5.30 p.m., at which time I may have something to announce. The situation is still very flexible. Depending upon the result of certain conversations, there could very well be progress made in the other place this afternoon.

PARLIAMENT

USE OF SENATE CHAMBER BY HOUSE OF COMMONS—QUESTION

Senator Austin: Honourable senators, I should like to ask the government leader whether it is the case that in the first week of August the House of Commons will be using this chamber and, accordingly, Stanley Knowles will occupy a seat here in the "red chamber".

Senator Perrault: Honourable senators, a request has come from the other place that they be allowed to share the Senate chamber during the month of August with members of the Senate. Some conversations have been held to discuss a proposal that the two houses meet in the Senate chamber, employing some system of allocating days or hours. If an agreement is achieved to have both houses meet here, I am sure that all members of this place will be honoured to have members of the other place conducting their deliberations in this august chamber. As well, I know that many honourable senators will await with keen expectation the maiden speech in the Senate chamber of the distinguished member for Winnipeg North Centre (Mr. Stanley Knowles).

Senator van Roggen: Has the Leader of the Government obtained adequate assurance that, assuming the members of the other place do use this chamber, they will leave in due course?

Hon. Senators: Oh, oh.

NATIONAL UNITY

REGIONAL ASPIRATIONS—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of Senator Perrault, calling the attention of the Senate to the question of meeting more effectively the economic and cultural aspirations of the various regions of Canada.

[*Translation*]

Hon. Bernard Alasdair Graham: Honourable senators, first of all, I should like to thank all previous speakers in this debate, which will certainly be the most important in which all members of this house will ever take part, as senior as they may be.

The fact is that this country is probably at the most crucial moment in its history. As Canadians it behoves us obviously to make every effort to take up the challenges of national unity, namely, the feelings of alienation in western Canada, regional

disparities and the need to ensure an adequate standard of living to all Canadians. But we have an additional responsibility as members of this house because of our position and of the faith that was put in us when we were sworn in.

[*English*]

I am one of those who feel very strongly that a national commitment to the principles of the Official Languages Act is fundamental to the unity of our country. I do not believe that real linguistic equality among English- and French-speaking Canadians will, by itself, succeed in holding this country together. But I am convinced that in the absence of equal treatment of the two languages in all our federal institutions and activities all other unifying efforts would be futile. It is therefore important for all Canadians to realize just what the language policy of Canada is and is not.

Parliament in 1969 constituted English and French as the official languages of Canada, to be accorded equal status in Parliament and in the administration of government. The act established the right of all Canadians to be served by the federal government in the official language of their choice. That, in essence, is the language policy of the Parliament and the Government of Canada—nothing more and nothing less.

Despite widespread belief to the contrary, it was never intended nor was it even desired that Canadians would have to learn both official languages in order to enjoy the full rights and privileges of citizenship. In fact, the government's language policy ensures that Canadians who speak only one official language, and who never learned the other, will be guaranteed equal access to the full range of federal services. In order to make the policy work, it is obviously necessary that some federal officials be competent in both languages. The bilingualism of these few, however, far from being a threat to the unilingual majority of Canadians is, in fact, the insurance that the majority may remain unilingual without suffering any deprivation or injustice in the provision of federal services. Obviously we have failed badly in communicating to the general public this fundamental principle of our language policy.

Some say that while the policy is necessary it is, nevertheless, a divisive influence among Canadians. I disagree. I say, honourable senators, that it is not the policy, but the misunderstanding of the policy, which has had a divisive effect. It does no good whatsoever to spend time now in attempting to assess the blame for that misunderstanding, because we all share the blame—all of us who support the principle of linguistic equality but have not worked hard enough or well enough to help Canadians understand it. That includes the government at all levels; it includes parliamentarians and it includes the media. There is enough blame to share among well-intentioned people without even considering those strange individuals who will neither accept nor even attempt to understand the spirit and intent of the Official Languages Act.

● (1430)

Hindsight, as you well know, is good only if you use it to build a better future. So let us not dwell morbidly on the past, like people who believe they have no future whatsoever, but simply admit that in a project as innovative, as unprecedented and as experimental as was the official languages policy in 1969, there are bound to be some mistakes in application. And there were! It is now apparent, for example, that over-zealous application of the policy resulted in too many civil service positions being designated bilingual. But that is a problem which only experience with the system could really reveal, and now in the light of experience the problem is being corrected.

While we applaud the corrective measures now being taken by the government, let us not blind ourselves to the great progress made in rendering the civil service capable of better serving Canadians in either language. Now that real progress has been achieved in putting into operation the linguistic capabilities of the civil service, the government can properly pay more attention to the encouragement of language training where it will reap the most rewarding benefits, namely, in the classrooms of the nation.

Some Hon. Senators: Hear, hear.

Senator Graham: It is there, in the minds of our children, that exposure to a second official language can build bridges between people. English-speaking children, for example, can, through the medium of language and literature, learn more about the cultural, economic and social contribution of those whose mother tongue is French.

In my own province, Nova Scotia, for example, there are some 80,000 Acadians whose contribution to that province and our country is a matter of great pride. I want my children to learn about their contribution, because I think it will help them to understand our people and our province better. In a sense, honourable senators, that is exactly what has to happen right across this country. We will find that we are not as different as we sometimes think. We will find that many of the barriers we see between ourselves and other Canadians are artificial, that they are artificial creations which crumble at the first real effort at mutual understanding.

As a maritimer I am impresed by the wealth of similarities between many parts of Canada and Quebec. Conventional wisdom would have us believe that the barriers of language and culture are so high that we have almost nothing in common, but let us look at the reality. The French-speaking Quebecer insists that his children have access to as rich a range of opportunities as are available anywhere in the country. Well, I live in Sydney, Nova Scotia, and I feel exactly the same way about my children. The Quebecer is sometimes irritated by what he perceives to be a far-distant federal government whose attention is concentrated to a large extent on someone else or on some other area. That has been precisely the complaint of the maritimer for 100 years or more. The Quebecer looks at newer and wealthier areas of Canada and insists that his history and his pioneering efforts to help put the infant Canada on its feet should be recognized and respected as something of tremendous value to the country as a whole. Well, the people in my part of Canada are steeped in more than 350 years of history and can look back upon an impressive record of nation building which has benefited all of

Canada, and we, too, insist that our past be as prominent a part of the Canadian record as any tower in Toronto or any oil well in Alberta.

What maritimers share with Quebecers most of all is a sense of the history of this country, a sense of how it was built, an appreciation of the sacrifices and hardships borne by those long dead in giving us today the kind of country which Canada is.

We share with Quebecers the insistent demand that the contribution of those who have lived and worked in our part of the country—the human contribution, measured in terms of courage and compromise and ceaseless effort to build together—be valued as a living part of the Canadian reality, equal to any achievements anywhere in contemporary Canada.

We share with Quebecers a sense of the betrayal of our history, evident in the attitudes of those Canadians who talk as though Canadian history began with their birth. They ignore the fact that the rights and the freedoms they now enjoy were won for them in more than three centuries of human struggle on the part of great and little people who lived out their lives along the Atlantic coast and the banks of the St. Lawrence.

We share with Quebecers the knowledge that we would feel more at home in the Canadian household if more Canadians in other parts of Canada demonstrated a greater awareness of how that foundation was actually built.

As I travel from province to province and region to region, I have come to believe that one of our greatest problems today is the lack of a proper sense of history. In large measure, the present generation in many parts of Canada does not understand the history, the difficulties, the successes of the people in Quebec, the maritimes and the Atlantic region. To be absolutely fair, it must be admitted that the eastern Canadian, the Quebecer, the maritimer and the Atlantic region Canadian have not made sufficient effort to understand the legitimate concerns of those Canadians who live in Ontario and the west.

We are all Canadians, but in many important respects we really do not know each other. So perhaps one of the most important things that individual Canadians can do to strengthen Canadian unity is simply to visit other regions of Canada, meet the people who live there, and come to understand their point of view. As a Nova Scotian, for example, I cannot understand why so many people have chosen to spend their vacation dollars in Britain or Spain but have never chosen to see the Atlantic Ocean from the beautiful shores of Nova Scotia.

In every part of Canada there are to be found among the people stereotype visions of other Canadians. Some of those impressions are good and some are not so good. But that is really not the point. The point, honourable senators, is that they are false impressions, which are formed without the aid of personal acquaintance. A fisherman in Newfoundland, for instance, may think of Albertans as being a rich and selfish people; but if he could visit that province and see the hardships and uncertainty experienced by the western farmer or rancher, the fear of the day when the oil runs out, the constant struggle against an unforgiving climate, he would learn that Albertans are very much like himself, that they are people who are working hard to make the best of what they have.

I recall a visit to one of the western provinces a few months ago when I was told that the people in that region were tired of feeding the maritimes. I asked the young man in question if he was a native of that province. It turned out that he was a transplanted New Brunswicker who had lived in the west for the previous seven years. I asked him if, when he was growing up, his parents had ever told him about the hungry thirties when the people of the maritimes sent food and clothing to fill the bellies and warm the bodies of western Canadians. It was his first knowledge of this significant event in our history.

On the night of May 4 of this year, I arrived in the city of Regina from Vancouver. The people of Saskatchewan, as I recall, were terribly concerned, and with good reason, because they were faced with the possibility of the worst drought since the so-called dirty thirties. The commerce of the province had been severely affected. And overnight the rains came. Some people, linking my visit with the downpour, even started calling me "the rainmaker". It was referred to as the 250-million-dollar rain.

• (1440)

That day I visited Yorkton, and the small villages of Roxton, Calder and Rhein, to name but a few. I believe it was in Rhein, with a population of 284, and with that 250-million-dollar rain falling, that two elderly gentlemen in a general store, on learning that I was from Nova Scotia, recalled the assistance that had been given in those early days. One of the gentlemen remarked that times had been so good in recent years that it took a near drought to cause them to think back to the thirties. I was more confident about the future of this country when I was talking to the farmer who remembered how we helped each other in the thirties than when I was listening to a newcomer to the west, a former maritimer, who was now tired of "feeding the maritimes." "Feeding the maritimes!"—an atrocious expression, which could only be uttered by a Canadian whose sense of history does not extend beyond yesterday's headlines.

Maritimers did not join in the partnership which created Canada in order to be fed by the other partners. I invite you to look back to the time of Confederation and to the years immediately following, and ask yourselves who it was whose contribution demonstrated the greatest sense of commitment to that union. Was it Ontario which sacrificed economic advantage for the common good? Not at all. The most generous partner in the union at that time was Nova Scotia, whose traders, shipbuilders, farmers and fishermen were competing at this time with conspicuous success against the best that our cousins in Upper Canada and the New England states had to offer, and it was Nova Scotia which accepted a lessening of its own economic advantage for the sake of that union. It was Nova Scotia which invested some of the security and prosperity which future generations would otherwise have enjoyed in order that the union could establish a secure foundation.

It would be nice if one could occasionally hear from Toronto, for example, some friendly voice acknowledging, even fleetingly, the economic policies which transformed that city from a farmer's marketplace into one of the greatest metropolitan centres on the North American continent. Those economic policies, honourable senators, were policies which were made possible by the willingness of Nova Scotians and others to gamble on Canada. And, when I hear of the occasional Toronto resident, for instance, who makes his contribution to the unity of our country by complaining about the number of maritimers who are swelling his city's welfare rolls, I would like to believe that somewhere in the back of his mind, and buried in the deeper recesses of his heart, there may be found some slight awareness that the greatness of his city results in some considerable measure from the contribution of the Toronto businessmen, the bank presidents, the government leaders, the university professors, the creative artists and ordinary people who inherited by birth a love of the sight and sound of the Atlantic long before, by adoption, they came to love the sights and sounds of downtown Toronto.

I suppose the point of all this, honourable senators, is that this country, in my opinion, will not be truly united until each of us is willing to recognize both the vast contribution of the other and the present rights of the other to an equal share of opportunity and of dignity. To that end there are many lessons to be learned, because we are all interdependent. The economic cycle has a habit of turning, so that once again our people in Atlantic Canada, with the harvest of the sea, the farm, the forest, potential commercial quantities of offshore oil and gas, an abundance of coal, deep water ports, experienced steel workers and a fundamental desire to work, will have an opportunity once again to contribute to Canada more than anyone might reasonably expect.

I would be delighted, personally, if more Canadians would come to visit my part of the country and get to know its people. They would be impressed by the level of skills, the energy and the resourcefulness with which Atlantic Canadians are trying to make the best of what they have. They would be impressed as well by the kind of courage it takes for a fisherman to go out on the sea, or for the miner to go into the depths of our mines—some of which run miles out under the sea—every day and face incredible physical challenges. They would be inspired, I believe, by the invincible optimism which keeps many struggling communities alive, and by the deep commitment to enduring human values which makes Atlantic Canada a very special place. I want to share with other Canadians the beauty of my province and the strength of character of its people, because I proudly believe that those natural and human qualities are a valuable part of the Canadian heritage which belongs to all of Canada and to all Canadians. I know that qualities of equal value are evident in every other region of our country, and I want people of my region to go out, as I have done, and see for themselves what the others have built, and to see for themselves the many reasons why other Canadians are justly proud of the part of Canada which they call home.

Too often our impressions of regions other than our own are formed from newspaper reports which focus on the violence of man and his nature, which emphasize the failure of people to understand each other, and which highlight man's considerable capacity for animosity towards others. What we can learn only from personal experience is the boundless wealth of goodwill that exists among Canadians for each other—a goodwill which seldom makes the headlines, but which is daily evident to everyone who takes the trouble just to meet a stranger. That is why I am a strong supporter of expanding travel and exchange programs in both the public and private sectors, which would encourage Canadians, and especially young Canadians, to go and see for themselves what other Canadians are like. Each new friendship formed, and each new insight gained into another's point of view, is a positive step towards the development of that national consensus which Canada needs—a consensus built on co-operation, understanding and mutual respect.

It is not good enough to stand on the sidelines just to carp and criticize. This is no time for cop-outs. Everyone has an obligation to become involved. The days ahead are going to require a tremendous amount of work. The task before us is the most important we have ever faced. To hold our land together we must build a better society where people of English, French and many other cultures want to live with each other, help each other, love one another and enrich each other in an atmosphere of freedom, co-operation, mutual respect and personal fulfilment. This is a time to stand up for Canada as concerned and committed Canadians. It is a time to stand behind our leaders in a sustained campaign for our survival as a united people.

The climactic battle for the hearts and minds of those who might be tempted to give up on Canada has begun. It is up to each of us, in every province, region and territory to make the struggle our own. Canadians living in the English-speaking provinces should not delude themselves for one minute into thinking that the future of Canada will be decided in Quebec alone. In a crucially important sense the promised referendum will be decided in English Canada as well. I suggest we should be very concerned when we hear some English-speaking Canadians, when they are considering the possibility of Quebec's separation, saying, "Why not let them go?" That attitude, in my opinion, is totally unacceptable. It is an incredible view to take for any Canadian who professes to love his country, or who really tries to understand its history and heritage.

● (1450)

The simple fact is that ours is a country which is the envy of the world. Of course, there have been difficulties. There will always be difficulties. But most of the world's population would give anything to trade their problems for ours. I want to emphasize that any massive commitment or recommitment to Canada and to each other is not the work of a single day, a single week or a single month, nor is it the work of one or two leaders, one or two parties, or any small group of individuals. Each of us has a huge stake in the struggle, and we will all

influence the outcome—either positively through an individual and collective renewal of the will to live together, or negatively through apathy or hostility toward those who look to us for a sign of good will. In this struggle there are no sidelines to occupy, there are no spectator's benches, and there are no places to hide. We are all involved.

I am confident that in the months to come Canadians in every province will demonstrate beyond doubt their love for Canada, their willingness to work for Canada and, above all, their commitment to the dream of a stronger and more united country, which Canada can and will be.

[*Translation*]

Hon. W. M. Benidickson: Honourable senators, I would like to congratulate Senator Graham who spoke before me. Senator Graham is Chairman of the Liberal Party of Canada. In a few moments I would like to ask him a question. I have very much appreciated the introductory remarks of his contribution, where he explained the practical things he has to do in his capacity as party chairman. I hope I have an opportunity to participate in this debate later on.

[*English*]

On motion of Senator Petten, debate adjourned.

CLERESTORY OF THE SENATE CHAMBER

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Connolly, P.C., seconded by the Honourable Senator Cameron, for the adoption of the Report of the Special Senate Committee on the Clerestory of the Senate Chamber.—(*Honourable Senator Smith (Colchester)*).

Senator Smith (Colchester): Honourable senators, I gladly yield to Senator Carter. I hope I will be permitted to resume the debate myself at some future time.

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

Hon. Senators: Agreed.

Hon. Chesley W. Carter: Honourable senators, I thank Senator Smith for yielding to me his position in the debate and allowing me to proceed today.

The report of the Clerestory Committee, tabled by the chairman on June 8, and his brilliant exposition of it on June 23, along with the fine contributions of previous speakers, leave little room for additional comments. Any attempt to do so would be akin to gilding the lily.

I have two reasons for intervening in the debate today, the first of which is to pay tribute to the chairman of this committee. The Clerestory Committee has proved to be a very useful one, and Senator John Connolly deserves great credit for his initiative in getting it established. It was also a most enlightening committee. I, for one, learned a great deal from it. Speaking personally and as one of its members, I can say that it was one of the most interesting and enjoyable committees on which I have had the privilege to serve.

The reason for that enjoyment was due in large part to the unparalleled personal qualities of Senator Connolly, and the exemplary manner in which he handled the committee. His informal, easy-going attitude put witnesses and members alike at their ease, and enabled them to operate as a team in focusing on the essential problems and searching for the best solutions. This process was facilitated tremendously by the unfailing patience and courtesy which Senator Connolly exhibited at all times, and also by his wisdom and familiarity with the subject under discussion, which indicated a tremendous amount of preparation, involving a lot of extra reading, thought, study and research.

As a result, the committee accomplished in seven or eight meetings more than is usually achieved in twice as many, and has produced a report that should be extremely useful when the time comes to make alterations to the interior of this chamber.

Honourable senators will have noted that the report makes only one or two firm recommendations, but puts forward a number of suggestions for adoption or for further study when the time for planning and decision making arrives.

I think it is obvious that the time is not far distant when the large pictures underneath the windows will have to be removed. They depict scenes of the First World War. While they are interesting to me personally, because for the last ten years or so I have been facing the picture of the Old Cloth Hall at Ypres, where I had my baptism of fire nearly 60 years ago, I can understand that they would not be very interesting to the present generation, or to the thousands of tourists who visit this chamber every year. Furthermore, apart from a reminder of the price of freedom, these pictures have little or no relationship to the chamber itself, or to the Senate as an institution. It seems to me that the space they occupy could be better utilized for something more relevant.

The committee learned that behind these pictures are blank walls. The question arises as to what should be done with that space if and when the pictures are taken away. The report makes several suggestions, including the use of tapestries and the restoration of the idea of a triforium as designed by John Pearson in 1928.

● (1500)

The committee devoted a great deal of time to the study of themes that might be developed in both the stained glass windows of the clerestory and the space between them and the woodwork on the walls. Here again the committee suggests such themes as ethnic origins for the windows, and early explorers and the development of law as themes for the space beneath them.

This brings me to my second reason for speaking in this debate, which is to express the hope that, whatever is done with the space behind the present pictures, whether it is covered with tapestries, murals, or a triforium gallery in accordance with the 1928 design of John Pearson, some way

will be found to include the theme of unity. In this connection I should like to read from the evidence of Dr. Jacques Monet of the Canadian Historical Association and the Department of History at the University of Ottawa, as reported in issue No. 3 of the committee's proceedings, at page 3:6, who said:

> I have read with great interest the record of your previous meetings and the suggestions which have been made so far about themes. Themes were suggested about unity, sacrifice, peoples, discoverers, animals, explorers, and even illustrations of the talents and duties of senators.
>
> I would advise that you retain themes which have to do with the Senate chamber and the institution of the Senate, and not others. Explorers, discoverers and such themes are good, they are exciting, wonderful and breath-taking, but I think they are not *ad rem* in the Senate chamber.
>
> My suggestions would be to retain themes from Canadian history and the Canadian experience which touch on and illustrate something that has to do with the Senate. I do not wish to make a pun here or use a mixed metaphor, but, since we are talking about windows, I suggest themes which show the Senate in a good light. In reflecting upon this, I tried to think of points—it was not difficult to find points—that are characteristic of the work of the Senate and illustrative of the Senate chamber itself.
>
> As the chairman brought out in his speech last April in the Senate, a speech which led to the setting up of this committee, the Senate chamber is the place that unites the three branches of Parliament—the Crown, the Senate and the Commons. Furthermore, in the Senate chamber are united, at the opening of Parliament or at the installation of the Governor General, the three powers of government—the executive, the legislative and the judicial. In this the Senate chamber is unique. It is the only place where the three branches of Parliament and the three powers of government are actually united.
>
> This is a rather important fact and a rather powerful theme that could be exploited in the decoration of the Senate chamber. It is a unique institution. It is the *locus in quo,* of these double three, if you will—of the three branches of Parliament and the three powers of government. In that sense the Senate chamber itself is the symbol of unity. It is the only place in which all of this is united and brought together. So that the theme of unity is one that would be very appropriate to this kind of decoration and this kind of work. That is the Senate chamber itself. You can see that there are possibilities for the development of this theme of unity, of the three powers of government and of the three branches of Parliament.

Honourable senators, our whole country today is seized with the problem of preserving national unity. The debate on this question now taking place in this chamber, pursuant to the motion proposed by the government leader, has emphasized the fact that our schools teach so little about Canadian history, and that so little is known by the public at large about the Senate and what it does, many not even being aware of its existence.

Every year thousands of students visit this chamber and are given a little talk by one of the guides. But what impressions do they take away with them? I do not think there is anything more likely to make a lasting impression on them than the Senate as a vital institution and a symbol of unity for our nation. Indeed, when the themes have been selected and developed in the windows and tapestries, or whatever means is used to utilize the space now occupied by the pictures, I hope a booklet enlarging on these themes will be printed and distributed widely to visitors, and particularly to students.

Some suggestions have been made concerning the traditional dress worn by Madam Speaker, the pages and other officials. I agree that some of the procedures, particularly the number of bows that are made, which seem in my mind to exceed the requirements of ordinary courtesy, are becoming an anachronism and contribute to the anachronistic image of the Senate. As for the uniform, I should like to put on record—and I am sure I am speaking for all honourable senators—my view that Madam Speaker always looks beautiful whatever dress she wears.

Hon. Senators: Hear, hear.

Senator Carter: The sombre habit she wears only serves to enhance the radiance of her personality.

On motion of Senator Grosart, for Senator Smith (Colchester), debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 5.30 this afternoon.

Senator Deschatelets: Are we to understand that there is no interim report to be made at this time about progress in the Commons?

Senator Langlois: We hope that when we return at 5.30 we shall have something worth while to report.

Senator Choquette: The bell could ring before that.

Senator Langlois: Yes, we are adjourning to the call of the bell.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.30 p.m. the sitting was resumed.

CANADA PENSION PLAN

BILL TO AMEND—ORDER BROUGHT FORWARD

Senator Langlois: Honourable senators, I ask that the order for the third reading at the next sitting of the Senate of Bill

C-49, to amend the Canada Pension Plan, be now brought forward.

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

Hon. Senators: Agreed.

THIRD READING

Senator Langlois moved the third reading of Bill C-49, to amend the Canada Pension Plan.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication has been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 14, 1977

Madam,

I have the honour to inform you that the Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 14th day of July, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Madam,
Your obedient servant,
Pierre Trottier
Deputy Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(*i*), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit during the adjournments of the Senate.

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

Hon. Senators: Agreed.

Senator Flynn: Would the deputy leader explain what this committee will do?

Senator Langlois: I am making this motion at the request of the chairman of the committee. It is possible that the committee will not have to meet unless it is to consider bills which might have to be dealt with during the adjournment of the Senate to August 2, according to the motion which will come next. Other than that I cannot be too precise, because the chairman is not here at the moment.

Senator McIlraith: There is one bill before the committee now.

Senator Langlois: Yes.

Senator Benidickson: Honourable senators, I would enlarge the motion. In my opinion, during adjournments of the Senate any committee should have power to meet. I do not know why we do not amend our rules, and do as is done in my province, Ontario, where committees of the Legislature sit between formal sessions, and an expense allowance is given.

Senator Langlois: It is also done in the province of Quebec.

Senator Benidickson: Do they do that in Quebec?

Senator Langlois: Yes.

Senator Benidickson: I do not want anything extravagant, because I live in Ottawa, but I believe that a modest *per diem* allowance for hotel expenses should be available to members of committees which meet between formal sessions. Our committees have an obligation, with respect to certain serious matters, to be available to sit between the formal sessions.

Some Hon. Senators: Hear, hear.

Senator Langlois: Honourable senators, may I say just a few words? My honourable friend said he was proposing an enlargement of my motion, but I did not expect it to be as big an enlargement as he has just proposed. I do not think we can deal with that today. The Senate can at a later date refer this to the Committee on Standing Rules and Orders, or the Internal Economy Committee. It would have to be considered by both committees, and it is a matter into which we could look after we return from the proposed summer recess.

Motion agreed to.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday, August 2, 1977, at 11 o'clock in the forenoon.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to approve, give effect to and declare valid certain agreements between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the Government of Quebec, la Société d'énergie de la Baie James, la Société de développement de la Baie James, la Commission hydro-électrique de Québec and the Government of Canada and certain other related agreements to which the Government of Canada is a party.

An Act to extend the present laws in Canada that proscribe discrimination and that protect the privacy of individuals.

An Act respecting the office of the Auditor General of Canada and matters related or incidental thereto.

An Act to amend the Fisheries Act and to amend the Criminal Code in consequence thereof.

An Act to amend the Canada Pension Plan.

An Act to amend the Bretton Woods Agreements Act.

An Act to amend the Currency and Exchange Act and to amend other Acts in consequence thereof.

An Act to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

An Act respecting the Electoral Boundaries Readjustment Act (Beauharnois-Salaberry).

An Act respecting the Electoral Boundaries Readjustment Act (Blainville-Deux-Montagnes).

An Act respecting the Electoral Boundaries Readjustment Act (Brampton-Georgetown).

An Act respecting the Electoral Boundaries Readjustment Act (Cochrane).

An Act respecting the Electoral Boundaries Readjustment Act (Huron-Bruce).

An Act respecting the Electoral Boundaries Readjustment Act (Kootenay East-Revelstoke).

An Act respecting the Electoral Boundaries Readjustment Act (Laval).

An Act respecting the Electoral Boundaries Readjustment Act (Lethbridge-Foothills).

An Act respecting the Electoral Boundaries Readjustment Act (London-Middlesex).

An Act respecting the Electoral Boundaries Readjustment Act (Saint-Jacques).

An Act respecting the Electoral Boundaries Readjustment Act (Saint-Léonard-Anjou).

An Act respecting the Electoral Boundaries Readjustment Act (Wellington-Dufferin-Simcoe).

An Act to incorporate Continental Bank of Canada.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

HONOURABLE CHESLEY W. CARTER

WISHES FOR A HAPPY RETIREMENT

On the motion to adjourn:

The Hon. the Speaker: Honourable senators, before the Senate adjourns I should like to say goodbye to the Honourable Senator Carter and to wish him a very happy retirement.

We shall, of course, have the pleasure of seeing him at the reception afterwards.

The Senate adjourned until Tuesday, August 2, at 11 a.m.

THE SENATE

Monday, August 1, 1977

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

Prayers.

CRIMINAL LAW AMENDMENT BILL, 1977

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

Bill read first time.

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

Senator McIlraith: Honourable senators, with leave now.

Senator Flynn: Honourable senators, I do not believe there is any objection on this side to this bill's being given second reading as the first order of the day. However, before leave is granted I think the Leader of the Government should indicate what is expected of us this week. We should like to have some idea of the perspective of the government?

Senator Perrault: Honourable senators, it is hoped that we may be able to dispose of the bills which will be coming before us by Friday of this week, and in that endeavour we hope to work very closely with the opposition. It will be the intention to have three other bills given first reading this evening, and it may be that honourable senators will grant leave allowing the motions for the second reading of those bills to be put this evening also. That being so, the proposal then would be to have most of tomorrow taken up with committee deliberations, with a sitting of the Senate called for 2 o'clock tomorrow afternoon to enable members of the opposition, if they feel they are in a position to do so, to speak on the motions then before the house for the second reading of these measures, and to hear other speeches which may be made, following which we could then move, as quickly as possible, to have these bills sent to committee for detailed consideration.

If we organize our work carefully this week, it may not be necessary to have the Senate sit next week. I am sure that most senators will wish to take full advantage of the hours available to us this week in an endeavour to get as much done as possible. As I indicated earlier, it is planned, if feasible, to give first and second readings to four bills this evening. And then we have other measures to be dealt with such as Bill C-41, relating to the Maritime Code, now before the committee. It is my hope that during this week we can work as co-operatively as possible. Certainly it is my intention to work very closely with the Leader of the Opposition towards the end that all measures shall be considered thoroughly and fairly.

Senator Flynn: There has been consultation, and I thank the Leader of the Government for that. The only problem I see now is one of time. There are four bills to be given first reading this evening and we now have a target date, as mentioned by the Leader of the Government, of Friday of this week for the passage of those measures. We are faced with a very tight schedule. Yet all of these measures were passed by the other place approximately 10 days ago. As far back as Friday, July 22, it was agreed in the other place that they would conclude debate on these matters and adjourn, at the latest, on Wednesday, July 27. In fact, the other place adjourned even earlier, on Monday, July 25. In view of that, I am left wondering why the Senate was not recalled last week so as to allow us more time in which to deal with these important measures. Given the time-frame we are now faced with, we might not be able to give these matters our fullest consideration.

Senator Perrault: Honourable senators, I want to make it very clear that I support the view that the Senate shall be fully prepared to take as long as will be required to deal efficiently and fairly with the measures which come before us. I mentioned the Friday date only by way of suggesting that because of the hours which are available to us this week, it may be possible to meet that target date, but no effort will be made by the government to restrict or to attempt to restrict in any way legitimate debate opportunities.

● (2010)

As to the proposal that the Senate should have been recalled last week, an immediate check was made with respect to the travel schedules of senators and it was found that recalling the Senate tonight appeared to meet the requirements of most senators. A number of senators were travelling and had made plans on the basis that the Senate would be recalled according to the schedule agreed to when we adjourned on July 14. That is the only explanation I can give. It was simply a matter of assessing the personal situation of honourable senators.

Senator Flynn: If you have convinced the other members of the Senate, I shall not pursue the matter, but you have not convinced me.

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

Some Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by Honourable Senator McIlraith, seconded by Honourable Senator Connolly, that

this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: I suggest that it be dealt with as the first order of the day.

Senator McIlraith: If you wish to have it stand until later this day, I have no objection.

Motion agreed to.

EMPLOYMENT AND IMMIGRATION REORGANIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-27, to establish the Department of Employment and Immigration, the Canada Employment Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

Bill read first time.

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

Senator Hicks: Honourable senators, if leave is granted I would ask that the second reading of this bill be the second order on today's order paper.

Senator Flynn: Yes, as the second order of the day.

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

Hon. Senators: Agreed.

Motion agreed to.

STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1976

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-23, to facilitate conversion to the metric system of measurement.

Bill read first time.

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

Senator Molgat: With leave of the Senate, I would move that the second reading of this bill be the third order on today's order paper.

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

Hon. Senators: Agreed.

Motion agreed to.

IMMIGRATION BILL, 1976

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, respecting immigration to Canada.

Bill read first time.

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

Senator Riley: With leave of the Senate, I would move that the second reading of this bill be the fourth order on today's order paper.

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

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Senator Perrault tabled:

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Copies of contract between the Government of Canada and the municipality of Ponoka, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contracts between the Government of Canada and the municipalities of Oromocto, Riverview and McAdam, New Brunswick, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of Reports of the Anti-Inflation Board to the Governor General in Council, pursuant to section 17(2) of the Anti-Inflation Act, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. St. Boniface School Division No. 4 and the executive employees, dated July 12, 1977.

2. Alberta Government Telephones and its Traffic Employees, represented by the International Brotherhood of Electrical Workers, Local 348, dated July 12, 1977.

Copies of contracts between the Government of Canada and the municipalities of Stonewall and Winnipeg Beach, Manitoba, and the municipality of St. Paul, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian

Mounted Police Act, Chapter R-9, R.S.C., 1970 (*English Text*).

Copies of contracts between the Government of Canada and the municipality of Strathmore, Alberta (*English Text*), the municipalities of Souris and Montague, Prince Edward Island (*English Text*), and the municipality of Buctouche, New Brunswick (*French Text*), for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970.

Report of the number and amount of Loans to Immigrants made under section 65(1) of the Immigration Act for the fiscal year ended March 31, 1977, pursuant to section 65(6) of the said Act, Chapter I-2, R.S.C., 1970.

Report on the administration of the Canada Pension Plan for the fiscal year ended March 31, 1976, pursuant to section 118, Chapter C-5, R.S.C., 1970.

Copies of Statement on operations under the Veterans Insurance Act for the fiscal year ended March 31, 1977, pursuant to section 18(2) of the said Act, Chapter V-3, R.S.C., 1970.

Copies of Statement on operations under The Returned Soldiers' Insurance Act for the fiscal year ended March 31, 1977, pursuant to section 17(2) of the said Act, Chapter 59, Statutes of Canada, 1951.

Report of the Canadian Grain Commission for the year ended December 31, 1976, pursuant to section 14 of the Canada Grain Act, Chapter 7, Statutes of Canada, 1970-71-72.

Copies of Order of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting compensation plan between Canadian Freightways Limited and the group of its office employees, represented by Office and Technical Employees Union, Local 15. Order dated July 18, 1977.

Copies of Orders of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Rural Municipality of Siglunes, Ashern, Manitoba and its Secretary-Treasurer. Order dated July 19, 1977.

2. Victoria General Hospital, Winnipeg, Manitoba and the group of its Operating Engineers, represented by the International Union of Operating Engineers, Local 827. Order dated July 19, 1977.

Copies of Report, dated July 20, 1977, of the Committee of Inquiry into the National Broadcasting Service established by the Canadian Radio-television and Telecommunications Commission on March 14, 1977 (Chairman, Mr. Harry J. Boyle).

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1977, pursuant to section 119(1) of the Bank Act, Chapter B-1, R.S.C., 1970.

Report of the Superintendent of Insurance on the administration of the Pension Benefits Standards Act for the fiscal year ended March 31, 1977, pursuant to section 22 of the said Act, Chapter P-8, R.S.C., 1970.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting tomorrow, Tuesday, 2nd August, 1977, to Friday, 5th August, 1977, inclusive, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

HISTORIC BUILDINGS

PROPOSED DEMOLITION OF HISTORIC HOUSE—QUESTION

Senator Molson: Honourable senators, I should like to ask a question of the Leader of the Government about an historic house in St. Jean, Quebec, which apparently is to be demolished.

This house is the one in which General Montgomery is reputed to have lived in 1775 during the invasion of Quebec. The newspaper story said it would be torn down or removed to make way for the expansion of Grand Bernier Boulevard which is part of an $89 million program to rebuild the St. Jean Army Base.

• (2020)

As this house may be of real historic significance, I feel that very careful consideration should be given to its demolition before that boulevard is extended.

Senator Perrault: Honourable senators, I must take that question as notice. Certainly inquiries will be made of the appropriate department in order to determine the historic value of this house, and whether there can be any federal government influence on such a decision.

ACQUISITION OR RENOVATION OF HOMES

GOVERNMENT ASSISTANCE FOR SINGLE PERSONS—QUESTION

Senator Grosart: May I ask the Leader of the Government if he would inform the Senate as soon as reasonably possible as to the status of single persons in respect to obtaining government assistance for the acquisition or renovation of homes?

Senator Perrault: Honourable senators, I must take that question as notice, and will seek that information as quickly as possible.

AGRICULTURE

INTERNATIONAL WHEAT AGREEMENT—FURTHER QUESTION

Senator Olson: Honourable senators, several weeks ago I asked the Leader of the Government in the Senate if he could give us a report on the international negotiations which it is hoped will lead to an international wheat agreement. I believe he gave an undertaking that he would look into the matter.

I wonder if I may now ask him if we can expect some kind of report soon, particularly as to whether or not there is any hope that such an agreement could be in place and in effect for the 1977-78 crop year?

Senator Perrault: I recall that some information was provided with respect to the question asked by the honourable senator. I would ask honourable senators to check the journals of this chamber. I believe that some information was provided in reply to that question.

Senator Flynn: If not, you could take it as notice.

FOREIGN AFFAIRS

ARRANGEMENT WITH UNITED STATES FOR OIL OR GAS PIPELINE CORRIDORS—QUESTION

Senator Austin: I should like to ask the government leader whether Canada has entered into any arrangement or understanding with the United States with respect to the provision of oil or gas pipeline corridors across our respective countries. In the event that some agreement exists, would the government leader advise this chamber as to its nature?

Senator Perrault: Honourable senators, I shall endeavour to provide a report to the Senate as quickly as possible. It is a technical question and information is not immediately available.

Senator Flynn: It is a specialized question; not a technical one.

CRIMINAL LAW AMENDMENT BILL, 1977

SECOND READING—DEBATE ADJOURNED

Hon. George J. McIlraith moved the second reading of Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

He said: Honourable senators, Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act, is a rather extensive bill, as can be seen from its title. While the points raised are important, I hope the bill can be made less confusing by my remarks, and, I hope, certainly not more confusing than a reading of the bill might indicate.

Senator Flynn: So it will be really long.

Senator McIlraith: The bill itself is really a derivative of Bill C-83, which was before Parliament through most of 1976, and that bill was examined by both the Commons committee and the Standing Senate Committee on Legal and Constitutional Affairs.

I was interested, in preparing these few remarks, to note the extent to which the minister had taken account of the work of those two committees in preparing the new Bill C-51, and of some of the representations made by outside bodies. I must say that I came to feel I ought to commend the minister for two things, namely, his persistence in seeing a bill involving firearms control through Parliament as far as he has this session, and for his sensitivity to recommendations of committees of Parliament.

Senator Flynn: The first qualification is more evident than the second.

Senator McIlraith: The second qualification is a very desirable one in ministers, and I want to acknowledge it at once. When I find the opportunity, I like to do so. All too frequently we do not have such an opportunity, since the sensitivity I speak of is not always there.

The bill itself can be divided into four subheadings, for all practical purposes: the firearms control provisions, the electronic surveillance provisions, provisions relating to dangerous offenders, and provisions relating to custody and release of inmates.

The main firearms control aspects of the bill include the provisions that new acquirers of firearms, before they can obtain a gun, must obtain a firearms acquisition certificate from a firearms officer, which in practical terms will usually be a police officer; the provision whereby the powers of the courts are expanded to prohibit existing gun owners from possessing and using firearms where they have records of conviction for certain crimes involving violence or the use of firearms; the provisions whereby police powers are expanded to allow them to seize firearms without a warrant in situations where there appears to be imminent danger to someone's safety or life; and the provisions by which provinces may request, under the act, that the federal government require proof of competence in the use of firearms before obtaining the firearms acquisition certificate.

Certain weapons which have no legitimate sporting use, and which are frequently used by criminals, are prohibited absolutely. And here I am referring, roughly, to automatics, and sawed-off rifles and shotguns. The detail on that is spelled out at length in the bill.

A new "need" requirement is introduced for persons wishing to register restricted weapons such as hand guns, revolvers, and so on.

New penalties are provided for careless handling or storage of firearms; in other words, leaving them lying around and that sort of thing.

Gun businesses are required to keep records, and a permit system is introduced for these businesses. In this connection also there are regulations for the storage, method of display and handling of firearms for firearms-related businesses and museums.

New penalties are imposed for persons using firearms in committing crimes.

Some new aspects were added in the committee of the other place. The most significant of these aspects is the requirement that businesses keep records for firearms transactions. This should be of considerable assistance to the police in criminal investigations. Perhaps that is all I need to say on firearms control at this point.

On the question of electronic surveillance, the changes are mainly as a result of experience with the existing legislation. There is a provision, for example, that will be of interest to certain members of the Senate, concerning the circumstances in which there can be electronic surveillance of lawyers' offices. A provision to protect the confidentiality of the solicitor-client relationship has been rather carefully worked out, and, indeed, was somewhat amended in committee in the other place. The right to an order permitting this surveillance is, of course, limited to cases where lawyers or their families or staff are specifically suspected of being involved in the committing of an offence.

● (2030)

The list of offences for which wiretaps can be ordered is expanded under the new law. There is a clarification in the rule as to the admissibility of evidence when there is a defect found in the electronic surveillance order. It defines more precisely the circumstances in which the derivative evidence may be used. Another provision concerns the period of notification, which is limited to 90 days under existing law—that is, notification of the person who has been the subject of the wiretap. On proper application, and by order of the judge, that period can be extended up to a period of three years. It was found that the 90-day limit had a curious but unsuspected effect, in that when the notification was sent out very often it was effective notice to others involved in the crime, and enabled them to cover their tracks and escape. It was, in fact, defeating the purpose for which the provision was intended.

Then there are provisions dealing with dangerous offenders. They are substantially the same as the provisions in Bill C-83, and will repeal the existing provisions dealing with habitual criminals and dangerous sexual offenders, and enact new provisions that will enable the courts to impose an indeterminate sentence of imprisonment in the case of all dangerous offenders, including dangerous sexual offenders. That sentence can only be imposed when the offender has been found guilty of an indictable offence, and it must be an indictable offence for which he can be sentenced to 10 years or more. It must involve, of course, the use or attempted use of violence, or conduct endangering or likely to endanger the life or safety of another person. In addition, the court must be satisfied that the offender constitutes a threat to the life, safety or well-being of others.

The provision for an application to the court to find a convicted offender to be a dangerous offender can only be brought with the consent of the attorney general of the province. The National Parole Board will be required to review the case of a dangerous offender not later than three years after the sentence, and every two years thereafter.

There are some provisions for the custody and release of inmates. They involve amendments to the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act. The main one concerns statutory remission in the federal and provincial institutions. It is being abolished, and replaced by an equivalent measure of earned remission. There are certain provisions as to the revocation of such remission, and so on.

The National Parole Board is being expanded from 19 to 26 members, and it is also being given—and this clarifies a point in practice which has developed in the last year, and over which there was considerable controversy—clear power as the ultimate authority for all forms of unescorted temporary absences from federal penitentiaries. This clarifies a point that was very much at issue with some individuals working in the field. The National Parole Service is being taken away from the authority of the National Parole Board. It now becomes the responsibility of the Commissioner of Penitentiaries, whose title or office is being renamed Commissioner of Corrections.

There are a lot of detailed provisions with respect to the Prisons and Reformatories Act. The bill revises that act so that the provinces are given more discretion in the administration of the provincial prisons, and the authority for indeterminate sentences exercised in Ontario and British Columbia will disappear. That, of course, is consequential on the proposed delegation of parole jurisdiction over inmates sentenced to less than two years to the provinces.

That summarizes the bill. The reference to the Customs Act in the title, is of course, purely incidental, and relates only to the import provisions concerning certain restricted weapons, and so on.

I thank honourable senators for hearing me so patiently. This is one of those bills that I think is better examined in committee, because the provisions are relatively unrelated. On matters of principle I do not see any substantial point of controversy, but on matters of detail there may be many questions of form, and so on, that require explanation and study in committee. Therefore, if it meets the wish of the Senate, if and when this bill receives second reading I will propose that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Godfrey: Would the honourable senator permit a question? When the subject matter of the original Bill C-83 was being considered by the Standing Senate Committee on Legal and Constitutional Affairs, there were two recommendations that I specifically recall at this time. One was that the offence of using firearms when committing a crime should be extended so that it would be an offence merely to have possession of a firearm when committing a crime. The second recommendation that I recall had to do with dangerous offenders. From what the honourable senator has said it would seem that in this bill, as in Bill C-83, a dangerous offender must be reviewed for parole at the end of three years, whereas the time before a man could be considered for parole on the serious and

basic offence for which he was convicted might be a minimum of, say, five or six years, yet if he was held to be a dangerous offender he could get a first hearing for parole in three years. The committee made a recommendation to remove this anomaly.

I should like to know whether either of those recommendations is reflected in this bill.

Senator McIlraith: The answer to that would be long and very complex because it involves several sections. It would prolong the debate on second reading unduly, which I do not think is the wish of honourable senators. This is something that is better dealt with in committee. However, I think the first point is taken account of in the new bill; the offence is provided for. On the second point, I recall the discussion in committee very well. I would want to check the actual clause, but as far as I know there is no change in the clause in this bill from the earlier one. However, I want to take a reservation on that.

On motion of Senator Flynn, debate adjourned.

● (2040)

EMPLOYMENT AND IMMIGRATION REORGANIZATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Henry D. Hicks moved the second reading of Bill C-27, to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

He said: Honourable senators, Bill C-27, the Employment and Immigration Reorganization Bill, contains significant provisions in three main areas. First, it authorizes the integration of the Department of Manpower and Immigration and the Unemployment Insurance Commission into a department and commission of employment and immigration. Second, it establishes a new Canada Employment and Immigration Advisory Council to advise the Minister of Employment and Immigration on matters to which his powers, duties and functions extend. Third, it introduces a number of amendments to the Unemployment Insurance Act.

I think it would be appropriate if I were to comment on the purpose and essential provisions of the bill in respect to each of these three major areas in turn, commencing with the departmental integration. The question that immediately arises on the subject of integration of the Department of Manpower and Immigration and the Unemployment Insurance Commission is why integration is now appropriate in view of the decision taken approximately ten years ago to separate the employment service from the Unemployment Insurance Commission. A central factor is that conditions in the Canadian society, economy and labour market of the late 1970s are significantly different from those obtaining in the late 1960s. During the last decade there has been an important evolution in our manpower programs and in unemployment insurance. Manpower services generally and, in particular, the counselling, placement, training and mobility programs, as well as the newer job creation programs, have greatly strengthened and matured. At the same time, the unemployment insurance program has been extended to cover almost the entire labour force and has come to play a much more significant role in the operation of the Canadian labour market and the Canadian economy.

As a result of these changes the objectives of the Department of Manpower and Immigration and the Unemployment Insurance Commission have become more closely linked. The two organizations have begun to co-operate more closely, and ways have been developed to co-ordinate their programs and activities. While this co-ordination has already yielded significant and positive results, it seems likely that a unified management will provide a better service to the Canadian public.

Specifically, integration is expected to lead to improvements in the services to the public through:

(a) a rationalization of the present network of local offices of the Unemployment Insurance Commission and the Department of Manpower and Immigration;

(b) the conversion of most service points into one-stop centres where the complete range of services of the two organizations would be available to the public;

(c) the faster and more systematic exposure of clientele to employment services;

(d) a simplification of the documentation required of clients and a streamlining of the procedures to be followed by them in using the services provided under the employment and insurance program.

I certainly hope that these worthy objectives can be attained by this new legislation.

It is also important to bear in mind that the immigration program has had and will continue to have a far-reaching effect on the Canadian labour market. The inclusion of immigration in the mandate of the new organization will, therefore, hopefully achieve an integrated approach to the development of manpower programs.

The specific provisions for integration are located in Part I, clauses 1 to 14, of the bill. The mandate of the minister of the new department and commission is contained in clause 5. The minister's powers, duties and functions will relate to:

(a) the development and utilization of labour market resources in Canada;

(b) employment services;

(c) unemployment insurance;

(d) immigration.

It should be emphasized that the mandate of the minister represents a combination of his existing responsibilities.

As can be seen from an examination of this part, the new integrated organization will consist of both a department and a commission. The new Canadian employment and immigration commission will be responsible for the various labour market programs. These will include the payment of benefits under

the unemployment insurance program, immigration recruitment, selection, enforcement and control, placement, counselling and training and the administration of other employment programs, such as direct job creation. It will also provide the administrative support functions for both the commission and the department.

The relatively small department of employment and immigration will be responsible for strategic policy development, program evaluation, labour market research and information services. It will help to ensure the closest possible linkages between labour market policies and programs and the government's overall economic and social strategies.

The effective fulfilment of the mandate of the commission will continue to require close co-operation and consultation between government, labour and business. Thus, the well-established policy of tripartite consultation and co-operation will be continued through the representation of workers and employers in the new commission. Indeed, the potential for effective co-operation will be enhanced, since the new commission's authority will extend not only to the unemployment insurance program but also to labour market programs generally, as well as immigration matters.

If Bill C-27 receives royal assent in the near future, the integration of the department and the commission at the national headquarters level could be completed by early fall of this year. Plans for restructuring the regional headquarters could be completed by the end of 1977. With respect to the integration of the field offices, the department and commission have selected and begun pilot projects for testing approaches that could be implemented for integrating the local offices. These and additional pilot projects will be run throughout the balance of 1977 into mid-1978. The actual integration of the 600 Canada Manpower and Unemployment Insurance local offices and service points, excluding the immigration offices, which would remain in their existing locations, would then commence in mid-1978 and be completed by early 1979. So much for Part I of the bill.

Part II of the bill, which includes clauses 15 to 25, contains the provisions for a new Canada Employment and Immigration Advisory Council. This part of the bill is, in a sense, consequential to Part I in that a new Advisory Council is needed to replace the Canada Manpower and Immigration Council and the Unemployment Insurance Advisory Committee. But it also provides an opportunity to design a better council, one which, hopefully, will be more responsive to the needs of the minister and the integrated department and commission. It is expected that the integrated council will be well placed to look at the problems of the Canadian labour market in a way that neither of the separate advisory bodies has been able to do. The provisions of the new advisory council have been drafted with a view to providing maximum flexibility. The council, which would consist of a chairman and from 15 to 21 other members to be appointed by the Governor in Council, will be able to examine areas that their members are interested in as well as those which the minister refers to it.

The reference to the existing Canada Manpower and Immigration Council Act, which allows for the establishment of regional or local advisory bodies, has been carried forward into the proposed legislation. Such provisions for regional and local committees under the present Canada Manpower and Immigration Council Act were never put into effect, as our Committee on National Finance observed in its recent study of the manpower policy of that department.

As the decentralization of programs proceeds, there is considerable potential for an enlarged co-operative advisory role at the sub-national and local levels as a source of important expertise on local labour market conditions. It is certainly my earnest hope that advantage will be taken of these opportunities to make the local advisory councils effective in a way that they have never been up to now. In any event, Parts I and II fulfil the first objective of Bill C-27, which is to improve the quality of the employment-related services of the federal government to all Canadians.

The remaining and complementary objective of Bill C-27 is to streamline and improve the unemployment insurance program in order to make it more responsive to present economic circumstances. This, then, brings us to Part III of Bill C-27, amendments to the Unemployment Insurance Act.

By way of background, I might indicate that the amendments being made in this part of the bill, which includes clauses 26 to 67, have been proposed with three purposes in mind:

(a) to simplify and streamline the benefit structure;

(b) to decrease disincentives to work;

(c) to eliminate anomalies and inequities within the act.

• (2050)

Of the considerable number of amendments, the most significant have arisen from the commission's comprehensive review of the unemployment insurance program in Canada, and that review was carried out during the years 1974 and 1975. Nearly all of the amendments have been the subject of intensive discussion involving the minister, the commission, the advisory council, members of Parliament, and representatives of the private sector during the development of the legislation, and during its consideration by the House of Commons and by the committee of that house. As a result of representations to the Minister of Manpower and Immigration, a number of revisions were made to the bill during its consideration by the other place. I will note these as I discuss each of the major amendments, or category of amendments, in this part of Bill C-27.

The first major amendment in Part III is the introduction of a new three-phase benefit structure. The main elements of the new benefit structure are contained in clauses 32, 33, 34, 41 and 67, but there are a number of other clauses which contain consequential amendments.

The new three-phase benefit structure will have several distinct advantages over the current five-phase structure. It would be a very complicated matter to go through the present five-phase structure to determine the precise benefits any

particular unemployed person receiving unemployment insurance would be entitled to, but I can refer honourable senators to them if it is their wish. Perhaps it will suffice if I explain what the new system will be and, if there are any questions, I shall attempt to deal with them.

In general, the new system will be simpler and more equitable than the current arrangement. It will be more sensitive to local unemployment conditions and will enhance the motivation for work. I shall refer to some of the specific features of the new structure: there will be one benefit period of 52 weeks, including the two-week waiting period, during which a maximum of 50 weeks of benefits will be payable. The benefit period will be divided into three phases. In the initial phase, benefits will be payable based upon one week of benefits for each insured week, to a maximum of 25 weeks. This initial phase replaces the current initial benefit period and re-established benefit period, and will provide a better balance between the number of weeks worked and the number of weeks of benefits payable.

The second phase will be a modified labour force extended benefit phase available to those with longer attachment to the labour force. In this phase, a maximum of 13 weeks of benefits will be payable on the basis of one week of benefits for every two weeks worked over 25 insured weeks. Although the maximum number of weeks of benefit available in this phase is lower than the current 18 weeks, the combination of the 25 weeks of initial benefits plus the 13 weeks of labour force extended benefits will provide adequate entitlement for the vast majority of claimants with longer labour force attachment in areas of low unemployment.

The third phase is a revised regional extended benefit phase, which will eliminate the existing national extended benefit phase and restructure the basis for entitlement to regional extended benefits. Experience has indicated that the national extended benefits are anomalous because claimants in every part of the country in recent years have qualified for eight weeks of benefits regardless of local labour market conditions. In other words, since the national unemployment rate has been above 5 per cent, which has been the case in all recent years, claimants in all parts of the country have been entitled to the maximum period. The attempt to give attention to regional differences and disparities was all merged in that everyone qualified for the maximum amount in any event.

To repeat, experience has indicated that the national extended benefits are anomalous because claimants in every part of the country in recent years have qualified for eight weeks of benefits regardless of local labour market conditions. The regional extended benefit phase has been restructured to be based solely on the regional unemployment rate rather than on the difference between the national and regional rates of unemployment. The new proposal will be much more sensitive to local labour market conditions and will eliminate the anomalous situation in which claimants may not qualify for any regional extended benefits when both the regional and the national unemployment rates go up, as is the situation under the present law. This will be corrected under the new legislation so that regard will still be had to regional unemployment differences.

In this connection, it should be noted that when first presented the maximum number of weeks of regional extended benefits available was to have been 20. Strong representations were made that in the Atlantic provinces, for example, this maximum would not provide sufficient protection for all claimants. As a result, the Minister of Manpower and Immigration introduced an amendment at the report stage of Bill C-27 which provides for a maximum of 32 weeks of regional extended benefits to be available when regional unemployment rates exceed 11.5 per cent.

Honourable senators who are interested in this may have reference to Table 2 of Schedule A to the bill.

Other changes would also be introduced into the benefit structure to decrease the disincentive to work. For example, the "four-week rules," which now result in the termination of claims if claimants return to work for four weeks during the extended benefit phase, will be eliminated. These rules have proved to be a disincentive for claimants to return to employment, particularly in cases where there is some uncertainty as to the duration of that employment. Thus, the new benefit structure is designed to curtail benefit entitlement to those with a relatively short labour force attachment living in regions of low unemployment. At the same time, it is designed to maintain appropriate insurance protection for those with longer labour force attachment, as well as to those claimants who reside in regions of high unemployment.

A second major amendment contained in this part is the variable entrance requirement. The essential elements of this amendment are contained in clause 30. Consequential and related amendments are contained in clauses 29, 49 and 67. In recent years, there has been much concern expressed over the easy access to the unemployment insurance program as being supportive of unstable work patterns. The Canadian scheme, with its current eight-week fixed entrance requirement, is among the most generous of any scheme in the world. Investigations have indicated that claimants with eight to 11 weeks insured employment receive a significantly higher degree of support from unemployment insurance, and have a much more unstable attachment to the labour force than any other category of insured worker. In light of these and other factors, the 12-week fixed entrance requirement was judged to be an increase which would be both required and acceptable.

Again, there were representations that, in view of the wide regional economic disparities and the generally high unemployment rates prevailing across the country, this is not the time for an increase in the entrance requirement across the board. The variable entrance requirement, which was introduced into Bill C-27 at the report stage, relates to the differences in economic conditions across the country and serves to equalize the impact of the entrance requirement on claimants. For example, under the provision now contained in Bill C-27, the minimum entrance requirement in the Atlantic provinces will be 10 weeks at current unemployment rates, whereas on the prairies it will be 14 weeks. Again, honourable senators

who are interested in looking at these figures should refer to Table 3 of Schedule A to the bill.

It should be noted that the variable entrance requirement is meant to be an interim arrangement which would be in force for a period of three years, subject to extension by affirmative resolution of Parliament. If not continued, the variable entrance requirement would be replaced after three years with a fixed entrance requirement of 14 weeks. The government, in its efforts to increase employment through domestic and international co-operation, hopes to make it feasible to establish a 14-week fixed entrance requirement after three years, and I am sure that we all earnestly hope that the economic conditions of our country will warrant the taking of that step at the end of the three-year period under which the variable entrance requirement will operate.

The third major amendment contained in Part III of Bill C-27, the introduction of the authority to use unemployment insurance benefits in a more directly productive or developmental way, is contained in the new proposed sections 37, 38 and 39 of the Unemployment Insurance Act to be enacted by clause 41 of this bill. The basic rationale underlying these proposals is to provide more productive alternatives to unemployment insurance claimants while they are receiving income maintenance.

The original purpose of the unemployment insurance program was to provide income protection to unemployed workers while they searched for suitable employment. This, undoubtedly, remains a fundamentally important purpose of the program. At the same time, we all know that there have been dramatic changes in the economy, the labour market and society, with the result that, for certain workers, immediate job prospects are poor. In these cases, the provision of income maintenance by itself is not the most effective approach to the solution of their problems, or indeed to the problems of the labour market.

● (2100)

Experience has shown that suitably designed training courses can help significantly to enhance employment opportunities. What is proposed in section 39, to be enacted by clause 41, is a more systematic approach based on streamlined financial arrangements.

The current cumbersome approach whereby unemployment insurance "top up" manpower training allowances would be replaced. Those eligible for benefits and referred to manpower training courses would receive their full income maintenance from the unemployment insurance program. This would not only make administrative and financial arrangements more efficient, it would also, in the opinion or hope of some departmental officials, open up the possibility of additional funds being made available for training purposes. This, of course, would be a matter for government policy and decision from time to time.

The developmental use of unemployment insurance funds for claimants participating in special unemployment insurance job creation projetcs—section 38, enacted by clause 41—and work-sharing arrangements—section 37, enacted by clause 41—constitute new departures. It has therefore been indicated that pilot projects would be undertaken in both cases to test the extent to which acceptable positive results could be achieved.

Under the job creation proposal unemployment insurance claimants who have no other immediate employment prospects would be given the opportunity of participating in job creation projects on a purely voluntary basis while they receive unemployment insurance benefits. This approach is in recognition of the fact that there are large numbers of unemployed workers receiving unemployment insurance benefits who cannot find employment, while at the same time many community-oriented projects cannot be carried out because of a lack of funds to pay for such work. This proposal would enhance the scope of job creation projects and increase the number of individuals who could participate in them.

During the discussion of this particular proposal, opposition was expressed by representatives of both labour and management to the use of unemployment insurance funds for job creation in this way. The Minister of Manpower and Immigration gave his assurance during the report stage of Bill C-27 that this proposal would not be implemented until there had been further opportunities for discussion. Specifically, he proposed that the unemployment insurance job creation proposal be referred to the newly established advisory council to permit a fuller exchange of views in this area, and he stated that if no labour or management support for experimentation with this proposal is forthcoming it would not be implemented.

The final proposed developmental use of unemployment insurance funds would be in work-sharing arrangements. And I must say that this seems to me to be much more likely of success and usefulness in the labour market than the previous job creation proposal. At present, when a firm faces a temporary emergency, it normally cuts back on production and reduces the size of its work force. Many of the workers who are laid off will search for other work, move, seek training for a new occupation, or remain unemployed. Typically, there are major losses involved in this process. Workers' skills may erode when they are idle, and some of them may lose the habits and patterns of work that are important to their personal and economic well-being. When the firm is ready to rehire, it may find some of its former work force with weakened skills and some no longer available. Work sharing could reduce these problems. For instance, instead of one-quarter of a work force in a particular establishment being laid off, employers and workers could agree that it would be preferable for all of the work force to work a 30-hour week instead of a 40-hour week on a temporary basis. During the period of the arrangement, unemployment insurance benefits would be paid for one-quarter of a week to all of the workers instead of for all the week to one-quarter of the workers.

This proposal has also been a source of considerable controversy. Consequently, the Minister of Manpower and Immigration again gave his assurance at the report stage of Bill C-27 that fuller and wider discussion with management and labour

would be undertaken to determine whether there would be a basis to proceed with pilot projects in this area, and that implementation would not be undertaken unless there was a willingness on the part of the labour and management groups to participate.

I would hope that this scheme is tried, at least in some places in our country, because it seems to me to be eminently sensible. I am not so sanguine about the job creation proposal.

As a final comment on developmental uses, these approaches to the use of unemployment insurance funds are an integral part of the government's employment strategy, which has recently made available substantial additional expenditures to increase employment and provide a more diversified approach to the problem of unemployment.

The fourth category of amendment to the Unemployment Insurance Act contained in Part III of Bill C-27 comprises a number of miscellaneous amendments. It should be noted that some of these are of a housekeeping, technical or consequential nature while others are more substantive. Among the more important of these are:

(i) Clause 38(1) which provides greater flexibility in the calculation of insured weeks for the purpose of establishing maternity claims.

(ii) Clause 55 which provides authority for an increase in the number of Justices to hear unemployment insurance appeal cases.

(iii) Clause 56 which would grant to all claimants or employers a right to appeal to the Umpire against unanimous decisions of the Boards of Referees.

Such appeals now can only be lodged by unions on behalf of employees, or by associations of manufacturers or industries on behalf of the employer. The new amendment will make it possible for individuals or corporations to appeal individually.

Part IV, the final part of Bill C-27, contains, in clauses 68 to 75 and the schedule, the transitional and consequential provisions necessary for carrying integration, the new Advisory Council provisions and the amendments to the Unemployment Insurance Act into effect. In this connection I should mention that clause 73 will ensure that no acquired rights will be abrogated when the new benefit structure is brought into force. This will mean that those claimants who have established claims on the existing five-phase benefit structure will continue on the five-phase benefit structure after implementation of the three-phase benefit structure. Claimants whose claims are effective after the date of implementation of the three-phase benefit structure will, of course, be subject to the new rules.

Clause 75 in Part IV stipulates that the provisions of Bill C-27 will come into force as fixed by proclamation. I made some reference to this timing before, but I am informed that the minister's intention would be to bring the integration and Advisory Council provisions into force as of the date of royal assent. The benefit structure and the developmental use of unemployment insurance funds for training would be implemented approximately six weeks after royal assent. Since further planning is required before its implementation, the earliest possible date of implementation for the variable entrance requirement would be early December 1977. The dates of implementation of the developmental use of unemployment insurance funds for job creation and work sharing would depend to a great extent on the discussions which would be undertaken. Implementation of the pilot projects in these areas would therefore not be envisaged before late fall at the earliest.

Honourable senators, the amendments contained in Bill C-27 have been made as a result of a long period of investigation, discussion and debate. I am hopeful—and, indeed, I believe—that the integration of the Unemployment Insurance Commission and the Department of Manpower and Immigration, and the revisions of the Unemployment Insurance Act, together constitute a sound basis for providing better employment services and benefits to Canadian workers and employers in the current economic conditions. Therefore, I commend this bill to the favourable consideration of this house.

On motion of Senator Phillips, debate adjourned.

● (2110)

STATUTE LAW (METRIC CONVERSION) AMENDMENT ACT, 1976

SECOND READING—DEBATE ADJOURNED

Hon. Gildas L. Molgat moved the second reading of Bill C-23, to facilitate conversion to the metric system of measurement.

[*Translation*]

He said: Honourable senators, I am happy to present Bill C-23 to facilitate conversion to the metric system of measurement. Since the subject matter has been widely discussed, I could, of course, keep my speech very short. Unfortunately, it seems to me that two problem areas still remain to be covered. First, the events which have taken place so far in Canada with regard to the conversion to the metric system and, secondly, the steps which other countries which have not yet gone metric are taking in that direction. I think that it is essential to understand these two matters before proceeding to the bill itself. Therefore, if you will allow me, I would like to give you some basic information briefly to go over the events which have taken place over the last six years in Canada.

In 1970, the government put before the House of Commons a white paper on metric conversion in Canada, and the four parties gave their unanimous support to the policy outlined in it. This policy is contained in the three principles which follow: First, the eventual adoption in Canadian usage of a single coherent measurement system based on metric units should be acknowledged as inevitable and in the national interest.

Second, this single system should come to be used for all measurement purposes required under legislation, and generally be accepted for all measurement purposes.

Third, planning and preparation in the public and private sectors should be encouraged in such a manner as to achieve

the maximum benefits at minimum cost to the public, to industry, and to government at all levels.

As mentioned in the white paper, a number of industrial organizations, consumers associations and others have already expressed their conviction that the decision to convert was a wise step. Among such organizations are the Consumers Association of Canada, the Agricultural Institute of Canada, the Canadian Chamber of Commerce, the Canadian Council of Professional Engineers, and many more. As a matter of fact, honourable senators, over a hundred years ago, that is in 1873, Parliament passed a law permitting the use of the metric system, the Weights and Measures Act.

In 1971, one year after the white paper, the act was amended so that the most advanced and most universal metric system could be put into use, that is the international system commonly known as SI. Nowadays, not only our major trading partners but all the industrialized nations of the world, including the countries behind the iron curtain and those of Third World, all but four are using that system of measurement or are in the process of converting to it.

The government in 1971 set up the Metric Commission and entrusted it with its conversion policy. More than one half of the conversion program has already been implemented in Canada. The same thing is being done in a great many Commonwealth countries, namely, the United Kingdom, Australia and New Zealand, which are about 75 per cent converted. Our major trading partner, the United States, is adopting the metric system more quickly that is generally believed. That country made a study of the metric system in 1968. In 1973, our neighbour to the south outlined plans to convert on a national basis by creating national committees whose work is being conducted and coordinated by the American National Metric Council.

A number of big corporations have decided to convert sooner and today, for instance, more than 40 per cent of all General Motors automotive parts are manufactured to metric dimensions. On the basis of the study's findings, the Secretary of Commerce recommended to the American Congress in 1971 that the United States convert to the metric system. In December 1975, President Ford signed the act providing for the conversion to the metric system. In Washington many informed people believe that the members of that Commission will soon be appointed by President Carter and then confirmed by the Senate.

In my opinion, it is responsible to conclude that the United States are well on their way as far as metric conversion is concerned and may even be ahead of us in some areas.

In 1974 the government of Canada approved the national program of guideline dates for metric conversion proposed two years before by the Metric Commission and consisting of four distinct phases.

Phase I—investigation—was completed in 1974. Phase II—planning—went on in 1974 and 1975. Phase III—scheduling—was to be completed in 1976, and finally, Phase IV—implementation—which began in 1975 should peak in 1977-78 and end in late 1980. By then the Canadian economy should be essentially metric.

In 1975 this program was put before the House of Commons as a resolution. In December of the same year, the Standing Committee on Finance, Trade and Economic Affairs examined and endorsed this four phase program. In April 1976 the ministers responsible for metric conversion in each of the provinces also unanimously endorsed the program at a meeting with the federal Minister of Industry, Trade and Commerce in Ottawa. Following the steps taken by the federal government, more than 1,500 volunteers from all sectors of Canadian society have been meeting regularly since 1971 to investigate, plan, schedule and, in some cases, supervise the implementation of metric conversion in their respective sector of the economy. Each sector sets up a sector plan of national scope for the economy and for the other types of organizations that make up that sector. Every sector plan proposes activities and specific dates of implementation which reflect the most knowledgeable views of the members of that sector. At the present time, thirty sector plans have been approved on a national scale, and the results of the work done by the sector committees are already evident in our everyday life.

As more sectors set up more national plans, and implement them, they naturally expect that the laws and regulations will be amended in time to allow them to meet the deadlines which they have agreed upon.

Honourable senators, that is where Parliament must play an essential part. No fewer than 90 federal acts are affected by the conversion and will have to be amended. The federal government has already worked out a schedule for the introduction of the amending bills. The bill under consideration today is only the first of a series of omnibus bills yet to come. It deals with nine of the 90 acts to be amended.

• (2120)

[*English*]

Honourable senators, I should now like to turn to the precise contents of Bill C-23. I apologize for making such a lengthy introduction, but I felt that it was necessary in the light of what I believe has been misinformation about the speed of metrification in Canada and in other countries.

Dealing with Bill C-23 itself, I would first like to comment on the bulk grain handling industry as it is affected by this act. In the bulk grain handling sector we are dealing with four of the nine acts covered by this omnibus bill: namely, the Canadian Wheat Board Act, the Prairie Grain Advance Payments Act, the Two-Price Wheat Act, and the Western Grain Stabilization Act.

The movement of grain in this country is highly integrated. It has a standardized and co-ordinated system of operations and transactions which start at the prairie elevator, extend through the Rockies to the west coast terminals, or to the terminals at Thunder Bay and down the lakes to the export elevators of the St. Lawrence River system.

The industry includes the licensed elevator system, the Canadian Feed Manufacturing Association, and the Ontario

grain and feed dealers membership, all of whom support the move. Essentially, this means that all bulk grain transactions from producer delivery through to export shipment will be metric units.

In some areas of the system, metric units are already being used. For example, futures contracts on the Winnipeg Commodity Exchange are already in metric tonne units. A considerable number of scales are converted, and conversion has recently been accelerated, particularly in the conversion of electronic scales. Nationally, the feed industry has converted and grains produced in Ontario are sold by the metric tonne.

An educational and public awareness campaign has also been under way for several years. That campaign began in 1973 with the publication of a farm letter from Agriculture Canada that was dedicated exclusively to the use of the metric system on the farm. There has been an intensive campaign involving television, radio and newspaper reports on the conversion program on the prairies. The detailed information about this campaign has been sent to all of us in this chamber in the form of a kit containing a description of the campaign, and several brochures and newspaper reports.

The conversion plan has the support of the entire industry, and this has been clearly expressed by the Manitoba Pool, the Saskatchewan Pool, the Alberta Pool, the United Grain Growers, the National Farmers Union, and the Canadian Federation of Agriculture. Honourable senators will agree that the preparation has been thorough, and I believe that we should approve this legislation in order that the industry can get on with the job.

The next act to be amended is the Consumer Packaging and Labelling Act. The act as it now stands requires the quantity on consumer products to be shown in both metric and customary Canadian units. The only exception is where a preferred series of sizes is used. An example of this exception is our toothpaste tubes, which are sold in a series of preferred metric sizes; but all other items must at present be labelled under both.

The amendment proposes to drop the requirement that the Canadian measure be shown, and it will be left to the manufacturer to decide whether or not it is shown, as he interprets the market demand. This change has been specifically requested by several sector committees because dual labelling has been proven to be a disincentive to learning the new system and would therefore lengthen the period of transition. The amendment would favourably affect all sectors manufacturing consumer packaged goods, as well as all wholesalers, retailers and consumers.

The next act is the Weights and Measures Act. The proposed amendments reflect the experience of Australia, New Zealand, and other countries in their conversion process. In order to complete the retail scale conversion program, it is necessary to provide a cut-off date beyond which old-style devices will not be inspected or authorized for use; otherwise the conversion of scales could go on for years, which would be too costly to both retailers and the government. By cutting costs in this way, both the consumer and taxpayer will benefit in the end.

It is also necessary to limit the use of two different units in advertising consumer goods. This is required so that one merchant may not seem to be offering lower prices than another by advertising, for example, a price per pound which is substantially lower than the neighbouring merchant's price per kilogram, or by a variety of practices which would tend to confuse the consumer about the quantity of a product.

The result of such an amendment is twofold: since only one system of measurement is used, the consumer will not be confused about the quantity of a product that he or she is buying; and, secondly, the consumer will get the same treatment as before in terms of value for money. It seems to me that all three groups—the private sector, the consumer and the government—stand to gain by these amendments, and I believe that we should approve them.

In the case of the Regional Development Incentives Act, there is only a minor change from square miles to square kilometres.

The final two acts to be amended by the bill are the Gas Inspection Act and the Oil and Gas Production and Conservation Act. The amendment of the Gas Inspection Act is essential to the conversion plans of this industry. At present the Gas Inspection Act restricts the sale of natural gas to cubic feet and BTUs. It has been indentified as a critical piece of legislation in the natural gas distribution sector's conversion plan.

Until the act is changed, no changes can be made to provincial legislation governing the transmission and distribution of natural gas, nor can the renegotiation of rate schedules with the utilities and consumers be made. The provinces will not start amending their legislation until the federal act is passed.

Amendment of the final bill, the Oil and Gas Production and Conservation Act, is also essential. The sector plan calls for drilling to commence in metric in July, 1978. A one-year lead time is required after the governing legislation is amended.

Once again the preparation has been thorough, and the sectors are ready to move to the metric system according to schedules that are the result of systematic consultation throughout their own industries and with the other affected sectors. We should approve these changes and allow them to get on with the job.

I do not think it is necessary for me to plead the case of the change to metrification, as the move has already been accepted in the past by both houses as being a desirable one. In my opinion we should proceed with the detailed changes to the nine acts, which have been agreed to by the various sectors and will permit them to get on with the job of changing the system in their own areas. I believe that the changes will, in the long run, make the system more simple, will improve the efficiency of Canadian industry, will effect a substantial improvement in our educational system, and will facilitate our export trade. I

repeat that the changes in the rest of the world are going on at a much more rapid pace than we in Canada are sometimes told, and we must keep pace with those changes if we are going to maintain our competitive export position.

I therefore believe, honourable senators, that the country will have everything to gain. The various sectors interested in the amendments to the nine acts have agreed to the changes, and I recommend that we approve the bill at the earliest possible date.

On motion of Senator Bélisle, debate adjourned.

• (2130)

IMMIGRATION BILL, 1976

SECOND READING—DEBATE ADJOURNED

Hon. Daniel Riley moved the second reading of Bill C-24, respecting immigration to Canada.

He said: Honourable senators, the bill we have before us marks only the third time in this century that there has been a thorough overhaul of immigration legislation. The first occasion was in 1910, at a peak period of immigration to this country, and the second in 1952, when post-war immigration policies and programs were becoming established.

The 1952 legislation, which is that in effect today, carried over many of the concepts of the 1910 legislation. The age of mass air travel was developing, but even then the common method of travel for the immigrant from overseas was by ship. Our existing legislation therefore reflects a bygone age, when travellers could be examined at ports of entry at a more leisurely pace, when jumbo jets, depositing thousands of passengers at airports in a few hours, were unknown, and hijackers and terrorists had not yet arrived on the scene. The United Nations Refugee Convention, which had only been signed for one year, had not been ratified by Canada at that time, so there is no reference to refugees or their protection under the present act.

The 1952 act is deficient in many other ways. It refers to "idiots, imbeciles and morons," among its prohibited categories. It bans the admission of epileptics as immigrants and of criminals on the basis of a nineteenth century expression to the effect that they have committed crimes involving moral turpitude. The act of 1952 also gives the Governor in Council the power to bar the admission of persons by reasons of nationality, citizenship, ethnic group, occupation, class or geographical area of origin—a power so blatantly in contradiction of Canada's immigration policy for the past 15 years that its existence alone justifies the repeal of the 1952 act.

The bill before us has been almost four years in preparation. It started with the creation, in 1973, by the then Minister of Manpower and Immigration, of a group charged with the preparation of a green paper designed to serve as a vehicle for public debate. The green paper on immigration policy was tabled in Parliament in February, 1975, and was referred to a special joint committee of both houses of Parliament. The Honourable Senator Riel was a co-chairman of that committee, and several other honourable senators served on the body. The special joint committee, after holding public hearings throughout Canada, reported to Parliament in November, 1975. Almost all of the recommendations made in their report are reflected in the bill we have before us now.

I should like to point out some of the features of Bill C-24 which we presently have under consideration.

First of all, the bill outlines the objectives of Canada's immigration policy. It lists among those objectives such matters as the reunification of families, the establishment of non-discriminatory selection standards, humanitarian concern for refugees, the achievement of national and regional demographic objectives and the protection of the health, safety and good order of Canadian society. This bill also requires that all rules and regulations made under it shall be compatible with those objectives. The objectives are contained in clause 3 of the bill.

A second feature that I should like to draw to your attention is the provision for improved management of the immigration flow. The minister responsible for this program, after consultation with the provinces and other organizations he considers appropriate, must advise Parliament each year of the number of immigrants that the government deems it appropriate to admit for a specified period, and the demographic factors that have been taken into account in reaching that figure. This recognizes the role given to provincial governments under section 95 of the British North America Act, as well as substantially improving the basis on which immigration levels are determined.

A third feature of the bill is the protection it gives to the Canadian public through providing for the prohibition of entry or removal of would-be terrorists and hijackers, as well as participants in organized crime. At the same time, the outmoded medical categories of the current act, which names specific conditions, have been removed. Instead, provision is made, on the basis of a recognition of advances in medical science, for examining the applicant on the basis of the health threat he poses, or the charge he might become on public health and other social services. Criminality is measured in terms of equivalency to Canadian law, and provision is made for the lifting of this particular bar following a period of rehabilitation.

A fourth feature of the legislation relates to the rights of persons refused at ports of entry or ordered removed after admission. The existing appeal rights to the independent Immigration Appeal Board have been preserved. In addition, the inquiry which may lead to an order of removal takes a significantly different form, designed to guarantee the fairest possible hearing to the persons concerned. The concept of a departmental officer, now known as a special inquiry officer, who both prosecutes the case and renders the decision, has been replaced. Instead, there will be an adjudicator whose function will be solely to listen to both sides of the case and render a decision. The applicant may be represented by counsel, and have the inquiry in public if he so chooses. The adjudicator will have no other immigration responsibilities,

and will not be under the jurisdiction of local or regional officials.

In those rare cases, usually involving terrorists, organized criminals or subversives, where the evidence cannot be made public for fear of endangering the life of the source of that information, the Minister of Immigration and the Solicitor General may jointly file a certificate which will be accepted as evidence of removability. In those cases where a visitor is involved, there will be a hearing before an adjudicator where the identity of the individual affected can be confirmed, and where he or his counsel may present his case. This provision for a hearing is in sharp contrast to the power given in section 7 of the present act which permits the minister to declare a person no longer to be a non-immigrant, and to order his deportation without a hearing of any kind. As an additional protection against abuse, the bill requires the minister to give an annual report to Parliament on the use of these ministerial certificates.

In the case of a permanent resident who is the subject of a ministerial report based on similar grounds, very special safeguards are erected to prevent arbitrary decisions. His case will be heard by a special advisory board, of which one member must be a retired superior court judge, and whose procedures are described in the bill itself, I believe between clauses 38 and 41. These cases will be very exceptional, and the final decision will be made by the full cabinet on the basis of the advice it receives from the board. I would emphasize that these will be unusual but potentially dangerous cases where organized criminality, terrorism, or subversion is involved. Rare though these cases may be, I suggest that it is essential to provide adequate means to deal with the higher degree of risk that such cases pose for our society.

● (2140)

The fifth feature arises directly from my immediately preceding remarks concerning the rights to a fair hearing of those refused admission or ordered from Canada. This relates to the impact of the removal order. In the present act there is only one device—deportation. This represents a lifetime ban from coming back to this country, save with the consent of the minister. Deportation orders will be issued in the future if this act is accepted, but they will only be applied to serious offenders. Those who have committed minor offences, such as overstaying their period of authorized entry, will be allowed to leave on the basis of departure notices. If they comply with them, then they may return to Canada in the future without restraint other than that of meeting normal requirements.

At ports of entry people will generally be removed by exclusion orders, which will have the effect of barring admission without the minister's consent for one year only.

I suggest that this is a humane approach, providing, as it does, alternatives to the stigma of a deportation order for minor and technical offences.

I have no hesitation in recommending this bill to honourable senators. It is a humanitarian bill. It is a bill that provides very substantial rights to a fair hearing for those who cannot comply with its terms, and a bill that protects the health, security and the well-being of the Canadian public. I hope it receives the favourable consideration of honourable senators.

On motion of Senator Asselin, debate adjourned.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Agriculture, to which was referred Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Hon. Hazen Argue moved the adoption of the report.

He said: Honourable senators, the Agriculture Committee, after deliberation on Bill C-34, has in its report to the Senate recommended that the bill not be proceeded with. I can say that we arrived at this conclusion after very careful consideration and after considering all of the facts as they were presented to us.

One of the reasons that we feel that this bill should not be proceeded with is that it purports to be an amendment—which it is—to the Canadian Wheat Board Act, but the Canadian Wheat Board will have no jurisdiction and no role to play in the provision of rapeseed pools. We also felt that there was another act of Parliament, the Agricultural Products Cooperative Marketing Act, that was adequate for the purposes of establishing voluntary pools. It was on the statute books, and it was available and could be used by any group of producers who may wish to have a rapeseed pool. As a matter of fact, even outside of this legislation and outside of the Agricultural Products Cooperative Marketing Act to which I have referred, there are in effect and in operation voluntary marketing plans for rapeseed and sunflowers.

When our committee first met on this bill and we opened it for discussion, I did not know whether or not the members of this committee would deal with the bill at that time in all its stages, as sometimes happens, but it was moved by Senator McNamara that the committee should hear representatives of the Canadian Wheat Board and farmers' organizations. This was carried. Senator Greene proposed two motions: one asking that the Law Clerk and Parliamentary Counsel appear as a witness; the other asking that the Honourable Otto Lang, the minister responsible for the Canadian Wheat Board, appear. Those motions were passed.

Our committee held four sessions. We heard from the Honourable Otto Lang. Our first witness was an official of the Grains Marketing Office, Department of Industry, Trade and Commerce, Mr. Dennis Gibson. We heard from the Director of Marketing Services, Production and Marketing Branch, Agriculture Canada, Dr. Vern Smith. We heard from our own Law Clerk and Parliamentary Counsel, Mr. du Plessis.

The majority of the members of the committee—and the vote was eight to two in favour of the report I am speaking to—felt that there was now in place on the statute books the Agricultural Products Cooperative Marketing Act which, in fact provided all of the authority necessary, and all of the scope necessary, to operate a rapeseed marketing pool. We had an amendment passed in the 1969-70 session to the Agricultural Products Cooperative Marketing Act which makes possible the very thing to which I refer. I would like to quote from the statute.

> 1. The definition 'agricultural product' in section 2 of the *Agricultural Products Cooperative Marketing Act*, chapter A-6 of the Revised Statutes of Canada, 1970, is repealed and the following substituted therefor:
>
> " 'agricultural product' means
>
> (*a*) any kind of grain other than wheat that is grown in the area that is defined as the designated area by the *Canadian Wheat Board Act,*

Under this legislation, which now exists, pools could be established by prairie producers for any grain, rapeseed, oats, barley, flax and even feed wheat—any grain other than wheat, as defined by the Canadian Wheat Board Act. That particular part of the Agricultural Products Cooperative Marketing Act is very broad and, we suggest, very adequate indeed.

Under Bill C-34 there is provision for the establishment or provision of initial payments. The Governor in Council agrees to guarantee 90 per cent of the initial payment, whatever initial payment is established. Under the Agricultural Products Cooperative Marketing Act, in an amendment of December, 1975, there is provided a guarantee by the government for 100 per cent of the initial price of any product that is marketed under this act. Both as to the type of grain and as to the initial payment, there is provision now under the Agricultural Products Cooperative Marketing Act.

● (2150)

When this bill was before our committee, the members of the committee from western Canada opposed this bill. It was felt by these members that this legislation was, in fact, not necessary. I should like to quote what was said by Senator McNamara, whom we all hold in the highest regard as an authority on the grain business, having been a distinguished and almost revered Chairman of the Canadian Wheat Board for many years. When he was appointed to the Senate I recall an editorial in the *Western Producer*, the largest farm paper on the prairies, with, I believe, the heading, "Hail Senator McNamara." Senator McNamara, as reported on page 15 of issue No. 19 of the Committee's proceedings, had this to say:

> I just want to make my position clear. It is evident that I am not at all happy with this bill and these regulations being considered as an amendment to the Canadian Wheat Board Act. They really have nothing to do with the Canadian Wheat Board. It definitely states that the Wheat Board has no administrative responsibilities. I have always felt that the Wheat Board was set up to market farmers' grain to the best advantage of the producers, and nothing else. This puts in a new element about voluntary pooling. Voluntary pooling was tried and failed, to the cost of the treasury, the provincial governments and the wheat pools when it started.

Senator Hays is also opposed to this measure. On the very next page of the same issue Senator Hays wants to call Senator McNamara as a witness, saying he thinks that Senator McNamara, as an authority on the wheat marketing grain business, should be called. Senator Hays said:

> I am serious about this. He knows a good deal about it, and it is a very serious situation. We are dealing with what might be 4,000 producers but which down the road might be 50,000 producers. We could have a proliferation of 30 pools. We are already into a cattle inquiry where we have 350 people who are marketing cattle. I think this thing should be under the Wheat Board.

That was the position taken by Senator Hays.

Senator Sparrow, by his questioning, made his position clear. He pointed out, on page 19, that this bill could be extended beyond rapeseed to any other grain variety, and indicated that he would be opposed to this measure.

I think that is a pretty strong indication that many people, including these senators from the prairies, questioned the foundation of this bill and the necessity of proceeding with it at this time.

It is also fair and correct to say that Senator Olson, who is the sponsor of this bill, who is not a member of our committee—although I am sure that in due course, when this can be provided, he will be a distinguished member of that committee—is, of course, in favour of the bill, and he did a good job of promoting his ideas to support the bill. However, the position of the majority of the members of the committee is as I have stated.

I think one of the things in the minds of members of the committee is that this bill is not likely to be merely a permissive piece of legislation. We recognize that the minister in charge of the Canadian Wheat Board is a man of outstanding ability, who has done very many outstanding things on behalf of the wheat producers—box cars, hopper cars, the Western Grain Stabilization Act, improved and extended cash advances, and an aggressive policy of the Canadian Wheat Board in marketing grain, which he supports, so much so that the Wheat Board is being criticized by its opponents for being almost too aggressive. He has many, many accomplishments to his credit, but one does not expect that this particular minister will be a passive bystander when it comes to making provision for legislation under his jurisdiction.

I should like to quote what the minister said on this point, from page 6608 of the Commons *Hansard*. He said that after the legislation is through and there is the possibility under this bill of voluntary pools:

> I very much hope that the wheat pools on the prairies and other companies, either together or singly, will take advantage of these provisions and move to set up pools for rapeseed so that farmers who want the average price and

find it difficult to arrange their own selling without this assistance may have such opportunity.

Wheat pools, as I understand, are very much opposed to a voluntary system of pooling, because they feel that it has been tried in the past and has not been successful. They are in favour of the Wheat Board system of handling grain. This statement from the minister suggests that this legislation will be more than permissive, namely, that the minister himself hopes and advocates that all of the grain companies should take advantage of this legislation and provide pools within their system. If there are, for example, a number of voluntary pools for rapeseed, this legislation makes it possible to have further pools for feed wheat, oats, barley, rye, flax and so on. Those who favour the Wheat Board system are concerned that this would set up a kind of third alternative system. They feel that this is fraught with many dangers and should not, in fact, be encouraged.

A couple of years ago there was a vote on the question of having rapeseed placed under the Canadian Wheat Board, and the vote defeated that proposition, because 52.7 per cent voted for the open market, 46.2 per cent voted for the Canadian Wheat Board and 1.1 per cent were undecided. The minister in charge of the Wheat Board made it possible to have this third category of vote taken. He had said during the time this was being discussed that he would like to see provisions for another option, for a voluntary pool outside of the Canadian Wheat Board system itself, certainly outside of the exclusive jurisdiction of the Canadian Wheat Board. One editorial farm writer expressed an opinion that this gave those who wished to have a system different from the open market, or different from the Wheat Board, a chance to express themselves. However, only 1.1 per cent, or 370, cast votes as undecided. There was a return of 78.5 per cent of the ballots.

• (2200)

Our committee invited representatives of farm organizations to appear. Many of them expressed their position on the merits or otherwise of this bill, and it is fair and correct to say that the rapeseed growers' associations in the three prairie provinces and the Rapeseed Growers Council expressed an interest in this legislation. It is also fair and correct, I believe, to say that the vast majority of grain companies and other farm organizations expressed no interest in this legislation. Many of them questioned whether it would be practical, and in general my conclusion is that the amount of demand for this legislation is not large and certainly could be and can be accommodated by the other legislation which is already on the statute books of this country.

When we had Mr. Gibson, the official of the department, before our committee and this point was being discussed, he said that to have a pool that would operate effectively, or words to that effect, there would be approximately 10,000 members of the rapeseed growers' associations, or up to 15,000, who would come into this plan. That is paraphrasing his statement, but I believe it is fairly accurate. However, my information is that the rapeseed growers' associations in the three provinces have a membership out of some 40,000 rapeseed growers of just under 2,000. I do not wish to imply that they do not legitimately speak for a certain section of the rapeseed industry. It is a voluntary organization and when they go out to canvass for memberships they are not always easy to get. However, it does represent in that sense 5 per cent of the producers who grow rapeseed. The Saskatchewan Wheat Pool would likely argue that it represents a greater number, because a majority, at any rate, of the rapeseed producers in Saskatchewan are likely to market their product through their co-operative facilities. However, be that as it may, this is the general situation we found in regard to this vote and this demand.

As I have said, we considered this legislation very carefully, and I should like to quote some other points. I have already referred to the hope of the minister that there might be a substantial number of pools. He said in answer to a question by Senator McNamara:

> Yes, I think that every significant buyer could conceivably have a pool.

Well, now, this shows, of course, that the minister feels that this is a real possibility and this, of course, is something that is not supported by those who would like to have a wheat board system of marketing grain.

In an exchange which took place with the honourable minister, as reported at page 22 of the 21st issue of the proceedings of the committee, Senator Hays had this to say:

> No, I believe in pooling. I believe it should be put in the Wheat Board and until such time as they do not want it in the Wheat Board I think the producer should be left outside the Wheat Board. I believe in pooling, as I said, and I think it is the only way to market, but I do not believe in a multiplicity of little pools.

So that was the position taken in this regard by Senator Hays.

A number of arguments have been put forward as to why this legislation is preferable to the Agricultural Products Cooperative Marketing Act. It is said that this bill provides for an endorsement in the permit book which every farmer must have in order to market his grain. It is said that this brings the permit book under the Canadian Wheat Board Act for enforcement purposes. However, it has been pointed out that the Wheat Board permit book could probably be endorsed by agreement and by providing for such endorsation in the contract.

As I said earlier, Dr. Smith of the Agricultural Products Cooperative Marketing Committee appeared before the committee and was questioned on this point as to provisions being made in that act as it now stands to provide for assurance that farmers would market their grain, at least to the extent that they would by an endorsement in the Wheat Board permit book. He had this to say at page 14 of the third proceedings of the committee on the bill:

> I would say it probably could, but if the contract between the processor and the group of producers specified how that was to be done, I think there would be enough

provisions in the contract itself, without really having to amend anything—

So, Dr. Smith said that in his opinion this type of amendment is not necessary because it could be brought about by contract. I pointed out to the minister when he was before our committee that while the system of an endorsation in the permit book means that a producer is not able to deliver to the regular grain trade and sell his rapeseed on the open market if this endorsement has been made, the endorsement does not mean that the producer by the end of July will bring forward his rapeseed. He is not breaking any law if he keeps it at home. He is not breaking any regulation of the Canadian Wheat Board of which I know if he sells his rapeseed to his neighbour. I therefore asked the minister what provision could be made to make certain that the rapeseed producer not only would on delivering his grain to a grain company put it in a voluntary pool when there is an endorsement in the permit book, but would in fact market the grain. The minister replied that would have to be a part of the contract. So, it is my contention and submission that there would be sufficient authority and a sufficient legal basis for the operation of a pool in the Agricultural Products Cooperative Marketing Act together with specific provisions in the contract that would provide certainty, or a reasonable measure of certainty, that the producer would in fact deliver his rapeseed into the pool.

I further asked Dr. Smith as to the experience with regard to infractions in the operation of the Agricultural Products Cooperative Marketing Act in the other pools now operated under that legislation. He said that they are negligible in number, and that the producers in general follow the law and they have experienced no particular difficulty. I do not believe there would be any particular difficulty if this act were used for rapeseed and these reasonable precautions were taken in the contract itself.

Bill C-34 contains a second major provision for a farmer, a producer of rapeseed or these other grains which would fall under this proposed pooling system to pay 2 per cent to the Western Grain Stabilization Act. That legislation is a good act; there is likely to be a big payout next year because of the falling off in farm income, the drop in net cash flow. There is likely to be an even larger payment in 1979, so producers are anxious that they have the opportunity to pay into the Western Grain Stabilization Act, which is a form of income insurance and is supported by the vast majority. In my opinion when the payments are made producers will unanimously agree that that is a good act and those who will be greatly upset will be the just over 20 per cent who did not have, in my judgment, sufficient foresight to join the plan. However, I would respectfully submit that this amendment is not necessary. Under the Western Grain Stabilization Act as it now stands and operates, it is already possible for a producer to pay in 2 per cent in respect of rapeseed or any other grain that he delivers to the elevator system, or even outside the elevator system. To be more precise, I should like to quote from the Western Grain Stabilization Handbook, issued under the authority of the Honourable Otto Lang. At page 8 of that handbook, under the heading "Voluntary Levy," it states:

● (2210)

> All grain sales through commercial channels are eligible for levies under the program. When producers sell grain to feed mills, seed plants and feedlots which do not automatically deduct the levy, the producers may voluntarily remit the 2 per cent levy to the administration.

In other words, if the company takes the 2 per cent levy, that settles the question. If, however, the company does not take the 2 per cent levy, the producer is then entitled to submit the 2 per cent to the Western Grain Stabilization Fund and it will be credited to his account.

While the draftsmen of the bill may have felt that it would be tidier to have this amendment, certainly from the standpoint of the producer, or the standpoint of the Western Grain Stabilization Act itself, it is not necessary as contributions can be made on a voluntary basis. Through the voluntary contribution system, a producer can get every possible benefit from the Western Grain Stabilization Act.

Honourable senators, I must confess that it is not easy to move the adoption of a report that recommends against a government bill referred to committee. However, each member of a committee must decide, in his own judgment, on all measures sent to it. I am sure that the majority of the committee members who supported this report felt that they had sufficient reason for so doing. While all members of the committee are knowledgeable, some are particularly knowledgeable in this field, and it is the remarks of some of those that I have quoted this evening. In addition to producing and marketing grain themselves, those individuals have had long experience in the public life of this country.

The Agriculture Committee is not all that old. In its relatively short life, it has been involved in a few controversial situations. As a committee we have been endeavouring to make whatever contribution we can to the operation of the Senate and to the improvement of agricultural legislation in this country.

The Feeds Act was before the Agriculture Committee approximately two years ago, at which time a number of amendments were proposed. Those amendments were adopted by the Senate itself and were then referred to the House of Commons for concurrence. The House of Commons rejected a number of the amendments. We studied the rejection and came forward with a further amendment, which amendment was eventually concurred in.

The purpose of the amendment proposed at that time was to provide that, where a corporation was found guilty of an infraction of the law, the fine should not be merely a token fine, which we felt the fine as then set out in the bill to be. It was the view of the committee that where a feed company had realized substantial profits as a result of doctoring feeds, the fine should not be limited to a maximum of $2,000. We were able to have that amended so as to read that where a feed company is found guilty of an indictable offence, the amount

of the fine to be levied will be at the discretion of the court. If a company realized a profit of $100,000 by doctoring feeds, the judge could then impose an appropriate fine, and certainly in such a circumstance I should think the fine would be well above $2,000.

Just over a year ago the Agriculture Committee had before it the Farm Credit bill. One of the provisions of that bill was to provide loans to a maximum of $150,000 to a farmer as long as he or she was 35 years of age or under. Senator Hays took the position that to restrict it to those 35 years of age or under would be a mistake. After discussion, the committee passed a motion to amend the bill to increase the age from 35 to 40 years. The Senate, in its wisdom, decided not to adopt the committee's amendment.

Prior to this bill being under discussion at all, I had an opportunity to discuss the operation of that act with a senior official of the Farm Credit Corporation, and that official said that one of the most difficult provisions the Farm Credit Corporation has to deal with is that which sets the age at 35. In many cases a projected loan would be programmed over a period of years but during that time the applicant reaches the age of 36, with the result that a loan cannot be made. It was the official's hope that an amendment would be coming forward soon which would remove the age limit of 35 years.

Senator Hays at that time, I suggest, was on the right track. In considering that amendment the committee was merely putting before the Senate something which it thought the Senate should in fact deal with.

Honourable senators, the hour is late. I have made a rambling dissertation as to some of the reasons the committee has brought down this report. We have studied the legislation carefully. We have considered all aspects of it, and we feel we have done our job in making this report to the Senate. We recognize that the Senate is the final authority and that the Senate itself, and not the Senate Agriculture Committee, will decide whether or not this report should be adopted.

It is the view of the committee that this particular measure is not required at this time, and we respectfully submit our report to the Senate for adoption.

Senator van Roggen: Would the honourable senator permit a question? Was there a recorded vote on the committee's report and, if so, how many voted in favour of the report and how many against?

Senator Argue: There was a recorded vote. I do not believe senators were identified by name. The vote was eight to two in favour of the report.

Senator van Roggen: And that did not include yourself as chairman?

Senator Argue: That is right.

Senator van Roggen: So, you would make it nine to two.

Senator Argue: Well, I did not vote.

Senator Buckwold: If the honourable senator would permit a question, it seems to me that the entire case that has been presented for the rejection of this particular bill by the committee is on the basis that the Agricultural Products Cooperative Marketing Act is adequate for the purposes embodied in this bill.

Was the minister in charge of the Canadian Wheat Board, the Honourable Otto Lang, directly asked, assuming this was the case, why it was necessary to go through the preparation and presentation of Bill C-34 and, if so, what was his reply? In other words, was there a direct question to the minister as to why he did not go that route as opposed to a new bill?

Senator Argue: From memory, I am not certain that he was asked that precise question. The evidence is contained in the committee's proceedings, and it has been printed if the honourable senator wishes to read it.

• (2220)

Senator Buckwold: I don't think that is an adequate response. I have asked a question and you reply, "Read it for yourself."

Senator Argue: I don't want to trust my memory right now. I would not want to say categorically at this moment whether that precise question was asked. I would say that it was, but I shall check further. I shall take it as notice and be prepared to reply.

Senator Buckwold: I presume that the answer is that you don't know.

Senator Argue: I have made my reply.

Senator Buckwold: It is a fundamental point to me.

Another question is: Why was there not a more intense effort made to have brought before the committee representatives of producers who voted 52.7 per cent in favour of an open market? I presume that this bill was being proposed in order to accommodate the majority of the producers who voted in favour of an open market. In the list of your witnesses you did not, to my knowledge, indicate anybody who did in fact represent producers who were in favour of an open market position.

Senator Argue: Well, our staff and I phoned and made contact with farm organizations. I did not make a great many of the calls myself, but contact was made with farm organizations, the grain trade, the elevator companies, and so on, because they might be expected to operate this pool. Ours was a far-ranging contact with all these organizations. We informed them that the bill was before the Senate committee, and we said to them that if they cared to come and make representations we would be happy to hear them.

Senator Buckwold: Again, honourable senators, I submit that is really not an adequate reply to the question, because the producers themselves, those who are apparently in favour of an open market, or the majority of them, apparently are not organized, or else they were not invited. There has been nothing on the record, apparently, indicating their support of this particular bill.

Senator Argue: We invited them all, and that is all I can say. As far as I know, and I say this frankly, they were all

given an opportunity—all those we could think of, dozens of them—and they did not care to come. Some of them sent written briefs to us, and I have those filed. I also have a list of the dozens who were invited to appear but did not do so.

Senator Buckwold: Could you make available a list of the dozens who did not appear?

Senator Argue: I don't want to exaggerate. Perhaps I should add them up, but I thought there were dozens. There might have been less than two dozen, but there would be more than one dozen. I would be very happy to provide the names to Senator Buckwold.

On motion of Senator Olson, debate adjourned.

THE ENVIRONMENT

CONSTRUCTION OF COAL-FIRED POWER PLANT IN SASKATCHEWAN—INQUIRY ANSWERED

Senator Austin inquired of the government pursuant to notice of June 29, 1977:

1. Has the Government received representations from the State Department of the United States with respect to the 300 megawatt coal-fired power plant now under construction by the Saskatchewan Power Corporation eight miles north of the United States border on the east fork of the Poplar River, which flows from Saskatchewan into eastern Montana, either as to the use of the waters of the Poplar River, or with respect to the ambient air quality?

2. If so, what is the nature of those representations?

3. Has Canada made any reply?

4. If so, what is the nature of that reply?

5. What relevance has this project to Canada's position, which is opposed to the water pollution aspect of the proposed Garrison diversion project in the United States, where the essence of the position of the United States has been that deterioration of the water quality of the Red and Souris Rivers in Manitoba is permissible?

Senator Perrault: The answer to the honourable senator's inquiry is as follows:

1. Yes. A formal U.S. Diplomatic Note was delivered to the Canadian Government in February, 1975, and an Aide-Mémoire was received from the U.S. State Department in May, 1976. Periodic meetings have also been held since 1975 involving the U.S. and Canadian Governments, the State of Montana and the Province of Saskatchewan.

2. The U.S. Government and the State of Montana have expressed concerns relating to the maintenance of adequate stream flows across the border, including effects on municipal water supplies, fisheries and agriculture. The U.S. has also expressed reservations concerning the possible effects of the project on air and water quality in the State of Montana.

3. Yes. The Canadian Government has responded to U.S. concerns by various means. Canada replied to the U.S. Diplomatic Note of February, 1975, the same month, taking careful note of the U.S. concerns and giving the U.S. assurances as outlined below. At a number of Canada-U.S. meetings held on the project since 1975, and through regular exchanges of information, the Canadian Government has continued to keep the U.S. Government informed of developments relating to the project, and to address U.S. authorities' concerns on apportionment and air and water quality. At U.S. request the International Joint Commission has been involved in some aspects of the project.

4. In general terms, the Canadian Government has repeatedly assured the U.S. Government that it will comply with its obligations under the Boundary Waters Treaty. For purposes of clarity, a more detailed response to the question can be divided into three parts.

(a) *Water apportionment*—Canada and the U.S. have agreed to request the IJC to consider the issue of water apportionment between the two countries. The IJC is currently studying this question. Pending the IJC Report, Saskatchewan has unilaterally guaranteed a minimum stream flow from its reservoir.

(b) *Water quality*—Canada has agreed in principle, at U.S. request, to a reference on water quality to the International Joint Commission. The Canadian and U.S. Governments are presently negotiating the terms of such a reference.

(c) *Air quality*—U.S. authorities in 1975 agreed that, based on available information, the first 300 MW phase of the project would not cause transborder air quality problems. Both this earlier conclusion and the likely effects of the second phase are being carefully studied in Canada. The project will have to comply with Saskatchewan air quality standards and with federal emission guidelines under preparation by the Department of Fisheries and the Environment. Consultations with the U.S. on this question have been ongoing.

5. The Garrison project is on a much wider scale than the Poplar project, and has a much greater potential to have significant transboundary environmental effects. Nevertheless, insofar as possible pollution is concerned, the two projects involve the same principle and the same treaty obligation. It would not be accurate to state that the essence of the United States position is that the deterioration of the water quality of the Red and Souris Rivers in Manitoba is acceptable. In fact, the U.S. Government has repeatedly assured Canada that it would comply with its obligations under the Boundary Waters Treaty. Canada has made similar assurances in respect of the Poplar project.

ADJOURNMENT

Senator Perrault: Honourable senators, I move that the Senate do now adjourn.

Senator Rowe: Honourable senators, before the question is put I should like to know where we stand in relation to the adjournment motion passed on July 14, that when the Senate adjourned on that day it should stand adjourned until Tuesday, August 2. This may be just a technical point, but I am wondering where we stand in relation to that motion.

Senator Perrault: It is normal procedure that the Senate may be recalled at a time earlier than that set forth in the motion for adjournment.

The Hon. the Speaker: It is covered by rule 14A.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, August 2, 1977

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

Prayers.

AGRICULTURE

INTERNATIONAL WHEAT AGREEMENT—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have further information with respect to the question asked by Senator Olson on June 28. The honourable senator inquired whether or not negotiations were taking place which could in fact lead to an international wheat agreement being in place before the commencement of the crop year which begins on August 1.

There is currently an international wheat agreement in place—the 1971 agreement—which has been extended twice and which will expire at the end of June, 1978. For the past two years members of the International Wheat Council have been examining, by means of a preparatory group drawn from members of the council, the possible elements of a new agreement. As honourable senators may be aware, the current agreement does not contain any economic provisions, that is, pricing provisions. As a result of developments in recent years where there have been extreme fluctuations in prices and considerable concern over world food security, these two aspects are very current in the discussions in the International Wheat Council. There are no negotiations on a new agreement in process at this time. However, matters appear to be gaining some momentum. At its 80th session, held in the last week of June, the council agreed upon a schedule of meetings in the fall which, if agreement is reached on the elements of a new agreement, would likely lead to a decision by the council at its next session—probably late November or early December—to convene a negotiating conference early in 1978 under the auspices of UNCTAD.

Subject to satisfactory progress in the meetings of the preparatory group of the International Wheat Council scheduled for the fall, a decision by the council to convene a negotiating conference and a successful conclusion to that conference, it could be possible for a new international wheat agreement to be in place by the beginning of the International Wheat Council's crop year beginning on July 1, 1978.

INTERNATIONAL WHEAT AGREEMENT—SUPPLEMENTARY QUESTIONS

Senator Olson: Could the Leader of the Government in the Senate advise us whether or not the term "negotiations," used in his reply several times, does in fact mean that negotiations on price will be introduced as one of the agenda items at these further meetings? I do not think he specifically said that.

Senator Perrault: Honourable senators, that further information will be sought and, if possible, provided for the Senate at the earliest possible convenience.

Senator Flynn: For purposes of clarification, would the leader tell me why he said that the crop year will start on August 1 this year but that next year it will start on July 1?

Senator Perrault: I am unable to clarify that technical detail, but I shall endeavour to do so.

Senator Grosart: As one farmer to another.

Senator Flynn: Yes, that is right.

Senator Perrault: That kind of comment goes against the grain.

NORTHERN AFFAIRS

POLICY REPORT—QUESTION

Senator Austin: Honourable senators, I should like to ask the Leader of the government if the government will make available this week its report on northern policy which has been promised for the last several months.

Senator Perrault: It is my understanding that that report is imminent, and I shall certainly endeavour to ascertain whether it can be made available to honourable senators.

NORTHERN PIPELINE

SENATE DEBATE—QUESTION

Senator Olson: Honourable senators, I should like to ask the Leader of the Government a question with respect to a possible debate on the northern pipeline. I understand such debate will be taking place in the other place on the last two days of this week, the 4th and 5th of August. Inasmuch as there is now an inquiry on our order paper that could be used for that debate, will an opportunity be provided in the Senate for a debate concurrent with that in the other place on Thursday or Friday of this week?

Senator Perrault: Honourable senators, there is no intention to attempt to dissuade any senator from speaking on this important subject. There have been a number of events, however, over recent weeks which have removed many of the controversial aspects of such a possible debate. I have spoken with the Leader of the Opposition about the matter and I hope that further discussions can be held within the next few hours with respect to the possibility of a short debate in the Senate on the subject of the pipeline. As honourable senators are aware, another key report on the feasibility of developing a

northern gas pipeline, and one of the possible routes for such a pipeline, should be made available today. That report may provide further basis for a debate in both chambers of Parliament. The honourable senator has, however, advanced an interesting idea with respect to the existing inquiry on the order paper.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, before the Orders of the Day are called, may I be permitted to make a short routine announcement in regard to business of the Senate which will take place outside this chamber this afternoon.

I wish to remind those who were unavoidably absent from the meeting of the Standing Senate Committee on Transport and Communications this morning that this committee will sit at 2.30 this afternoon in room 356-S to continue its study of Bill C-41, the Maritime Code Act.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate resumed from yesterday the debate on the report of the Standing Senate Committee on Agriculture, to which was referred Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Hon. H. A. Olson: Honourable senators, we have before the chamber a report from the Standing Senate Committee on Agriculture respecting Bill C-34. This report, at least to me—perhaps because I have not been in this chamber very long—is unusual in at least three ways.

In the first instance, it seems that this report deals with the principle of the bill, because it does not bring the bill back in an amended form. As a matter of fact, it is my understanding that there was no attempt made at all in the Standing Senate Committee on Agriculture to amend it. The report simply says that the bill is unnecessary. Although I am not going to do so, I could make a fairly substantive argument, from the point of view of procedure, that once the Senate gives second reading to a bill it does in fact accept the principle of the bill.

Senator Hays: Honourable senators, may I inquire whether Senator Olson is closing the debate? He moved the bill.

Senator Flynn: No. He is speaking on the report.

Senator Olson: My understanding is that the debate at the moment is on the report of the committee.

As I was saying, my impression is—and this may be due either to my lack of knowledge or the different basis on which procedures are carried out in this chamber—that in most parliamentary procedures, once a chamber has made a decision on a certain item, it is not in order to bring that question before the same chamber during the same session. I am not going to make that argument, as I say, because I would hope that I could persuade senators that the bill is necessary, that the decision they made when they accepted this bill in principle on second reading was a right and proper one, and that they should now proceed to third reading of that same bill.

Senator Grosart: Could I ask the honourable senator if he is raising a point of order?

Senator Olson: No. I am not now raising a point of order, but I just wanted to allude to the fact that there is a potential point of order that could be raised here with regard to debating the principle of a bill more than once, or, at least, debating it after it has once been decided in this chamber.

Senator Flynn: Surely, you are not suggesting that on third reading we could not vote against a bill we had passed on second reading? If so, this may be not only lack of experience in the Senate, but also lack of experience in the other place.

Senator Olson: I really would not like to pursue this argument too far, because, as I said, I think I could make the point that the bill is necessary without having to resort to a point of order.

Senator Flynn: Now you are making better sense.

• (1410)

Senator Olson: Although, as I said, I think there is a point of order and a very substantial argument to take that route, I do not choose to take that route.

Let me get to the second part that I regard as rather unusual about this report, which is that it says:

> In conclusion, your committee has found this bill to be unnecessary, indeed to clearly duplicate an existing Statute, the Agricultural Products Cooperative Marketing Act.

If honourable senators read the entire report they will see, that while the committee says it is unnecessary because there is an existing statute, the report goes on to say:

> However, the committee recognizes that the Agricultural Products Cooperative Marketing Act may be found wanting.

It therefore seems to me that it is unusual for a committee to report that we should not proceed with this bill because there is another statute under which essentially the same thing could be done, and then go on in the report to say that that statute really may not stand up for the purposes for which this bill calls. I find that very unusual too, although I am not prepared to make a long or profound argument on that point either.

I think we should first establish whether or not this bill is necessary for the people that it will affect; in other words, the rapeseed producers. To me that is what is important. I do not care what the lawyers think about whether you could set up a structure under one act or the other. Looked at realistically and pragmatically, if you like, the point is what kind of structure you would have if you set it up under the provisions of these amendments to the Canadian Wheat Board Act and

the Western Grain Stabilization Act, and compare that with the kind of structure, with respect to physical costs and all those things, you would have if you set it up under the Agricultural Products Cooperative Marketing Act.

Firstly, therefore, I should like to call your attention to the speech of the minister, the Honourable Otto Lang, in the other place. I will not quote from it because, as you would expect, having brought in the legislation he is therefore in support of it, otherwise he would not have brought it in. The reason he brought it in was that he had given a commitment to the rapeseed growers in the prairie provinces that he would bring in amendments to the Canadian Wheat Board Act and to the Western Grain Stabilization Act so that those rapeseed growers in western Canada who wanted to could volunteer their crop to a pool in such a way that they could receive the average price of rapeseed during the entire year and avoid being caught in a situation in which they were obliged to take a price that was dictated by the daily market on the day they happened to deliver their rapeseed.

For those honourable senators who do not understand, may I add that there are days when there is both a quota and space available, so that you can actually deliver your rapeseed to the grain company of your choice. However, there is a very limited and restricted number of days when there are both quota and space in the bins. The producer who takes his rapeseed in on a particular day has to accept the price on that day, notwithstanding that that price may be as much as $1.00—in some cases, as much as $3.00—lower than the high point for the year, and in many cases $1.00 or more below the average price throughout that year.

This bill will enable farmers to take the option of averaging the price over the whole year. Those farmers who do not want that option will be free to take the price on whatever day they deliver their rapeseed. As a matter of fact, a very large producer could probably adjust his deliveries over the entire year in such a way that he would get something close to the average. However, the small producer is subject to those days when there is space in the elevator, and there is, on occasion, a very, very costly penalty imposed by having to take a low price on any given day.

I should like to quote from the remarks of the Honourable Alvin Hamilton, speaking on behalf of Her Majesty's loyal opposition in the other place. His opening sentence in speaking to this measure was as follows:

> Mr. Speaker, I think I can put the mind of the minister at ease at the outset by saying there is absolutely no disagreement on the part of the official opposition as to the principles of this bill. I would commend the minister also on his method of presentation.

I should also like to quote the last paragraph of his remarks—

Senator Molson: Honourable senators, I wonder if I might draw my colleague's attention to the fact that he is violating the rules of the Senate in quoting from *Hansard* of the House of Commons. Rule 34(*a*) is very clear in that respect. Quoting from a minister's speech is quite in order, but not from the speeches of other members of the House of Commons.

Senator Olson: Honourable senators, I shall accept that. I read that rule a few days ago. I note that it is violated somewhat from time to time, as recently as yesterday. Since I am caught, I had better not proceed further. I shall instead have to paraphrase what the Honourable Alvin Hamilton had to say when he was speaking to this measure on behalf of the opposition in the other place.

His opinion was that Parliament would serve this country and the producers well were it to pass this bill and pass it in time so that it could be put into place for the next crop year. He again goes on and commends the minister, the Honourable Otto Lang, for bringing this bill forward, and having it drafted in such a way that it is voluntary. I think it is fair to say that it is not usual for the Honourable Alvin Hamilton to commend the minister responsible for the Canadian Wheat Board. It certainly does not happen often. I suspect, therefore, that one can safely assume that he felt that this was a good bill and that there was a desire for it on the part of the rapeseed growers in western Canada.

As far as the New Democratic Party in the other place is concerned, they did not accept this bill in its full form. However, party spokemen did go on to explain that their reason was that the bill did not go far enough and set in place a compulsory full pooling operation. That was the objection of the New Democratic Party.

● (1420)

I think, too, I should draw to the attention of honourable senators that the chairman of the Agriculture Committee, Senator Argue, and his staff, made some contacts in western Canada. He pointed out last night that a number of organizations in the grain business out there did not support this bill. I think he also went on to point out that the percentage of members belonging to the rapeseed growers associations was relatively small. I do not want to go into that argument or to make comparisons, but there are many other organizations which do in fact purport to, and do successfully persuade Parliament that they do, represent a section of the Canadian economy, and when you look at their membership in relation to the total number of people involved in that economic activity, it is pretty small. I suppose that two of the outstanding examples are the Farmers Union of Canada and the Canadian Cattlemen's Association. Neither of those organizations represents more than 5 per cent of the total number of producers in the country—in many cases a whole lot less than that. But I suggest, honourable senators, that the rapeseed growers of Saskatchewan and of Manitoba and even of Alberta are surely the ones the producers turn to when they want to deal with something specifically involving rapeseed and the marketing of it. The Rapeseed Growers Association of Saskatchewan were contacted. Their reply, according to the report handed to us in committee, was that they wished to see the legislation passed for the 1977-78 crop year. They also say that during the 1973-74 plebiscite the option of voluntary pooling was promised to producers. That, honourable senators, is

exactly what this Bill C-34 does: it gives the option of voluntary pooling. They go on to say that the federal government should keep its promises. I think the minister, the Honourable Otto Lang, is keeping his promise in this respect.

The Manitoba Rapeseed Growers Association, according to the report, said that they approve and support the voluntary street price pooling for rapeseed, as provided for in these amendments.

There is much, much more that I could quote by way of the support for this particular bill, but what I want to do, if I may, is draw some comparisons between what kind of physical structure you would have under Bill C-34, which comprises the amendments to the Canadian Wheat Board Act and the Western Grain Stabilization Act, and what kind of structure would have to be set up by way of physical establishment and the costs related thereto if you took the route of the so-called existing statute, that being the Agricultural Products Cooperative Marketing Act.

Honourable senators will realize that all the Canadian Wheat Board will be involved in doing under these amendments is administering the quota control, which is done by the permit books already in existence for every producer in western Canada, regardless of whether he grows wheat, oats, barley, rapeseed or any other grain subject to a delivery quota system from time to time. That whole structure is already in place and all that this Bill C-34 would do is to provide the Canadian Wheat Board with the authority to have those books endorsed. Therefore, if a producer volunteers to join a pool, there is then a way of making sure that there is a record of his deliveries in his permit book once he has volunteered to join that pool. As the bill points out, once he volunteers to join a pool, then, of course, he cannot sell his rapeseed outside that pool for the balance of that crop year. It seems to me that that is eminently reasonable for any person knowing that those are the terms and conditions. If he wants to take an average price, if he wants to have the benefit of an average price over the whole year, then he has to agree to deliver his rapeseed to that pool for the same year.

Senator Hays: May I be permitted to ask the honourable senator a question with respect to the permit books as they now exist? I understand they must be filled in before July 31 for the crop year of 1977-78. Would it be possible, therefore, to have this pooling arrangement in effect now or would it be necessary to wait until 1978?

Senator Olson: I am not sure that I can answer that question specifically. The Honourable Senator Hays has a slightly different interpretation from mine. I do not think you have to apply for your book before the new crop year starts. It is advisable to do so, however, because there is always a four- to six-week delay between the time you make an application for a permit book and the time that application is processed and approved by the Wheat Board. In the meantime, of course, you cannot deliver any kind of grain. Obviously, then, it is advisable to do so before the end of the crop year. But I think they do take the applications later on.

Senator Hays: Is it not necessary that you do so before the 31st?

Senator Olson: No, it is not. You can apply afterwards and have them approved. But there is a delay.

But to answer the other part of Senator Hays' question, I am not sure whether this pooling arrangement could be put in place for this year, which is now the current crop year 1977-78. I do not think so. I do not believe the minister really believed that they could even when he introduced the bill. But he did want to have the amendments made to the Canadian Wheat Board Act and to the Western Grain Stabilization Act so those producers and companies who were interested in this pooling would have several months to put together a pooling plan which would be acceptable to the government. I think they need that much time. When I say "that much", I do not know whether they need six months or five months or what, but if we pass this bill they will have almost a year in which to do it and they may need all of that time because this is a new departure. I know that some senators have argued that voluntary pools have been tried before and have not worked, but I do not accept that argument in this case, because there are fundamentally different rules for the basis of this pooling with government guarantees and other things that were not present under previous voluntary pooling arrangements.

I would plead with honourable senators to take these things into account. I think that if they accept the argument that this bill is unnecessary simply because it can be done under another statute, they should look at the cost of that and look also at the number of rapeseed producers who will be almost automatically left out of any pooling system. I say that because the activities and the administration of the Canadian Wheat Board is universal across western Canada. It is established administratively in every delivery point in the four western provinces—that is, the three prairie provinces and those areas in British Columbia where they produce grain.

If you were going to go under the other act, the Agricultural Products Cooperative Marketing Act, you would have to set up a whole new physical structure for the administration of quotas, which the Wheat Board already does, and for the arrangements for selling. That may not be very much different from the method used by the grain companies that do the buying and selling of rapeseed now. But even more important, to set up a structure under the Agricultural Products Cooperative Marketing Act you would have to have a reasonable number of producers and within a reasonable geographic area. That is the practical way of doing it. It does not say that in the act, but that is how it would have to be done, because it becomes a large co-operative market, a co-operative marketing structure. So, if you had a fairly large number of producers in one geographical area who wanted to use that act and it was confined to that, perhaps it could be done. Then, you might have a smaller number of producers, who would not be large enough to be viable by themselves and who would be perhaps 500 or 1,000 miles away and delivering to several delivery points, who might also want to have the benefit of pooling the price for the entire year. While I am not saying it is absolutely

impossible, I believe it would be putting a tremendously unnecessary and costly burden on those rapeseed producers to set up that kind of structure under the Agricultural Cooperative Marketing Act. I think, too, that the way that would be the most convenient, the least costly, and the most acceptable to all the producers, and indeed, to some of the grain companies, is exactly the way the minister has designed this bill. When some senators say that the Wheat Board can administer the quota control, and that farmers can get together and work out a kind of pooling arrangement in one, two, or several different ways with whatever selling agency they want, this is provided for in the act, and I think that is the reasonable way to do it.

● (1430)

I want to make one other argument before I conclude. While the report that came back from the committee—if you set aside a lot of words that may or may not be important and look only at the operative words, which are really what we are going to be voting on in the Senate, today or at a later date—says that the bill is unnecessary for the reason that it could be done under another act, nevertheless, as I listened to the arguments advanced by Senator Argue last night, it seemed to me that he was not so vitally concerned with the reasons given in the report. Senator Argue expressed far more concern about the possibility that this was going to undermine, in some way or another, the marketing system that is now established under the Canadian Wheat Board, and which is operating so successfully with respect to wheat, oats and barley. I accept that that is an argument, but it does not, in my view, quite fit in with the report.

Let us deal with that for a moment. The argument is advanced that in terms of Bill C-34 there is a potential for proliferation of a large number of pools that would undermine or even destroy the Canadian Wheat Board pooling concept of marketing. In the first place, let me say that each pooling scheme or arrangement has to be approved by the Governor in Council, or the minister, and I am sure that he is not going to approve a great proliferation of small, inefficient and non-beneficial pools. We have to accept that he is going to do these things in a responsible way. I also suggest that if these pools turn out to be the opposite, that is, turn out to be successful, and if producers are satisfied and happy with taking an average price rather than a daily price which may be way out of line vis-à-vis the average, then a move could be made to a system whereby the Wheat Board could take the whole thing over. But at the moment I think it is futile to make that argument, because we have the results of the vote that the minister is keenly aware of, taken in 1974. While that vote was close, the fact still remains that it was 53 per cent against full pooling and 46 per cent in favour; therefore, for the minister to move now to bring in a bill that would amend the Canadian Wheat Board Act, and make it mandatory for full pooling of 100 per cent of the rapeseed producers, would be an irresponsible act and one which would fly in the face of that vote. That is why the minister has done it in this way.

Senator Greene: Would the honourable senator permit a question? Would he inform the Senate as to whether or not the Agricultural Products Marketing Act is administered by a different department of government from that which is responsible for the Canadian Wheat Board Act, which we are now amending? Would he also inform the Senate as to whether there is a difference of opinion between the officials of Agriculture Canada, which administers the first act, and which says that the second act is not necessary, because they can look after the matters it covers, and the officials of the Department of Industry, Trade and Commerce, who deem that the bill is necessary? Is it not also true that what the report does is to say, "We accept holus-bolus, and willy-nilly, the views of the Department of Agriculture, whose witness, Dr. Smith, says it is not necessary," and that what we are really doing is settling an internal difference between two departments?

Senator Olson: Honourable senators, I really cannot answer with regard to the difference of opinion referred to by the honourable senator, if there is one, between the officials in the Department of Industry, Trade and Commerce and those in the Department of Agriculture. But it is a fact, of course, that the administration of the two acts is carried out by separate and different departments. I suppose the Department of Industry, Trade and Commerce, for the most part, administers the responsibilities of the minister responsible for the Canadian Wheat Board, whereas the Agricultural Cooperative Marketing Act is administered by the Department of Agriculture.

The question put by the honourable senator is interesting in another respect, however, and that is that the rest of the Canadian Wheat Board and grain marketing structures, all through western Canada and, indeed, in the international field, are handled by the Department of Industry, Trade and Commerce insofar as administrative responsibility is concerned, and that is exactly what would happen to rapeseed. As a matter of fact, it would stay right within the jurisdiction in which it lies now, if this bill were to be passed. If it is not passed, then of course, if another bill is brought forward under the Agricultural Cooperative Marketing Act, all that would change. I think it would be highly undesirable for it all to change, notwithstanding that there is a large number of very successful marketing co-operatives set up under the Agricultural Cooperative Marketing Act.

Honourable senators, I want to conclude by suggesting to you that the duplication of the physical facilities across the prairies would look like sheer nonsense to the producers out there. They haul their grain to the same elevator, whether it is rapeseed, wheat, oats, or whatever, and to have two structures within that elevator to look after the quota control would really look silly. I cannot think of a better word than "silly." That is what farmers out there would think of having these two things in the same place.

Then there is the cost. I do not believe this is going to add enough cost to the Canadian Wheat Board's operation for them to be able even to measure it. It is a simple endorsement of a producer's quota book so that he cannot bring rapeseed in and sell it outside the pool when he delivers it. I therefore think we ought to take these things into account.

When Senator Greene asked his question I was dealing with the possibility that there may be a problem of proliferation of pools. In this regard there is some experience, not only in Canada but in other places in the world, which shows that that has broken down and has been a disadvantage over the long term.

This act provides for government guarantees up to 100 per cent of the initial price paid to the rapeseed growers; it provides for administrative costs, and it also provides for payments into the western grain stabilization fund, which is guaranteed by the Government of Canada. Therefore, I do not really believe that you can make the argument that any single one of the pools is going to fail, because in the first place the government is not going to approve a scheme that does not seem to be potentially viable. Secondly, if the government does approve such a scheme, it is going to have to stand behind it so that it cannot be a disaster to the producers. It seems to me that the most reasonable, most logical, and by far the most beneficial thing that this chamber could do, in the interests of the producers, is to allow this bill to become law so that those producers who want to participate in the pool will have that option, and so that those who want to continue to sell on the open market and take the daily price will also have that option.

• (1440)

I would like to recommend that honourable senators defeat the motion to adopt the committee report and proceed from there to put the question for third reading, so that we can put this bill in place and amend the statute so that those people who are interested in getting on with the job can design the kind of scheme that will be beneficial to all the people who are affected by it.

Senator Hays: Could I ask the honourable senator a question? The honourable senator has made a very strong case, but does he now believe we should take oats out and permit a small pool, that we should take wheat and barley out and make small pools, and that thereby the producers might be better off?

Senator Olson: No, I would not make that argument at all. I think it is well established that by far the greatest majority of producers on the prairies accept that pool marketing, the complete pooling of the price for the entire year on wheat, oats and barley, has been beneficial to them.

I would go even further, if you would like me to look into the future, although I do not have a crystal ball. I would say that before very long there will be 100 per cent pooling for rapeseed. That is why I hope this bill will pass soon, so that it can be tried, and so that the benefits will be apparent within a very short time. The minister responsible for the Canadian Wheat Board, whoever it may be, some years down the road could introduce a bill that would simply amend the Canadian Wheat Board Act, which would put rapeseed into the Canadian Wheat Board on the same basis as wheat, oats and barley for export and domestic purposes at the same time. It is simply a progressive step, and this is the first step towards getting rapeseed into essentially the same kind of structure. The reason that kind of bill is not before us now is that in 1974 there was a vote, when 53 per cent of those voting said they were not then ready to go for a 100 per cent pooling of rapeseed.

Senator Hays: Perhaps the honourable senator would permit another question. Since that vote was taken nearly four years ago, do you believe we should have another vote and once again ask the rapeseed growers whether they are prepared to entertain belonging to a whole pool?

Senator Olson: I think there may be an appropriate time to take another vote. Whether it is this year, next year or in 1980 I would not like to predict at this moment. But I also believe that the government and both houses of Parliament have a responsibility to deliver on a commitment they made at the conclusion of the last vote, which was, according to the rapeseed producers, that the government would bring in voluntary pooling so that those who wanted to pool could and those who wanted to remain in the open market could do so. It may not be this year or next year, but I do not believe we should renege on a promise to producers that the Canadian Wheat Board Act and the Western Grain Stabilization Act would be changed in the meantime or amended so that it could be used in the meantime.

Hon. Allister Grosart: Honourable senators, it is my impression that Senator Olson suggested that the action of the committee in reporting that this bill be not proceeded with might be out of order. I asked him if he was raising a point of order and he said no, that was not the route he was taking in his discussion of the bill. On the other hand, I believe a very important principle is raised by this suggestion, which is what is to be the procedure following second reading of a bill.

There was an idea, which is almost an anachronism now, that the principle of a bill is approved on second reading. This is about as far out of date as anything I know in procedure, for the obvious reason that the motion on second reading is that the bill be read a second time, and nothing more. There is then a motion that the bill be referred to a committee. It is referred to a committee, obviously requiring the committee to report, because under our rules it is a requirement. The committee can report that the bill be approved without amendment, with amendment, or that the bill be not proceeded with. If it is not in order for a committee to make such a report as this committee has made, surely the whole procedure would stop when second reading is approved; the principle would be approved if that theory still held.

Under our rules, of course, there is no such prohibition, no such suggestion at all. Rule 54 states quite clearly that the principle of a bill is usually debated on second reading. Our rules earlier stated that it is debated on second reading, and when this very point was raised in the Standing Committee on Standing Rules and Orders it was decided to put in that word "usually," because otherwise rule 54 made no sense.

What has made this whole concept completely anomalous, I think, is the practice, particularly under the present government, of bringing in omnibus bills. What was the principle of some of these omnibus bills? We have one before us dealing

with wire tapping, with gun control and so on. What is the principle of that bill? One of the objections to this kind of omnibus bill is that nobody knows what the principle is. Some may be in favour of the provision dealing with gun control and not in favour of those dealing with wire tapping, or vice versa.

I wish Senator Olson had raised this as a point of order so that we might have had a ruling, because every now and then we are faced with someone saying that we have passed a bill in principle, which we do not do on second reading in this chamber.

Senator Perrault: I do not think that is the type of argument being invoked by Senator Olson.

Senator Flynn: Let him speak for himself.

Senator Perrault: I am not trying to escalate this into any kind of major debate. I do not think there is any dispute on this side about the point advanced by Senator Grosart. Rule 81 clearly says:

> When a Committee to which a bill has been referred considers that the bill should not be proceeded with further in the Senate, it shall so report to the Senate, stating its reasons. If the motion for the adoption of the report is carried, the bill shall be removed from the order paper.

That is clearly in our rules. The committee had a right to bring in this kind of recommendation. I believe that the appeal being made by Senator Olson is with respect to the substance of the bill, as were the remarks made by Senator Argue yesterday.

Senator Grosart: Perhaps if the Leader of the Government reads *Hansard* he will see that Senator Olson said quite clearly that in his opinion it was very possible, in fact that it was probable, that the motion of the committee was not in order under our rules. That is why I raised that point.

Senator Greene: On a point of order. I believe that honourable senators have a right to be quoted correctly on any point they have made. I would point out that, contrary to Senator Grosart's allegation, Senator Olson clearly, categorically and unequivocally said he was not making a point of order on that issue.

Senator Grosart: I said that. I said exactly that, if you had listened.

Senator Forsey: May I just add a comment to this? In a very historic case a Senate committee, I believe the Standing Committee on Banking, Trade and Commerce, concerning a bill to remove Mr. Coyne from the governorship of the Bank of Canada, reported that the bill be not proceeded with. Some honourable senators who are members of the Standing Senate Committee on Transport and Communications will clearly recall that a couple of years ago, I think, a bill came before that committee dealing with the rights of creditors of airlines.

Senator Flynn: Aircraft.

Senator Forsey: The committee was of the opinion that it was completely beyond the powers of the Parliament of Canada, that it encroached upon the powers of the provinces. It reported that the bill should not be proceeded with and the bill was not proceeded with, yet no question was raised about that at all. I think there are historic instances of the application of the rule which the honourable Leader of the Government has quoted. It seems to me beyond question. While it is true that Senator Olson did not raise the point of order, I think it is important that since the question was brought up—even by a side wind, even obliquely—it should be made perfectly clear to all honourable senators that this report is in fact perfectly in order, whatever be the merits or demerits of its substance.

• (1450)

Senator Olson: Honourable senators, as I pointed out, I did not wish to raise the point of order. Senator Greene has expressed my position. It seems to me that the Senate made its decision when it gave second reading to this bill, and that is the reason I made that argument.

Senator Flynn: It is a bad argument.

Senator Olson: Adoption of a bill on second reading, as far as I know, includes an endorsation of the principle involved in the bill. Some will argue that it does not. I listened very carefully to Senator Grosart's argument that that is not necessarily so. I shall accept that. However, to my knowledge, it is cearly out of order to introduce a second motion in the same session of Parliament dealing with exactly the same substance.

Senator Flynn: That is even worse.

Senator Olson: It seems to me that when this bill passed second reading, its principle was adopted. To now say that the measure is unnecessary because there is another statute that can be used is, in effect, to re-introduce exactly the same motion—a motion upon which determination has already been made. However, honourable senators, as has been indicated, there is no point of order before us. Perhaps we should simply let it die.

Some Hon. Senators: Question!

Senator Olson: I merely want to point out that the Agriculture Committee, it seems to me, by this report is attempting to superimpose its judgment over the judgment that the entire Senate expressed when adopting the motion for the second reading of this bill.

Some Hon. Senators: Question!

Senator Flynn: A senator cannot speak twice on the same motion.

Some Hon. Senators: Order!

Senator Yuzyk: Honourable senators, I want to go on record as supporting the recommendations of the Agriculture Committee with respect to this bill. Honourable senators will recall that I supported this bill in principle on second reading. I did so after reading the debates of the other place.

I should like to inform the house that this bill was dealt with hurriedly by the other place. Two days were devoted to it, and it was considered in Committee of the Whole. To my knowledge there was no mention whatsoever of the Agricultural

Products Cooperative Marketing Act of 1939. Had the other place considered this bill more thoroughly in committee, it might not have reached the Senate at all.

The Agricultural Products Cooperative Marketing Act of 1939 was discussed by the Agriculture Committee of the Senate, and as a result of that discussion I came to the conclusion that Bill C-34 was not only useless, but perhaps even redundant. To my mind, it represents an unnecessary proliferation of legislation. Just about everything contained in the bill is already provided in the Agricultural Products Cooperative Marketing Act of 1939. Furthermore, the government provides a guarantee under that act to the extent of 100 per cent of the initial price of the product that is marketed and not 90 per cent. The proposed legislation, therefore, would appear to be a retrograde step, at least in that respect.

Senator Argue has faithfully represented the arguments made in committee and, in so doing, has presented a case for the rejection of the bill at this stage. The bill provides for the pooling of rapeseed, but it is not clear that the majority want to have such a system. The split on the question was 52 per cent to 46 per cent, which is rather borderline. It seems to me we should await the results of a further poll of the rapeseed producers before proceeding further with legislation of this type. We should know whether or not the producers are willing to go ahead with an arrangement of this kind under the Canadian Wheat Board.

There was some evidence that the Canadian Wheat Board itself is reluctant to pursue this matter.

The rapeseed producers can readily establish pools, although the establishment of such pools would require the approval of the minister. I am sure that the rapeseed producers would not want a proliferation of pools. They would prefer to have one efficient pool to take care of their needs. We know that pools have been established under the Agricultural Products Cooperative Marketing Act, and we know that they have been very successful in eastern Canada. The potato growers pool in Prince Edward Island is one example. There is no doubt in my mind that such a pool, were it desired on the part of the rapeseed growers, could be successful. There is no question that a pool could be established, including a permit system, that would work to their favour. I am totally in favour of pools of this kind. However, I do not feel that we need extra legislation to promote such pools at this juncture, which can be readily established by the rapeseed growers under current legislation. However, the rapeseed growers themselves, who are well organized, I understand, have not come out very clearly regarding the establishment of such a pool.

Senator Greene: Would the honourable senator permit a question?

Senator Yuzyk: Certainly.

Senator Greene: I wonder if the honourable senator would help me, and other honourable senators, as one knowledgeable in this area, as to the answer to Senator Olson's criticism that to set up pools under the Agricultural Products Cooperative Marketing Act would be to merely create a duplication, as currently all grains in the west are pooled under the Canadian Wheat Board Act, and that such duplication would include an increment in costs which would ultimately be borne by the producers and that such duplication, as Senator Olson put it, would appear silly to the very practical producers of western Canada.

Senator Flynn: Another speech. That is your third speech on this.

Senator Yuzyk: As the honourable senator is aware, I am no authority on wheat pools or on agriculture in general. I do, however, go out amongst the farmers to discuss their problems with them. I have just recently returned from western Canada where I discussed some of these matters with the farmers. There did not seem to be all that much enthusiasm for this bill in western Canada, at least amongst those with whom I discussed it. If the Canadian Wheat Board is not interested in this aspect, then I do not see what the duplication would mean in any event.

● (1500)

I believe that with such large producers as rapeseed producers they could easily have a pool established which would take care of all these costs. I do not really understand that these costs would be so great and prohibitive as to stop them from forming a pool of their own in Canada, because this has already been done in eastern Canada in the case of other agricultural products including grains. And from my understanding they have been rather successful. I do not see that these costs, then, would be prohibitive.

On the other hand, I see that they would be tending to their own matters much more than they would by mixing it up with all the other grains, because here they would be concerned with rapeseed only, which, of course, is a growing product and is on demand off and on and will be dependent on how the industry develops with its oils in the future. Therefore I do not see that this is a factor which would prohibit them from establishing pools of their own.

In conclusion, I should like to state that I think the Senate Committee on Agriculture has done a good job. It has studied this bill thoroughly and we should not be afraid in the Senate to support the Agriculture Committee in this case, which was overwhelmingly in favour of this bill not being proceeded with. This will show that we here in the Senate are considering the merits of legislation. That is important. Political considerations, of course, can be important as well, but the merits of the legislation itself is a more important aspect, and I would urge that the members of this house support the Standing Senate Committee on Agriculture in its report and that we not proceed to third reading of this bill.

Hon. Sidney L. Buckwold: Honourable senators, in a question that I directed to the Honourable Senator Argue, chairman of the committee, yesterday, further to what had been asked of the minister in charge, Senator Argue's instructions to me were to read the evidence. He said:

> The evidence is contained in the committee's proceedings, and it has been printed if the honourable senator wishes to read it.

Well, I should like to say that I did look up the proceedings of the committee and I did read the evidence. In fact, a direct question was asked of the minister as to why this particular route was taken, that is, an amendment to the Canadian Wheat Board Act, rather than establishing pools under the Agricultural Products Cooperative Marketing Act.

I presume, Senator Molson, that quoting from a minister is within the rules.

Senator Hays asked the question, and I might say that it was early in the proceedings of that day. I think it was the second question asked. Senator Hays asked:

> Mr. Minister, what can be accomplished by means of this bill which cannot be accomplished through the Agricultural Products Marketing Act?

It seems that that is a fairly direct question. The Honourable Mr. Lang replied:

> The key is in the provision allowing the endorsement of the permit book with the fact that rapeseed which may be delivered under that permit book can only be delivered in a way which is assigned to the pool which the farmer has joined. This adds to the likelihood that he must deliver in that fashion to keep his contractual obligations firm. Therefore it also brings into play the penalties for the wrongful delivery of grain contrary to the designation in the permit book. That is the main change and it is, of course, the one which I believe to be of real practical importance if the pool is to work.

Senator Sparrow then asked:

> Why could the amendment not be added to the Agricultural Products Marketing Act, then, rather than this, an amendment to the Wheat Board Act? If it is just the two provisions to which you make reference, it seems to me that it might not require extensive amendments to the Wheat Board Act.

Mr. Lang replied:

> I believe that the extensive amendments to the Wheat Board Act are required if a permit system is to be made to operate in this fashion really outside of providing for one or two details, such as the potential guarantee of the initial price, making the logical provision for payment of levy to the stabilization plan and the like, which also would be required in amendments if we had simply wanted to use the other route. These amendments would permit, essentially, rather readily structured voluntary pools.

I think that is the key. This is the crux of the matter which has escaped the committee itself. It would require amendments to the Canadian Wheat Board Act in order to achieve what we are doing here. They may not be as extensive as these, but would be necessary in order to achieve voluntary pools that would work so that the farmers would not get into them and get out of them willy-nilly and, as has happened sometimes in voluntary pool schemes, get out of the plan when prices are good because they want to deliver outside the pool and, when prices are dropping, get into the pool so they can get the average price. In order to ensure an adequate and responsible pool which would give a good average price, it would be necessary to have an amendment to the Canadian Wheat Board Act. I think that is quite clear and I have certainly had that from very good authority. So, if you want to achieve a pool on a voluntary basis and make it work in a way that would be satisfactory to those producers who are in it, then I suggest that this particular bill should be supported. I suggest that the recommendations of the committee are really not capable of producing the results which this bill does for the benefit of those farmers who wish to be in it.

Senator Yuzyk has indicated that rapeseed growers are great, large producers. There are 40,000 rapeseed producers in the prairies and that is a large number. Many of them are small producers with relatively small acreages in rapeseed. Some of them are large, but many of them are using rapeseed as a secondary crop as part of their farming operation. It is obvious that a majority, at the last vote, indicated that they wanted to be outside the control of the Wheat Board. Nevertheless, many of them would like to be involved in voluntary pools. The small producers, obviously, could not do this unless we were to have some kind of organized pool basis.

Senator Hays: May I ask the honourable senator a question? Are you suggesting that there is a group who want to be in small pools? I do not believe that a vote was taken on small pools.

Senator Buckwold: I think the honourable senator has misinterpreted my remarks, but I apologize if that is the impression I have given. What I said was that there are small producers who might like to be in pools, but obviously you do not want a lot of small pools. What I can envisage happening, basically, is that some of the large companies—it could be the wheat pool, it could be the United Grain Growers, it could be the Cargill Grain Company—will set up voluntary pools which will achieve the purpose of this particular bill.

● (1510)

Honourable senators, having said that, just to clarify a situation which is very complex, for those of you who are not involved in the prairie farming scene, I would suggest that the minister is attempting, in bringing forward this bill, to meet the commitment which was made to those who wanted to adopt this process and who did not want to be involved in a complete Wheat Board control situation. Producers, nevertheless, would have liked the opportunity to be part of a voluntary pool. That commitment was made by the minister, and this is his reaction to it.

It could be argued that there should be another vote. I think Senator Olson responded to that particular question by indicating that perhaps that time has come; but that should not in any way interfere with the passage of the legislation as proposed, and I would again urge that the report of the committee be rejected and that the bill be passed.

Hon. Herbert O. Sparrow: Honourable senators, I rise to speak in favour of the adoption by the Senate of the report presented by the Standing Senate Committee on Agriculture.

A great deal of study has been carried out with regard to this bill by your committee. Any witness that the committee deemed to be able to make a contribution to the work of the committee was asked to appear. Among those who did appear, of course, was the Minister of Transport, who is, as well, the minister responsible for the Canadian Wheat Board, and who is the sponsor of this legislation. We also had Mr. Gibson from the grain marketing office of the Department of Industry, Trade and Commerce, and Dr. Vern Smith, who is with the marketing services division of the Department of Agriculture. We asked a number of farm organizations if they wished to appear or to make written submissions. I will cover this aspect in more detail later in my remarks, because the question was raised yesterday by Senator Buckwold as to who was contacted and what the results of those contacts were.

I should like also to point out that within your Agriculture Committee there is a great deal of agricultural expertise. I do not want to emphasize the expertise of only the members from western Canada, because there is expertise in agriculture from all areas of this country among the members of that committee. To refresh your memory, however, let me mention Senator Harry Hays, a former federal Minister of Agriculture; Senator McNamara, a former Commissioner of the Wheat Board; Senator Argue, who has had a great deal of experience in agriculture, and has a great agricultural background; Senator Molgat; Senator Hammy McDonald, who is former Minister of Agriculture of the province of Saskatchewan; Senator Yuzyk, who has been a very active and important member of that committee; Senator Inman and Senator Norrie, who have taken a great interest in agriculture in their part of Canada, and who are qualified and certainly capable of passing opinions and judgments on agricultural bills which come before the committee.

Senator Petten: Would the honourable senator permit a question?

Senator Sparrow: You bet.

Senator Petten: Did I understand you to say that Senator Hammy McDonald agreed with the committee report?

Senator Sparrow: I have not mentioned that anyone agreed to it. I am just naming the members of the Agriculture Committee.

Senator Benidickson: Who agreed and who did not agree?

Senator Sparrow: If you like, I will get to that later.

Also on the committee are Senator Williams, Senator Riel, Senator Greene, a former Minister of Agriculture, Senator Lafond, Senator John M. Macdonald, Senator McGrand and Senator Michaud.

When the vote was taken in committee on this particular proposal, as I remember, eight voted for the committee report, and two against. I am not certain if I could tell you at the moment who the eight people were who voted for the motion, but I can tell you who voted against it. One of these was, of course, a member of the Opposition, Senator Macdonald. The other was Senator Greene, the former Minister of Agriculture. The rest of the members voted to support the report that has been presented. Senator Argue, of course, as chairman, did not vote.

I am not certain that I know, nor is it necessary that I know, the exact reason why Senator Macdonald would vote against the report, but if I can remember his comments, without quoting him directly, he stated that the bill only makes provision for people to apply under the act, that he could see no harm in it and would therefore not vote for the committee report. I do not wish to put words in Senator Macdonald's mouth, so I hope he will correct me if I have misinterpreted him.

As far as Senator Greene is concerned, I should like to give two quotations from his remarks in the committee itself. At the meeting on June 22 of this year, Senator Greene had this to say:

> There is also the danger, since the Canadian Wheat Board has over many years and over many hurdles established credibility, that a voluntary pool which was not successful in rapeseed or some other commodity might shake the confidence in the Wheat Board that has been built up not only domestically but in foreign markets over many years.

At the July meeting, and though I do not have the exact date of that meeting I think it was the thirteenth, speaking in opposition to the motion made in committee, Senator Greene said this:

> Mr. Chairman, I believe in parliamentary responsible government or I would not be sitting here. The proposed motion is, in effect, a motion of want of confidence in the government. This is a government bill, and while the arguments presented by Senator Sparrow are both cogent and powerful, they have not persuaded me that they are sufficiently powerful and cogent that I should record a vote of want of confidence in the government in the Senate. Therefore I intend to support the bill.

It seems to me that if that was the only argument that Senator Greene was prepared, in this particular context, to offer, namely, that it showed a want of confidence in the government, it is not really a very relevant argument as far as the discussion on the bill is concerned.

Yesterday Senator Buckwold asked Senator Argue what witnesses had been invited to appear before the committee, and he wanted to know if an effort had really been made to contact various producers and organizations. In his comments today Senator Olson said that there is a small group of rapeseed producers in the Saskatchewan Rapeseed Producers Association which, though representing only a very small portion of those producers, is in fact a representative group that would be asking for this bill. He indicated that it is not always the large number of producers, but it is in fact a representative group that would be asking for this bill, and we

must really be aware that even a small group do represent the agricultural producers of the west.

● (1520)

Perhaps I might be permitted, for the record, to list the organizations that were contacted, and briefly give you their comments on the proposed legislation. Not only did they believe that the legislation was of no particular importance and was unnecessary in most instances, but they said they were not particularly interested in even appearing before the committee.

The Canadian Wheat Board, through its commissioner, was, of course, asked to appear but declined to do so. The invitation was extended, and perhaps it was reasonable for them to decline because the minister himself had appeared before the committee.

The Saskatchewan Wheat Pool was contacted and said they did not wish to make a presentation, although they verbally expressed their doubts about the necessity and practicability of voluntary pooling for rapeseed.

The Manitoba Pool Elevators adopted the same position as the Saskatchewan Wheat Pool.

The United Grain Growers, another very important agricultural organization in western Canada, stated that they also had no position on this proposed legislation.

The National Farmers Union, to which Senator Olson referred, opposed the voluntary pooling concept. It is, of course, well known that their stand is that they want all producers to be under one pooling system under the Canadian Wheat Board, and certainly not a multitude of individual, small groups.

The Prairie Rapeseed Growers Council are, to my knowledge, the only group that have stated they were in favour of the option of voluntary pooling.

Parrish and Heimbecker Limited sent a written brief.

Pioneer Grain Company Limited stated that they cannot see how true pooling could be made to work, and could see very little demand for street price pooling. They said they would forward a brief. If they have done so, I have not read it.

The Continental Grain Company was contacted. They did not wish to appear but also said they may forward a brief, which also I have not read if one was forwarded.

The Cargill Grain Company saw little demand for pools. Canbra Foods Limited foresaw little demand for pools.

CSP Foods Limited were contacted. They had previously operated pools for rapeseed, but they said that with the increasing number of marketing outlets these had declined in popularity.

The United Oil Seeds Limited and Narp Trading Company Limited, were also contacted and both declined to appear. This is a partial list of those contacted.

One of the rapeseed producer organizations that appeared was in favour of the voluntary provisions of this bill, but was estimated to represent about 900 members. Of 41,000 rapeseed growers—and that figure of 41,000 is the number of ballots distributed to producers when the 1974 rapeseed plebiscite was held—32,000 producers replied and voted on the plebiscite, so the 900 in favour is a very small percentage of the 32,000 ballots returned.

Senator Buckwold: Would the honourable senator permit a question? What is the name of the group representing 900 producers?

Senator Sparrow: The Saskatchewan Rapeseed Growers Association.

I am not certain that the associations who are in favour were even aware of the fact that we did have, and have, provisions in other legislation that would permit them to have voluntary pooling if they so desire.

Senator Olson has stated that when the plebiscite was held the minister in charge of the Canadian Wheat Board, the Honourable Otto Lang, promised the rapeseed producers that provision would be made for voluntary pooling. If he made that statement at that time I am not certain he could have known of the existing legislation that was on the books then, because that provision is there, and was there at that time.

It appears to me that if we try to put this new bill on the books it is, as Senator Yuzyk stated—I am not quoting him directly but paraphrasing—it would be a redundant and needless piece of legislation.

The committee report stated that the provisions, as I see them, that are asked for can certainly be made by very simple amendments to the Agricultural Products Cooperative Marketing Act, which is presently in operation for Ontario wheat producers, Ontario bean growers and Prince Edward Island vegetable growers. If the act as it exists today can serve the needs of these producers in the rest of the nation, I see no reason why that same legislation cannot serve the needs of western rapeseed producers as well. If there is something in this bill that would in fact be beneficial to western producers, then why would that provision not be made available to all agricultural producers in the nation under the existing legislation?

There is one area being considered, of course, and that is the use of permit books. It is stated that this legislation is required under the Canadian Wheat Board Act because of the need for the producer to use his existing Wheat Board permit. I want to refer to some comments I made on another occasion about the use of permit books, and to show that to use the existing permit books that the wheat producers of the west are using for purposes other than the recording of deliveries of grains, it is not in fact necessary to amend the Canadian Wheat Board Act. In Bill C-34, sections 35.17, 35.18 and 35.22 provide for an endorsement of the Wheat Board permit books for inspectors and for statutory penalties, which are provisions that go beyond what is presently provided in the Agricultural Products Cooperative Marketing Act. The question is whether it was necessary to amend the Canadian Wheat Board Act to achieve these ends, and I believe the answer is no.

● (1530)

Both the Western Grain Stabilization Act and the Prairie Grain Advance Payments Act contain sections which provide

for endorsement of the permit book. There is no corresponding or enabling provision in the Canadian Wheat Board Act itself. If those two acts make provision for the use of the permit book without the necessity of an amendment to the Canadian Wheat Board Act, why would this proposal for pooling require an amendment to the Canadian Wheat Board Act? As far as I know, such an amendment would not be necessary.

The example of the Western Grain Stabilization Act is especially interesting inasmuch as that program is voluntary. Section 15 of that act states:

> . . . the Minister may, and shall upon application by the actual producers, cause an endorsement to be made in the prescribed form in the permit book—

Under the bill now being considered, the proposed section 35.17 is headed, "Endorsement of Permit Books," and states:

> Every producer who agrees to participate in a marketing plan shall deliver his permit book to the administrator of the plan and an endorsement shall be made therein in such form as is prescribed by the Governor in Council, containing a notice to the effect that the producer named in the permit book has agreed to participate in the plan.

So, the permit book even under the proposed amendment would not go to the Canadian Wheat Board. The Canadian Wheat Board, as Senator Olson seemed to indicate, was to play a very important role in this legislation. However, the bill itself states that the permit book that is issued does not even have to be endorsed by the Canadian Wheat Board itself, but only by the administrator of the pooling plan.

Senator Olson said as well that there would be what he considered duplication between the functions of the Canadian Wheat Board and this proposed co-operative pooling system. If my recollection is correct, he said it would be silly to have such duplication.

I should like to quote from the committee proceedings where Senator Olson was questioning the minister, as follows:

> SENATOR OLSON: I have one or two questions, Mr. Chairman.
>
> First of all, do the amendments in this bill provide the Canadian Wheat Board with the authority to be a marketer?
>
> HON. MR. LANG: There is nothing in the bill to stop the Wheat Board from being a participant. The bill itself does not add anything to the Wheat Board's power.
>
> THE CHAIRMAN: In practical terms, I do not think it is likely that the Wheat Board would want in or that the minister would want it in.
>
> HON. MR. LANG: That is correct, I do not believe that the Wheat Board would be in.
>
> SENATOR OLSON: But the present Wheat Board Act, notwithstanding these amendments, does have the authority so that the Wheat Board could in fact be a full pool marketer if that was the policy of the government.
>
> HON. MR. LANG: I believe so, but really it is much like any other marketer . . .
>
> There is certainly no contemplation on my part or on the part of the Wheat Board that they would be involved with rapeseed.
>
> SENATOR OLSON: If on the basis of evolution and on the basis of trial and error, but if the growers should decide they wanted to go for full pooling, would the Wheat Board not be the obvious marketer in that case?
>
> HON. MR. LANG: Yes, it would be. If that plebiscite of two years ago were reversed in favour of total marketing, then clearly the Wheat Board would be the logical body to handle it.

I cannot see from Senator Olson's questions in committee, and the minister's answers, where all of a sudden it would be a silly duplication of functions between the Canadian Wheat Board and the proposed amendments to the Agricultural Products Cooperative Marketing Act. In fact, the minister himself states that this measure would give no further authority to the Canadian Wheat Board.

Under the proposed section 35.11 it states:

> Any association representing a significant number of producers engaged in the production of grain or any association or firm engaged in the processing or marketing of grain in interprovincial or export trade may submit to the Minister for his review and recommendation to the Governor in Council a written proposal for the establishment of a marketing plan.

They do not even apply to the Canadian Wheat Board. There is no provision in the bill whereby the Canadian Wheat Board would have anything to do with it except, perhaps, to make the program as outlined credible. It may be that the credibility of the Canadian Wheat Board itself may eventually be destroyed. Application is made through the Governor in Council, not through the Canadian Wheat Board.

Senator Buckwold, in his comments, quoted from the remarks of the minister with respect to the permit system under the Canadian Wheat Board Act. He answered a question that he himself put to Senator Argue yesterday. He began by quoting Senator Hays who said:

> Mr. Minister, what can be accomplished by means of this bill which cannot be accomplished through the Agricultural Products Marketing Act?

He went on to quote further. I do not want to re-read what Senator Buckwold has already quoted, but he quit halfway through the quotation. The question immediately following that portion quoted by Senator Buckwold was again a question from Senator Hays, as follows:

> SENATOR HAYS: As I understand it, wheat sales in Ontario take place under the Agricultural Products Cooperative Marketing Act. Is that not so?
>
> HON. MR. LANG: That is correct.
>
> SENATOR HAYS: And are there not the same penalties and privileges under that marketing system as there are under the Canadian Wheat Board?

HON. MR. LANG: No, they would not have the permit system at all.

That is the crux. They would not have the permit book system at all. Continuing:

SENATOR HAYS: Other than that, there would be no change?

HON. MR. LANG: I believe that is correct. There is the difference that in this case the initial price is guaranteed only to 90 per cent, whereas under the other act, the guarantee is 100 per cent.

SENATOR HAYS: The only difference, then, would be the permit book system?

HON. MR. LANG: That is the practical difference, yes.

If that is the practical difference—and the Prairie Grain Advance Payments Act and the Western Grain Stabilization Act have provisions for using the permit book without amendment to the Canadian Wheat Board Act—then, surely, the Agricultural Products Cooperative Marketing Act can have that same provision without the necessity of amending the Canadian Wheat Board Act.

I suppose I should state my ideas at this point broadly, but I believe that the Canadian Wheat Board Act should be administered by the Minister of Agriculture, not by the Department of Industry, Trade and Commerce—

Senator Steuart: Now we are getting to the truth.

Senator Sparrow: —and not necessarily by a special minister. It should be administered by the Minister of Agriculture of this nation. The Agricultural Products Cooperative Marketing Act is the responsibility of the Minister of Agriculture, and that is precisely where a provision of this nature should be found. The administrators of that act would then report to the Minister of Agriculture.

● (1540)

I want to cover what I consider in turn a rather important aspect and that is that for those people who eventually may want to reverse their vote and go to total pooling, a proliferation of small plans or groups would in fact inhibit a vote being taken or at least would have an effect on producers such that in the future they might not be able to determine by a further plebisite whether or not they wanted a full pooling provision. If we get this proliferation of plans it will either destroy or delay any such vote, and, certainly, if the producers of western Canada vote in the majority for that—and the last time it was a requirement that 60 per cent vote in favour of it—then, of course, the Canadian Wheat Board will administer the act and that provision in the same way as they do any other act under their administration. But that is not the case. That is not what this bill is asking for, and I think in the long run it will do harm.

In conclusion, I want to state that apart from confusing the producers in western Canada by providing further legislation which in my opinion is unnecessary, putting it in the Canadian Wheat Board Act where it is certainly not the place to have it, is a method of trying to fulfil an unnecessary election promise when it can actually be handled in present legislation.

I think this chamber has a duty and an obligation, as we had in committee, to look closely at this legislation. In committee, as has been indicated, it was certainly studied thoroughly and it was found wanting. I would therefore ask honourable senators to accept the report of the committee.

Hon. David Gordon Steuart: Honourable senators, I should like to point out that this is not a very important bill. It appears to me that Senator Argue and now Senator Sparrow seem to be taking a sledge hammer to kill a fly. This is not a very important bill if it passes. In fact, it appears to be so unimportant that when the committee invited producer organizations involved in the growing, selling and marketing of rapeseed, they could not even bother to come down here to make representations. We must ask ourselves, therefore, why these real or apparent objections are being raised to this bill. After all, what we are really deciding here, if you listen carefully to the people debating the bill, is simply this: Will the growers of rapeseed have the right voluntarily to have a pool or not to? That is what we are arguing about. Whether they have a right under the Agricultural Products Cooperative Marketing Act or whether they have the right given to them under these amendments is in my personal opinion beside the point.

I read what Dr. Smith had to say on this subject when he was before the committee. He said, "I would say it probably could." He did not say that absolutely it could. He said it probably could.

When the honourable minister in charge of the Wheat Board, the sponsor of this bill, came before the committee he said that he wanted these amendments. He felt he needed these to fulfil a commitment.

I find it passing strange to hear a western senator, a western Liberal senator, say that somehow this is a rather devious reason for passing a bill. I think it is a very good reason for passing a bill: to keep a political commitment made to the growers of rapeseed when they voted on this very question.

I thought that Senator Sparrow took a long time to get to the real crux of his argument, that in fact the marketing of grain should be under the Minister of Agriculture or some other minister rather than the Minister of Transport. That argument has gone on for a long time. Again I find it passing strange that a westerner would feel more comfortable with an eastern minister responsible for marketing our grain than a western minister. Frankly, as a westerner I feel far more comfortable with a western minister handling the marketing of our vital product, grain, than I do with any minister in eastern Canada no matter how well motivated. At least we can get at westerners every week, but we do have a little difficulty in getting at eastern ministers even as often as every two or three months.

I think the Honourable Mr. Otto Lang's record in handling the Canadian Wheat Board on behalf of the farmers of western Canada has been outstanding. So when he asks for our support, I say give it to him, and in this regard he is supported

by all Liberal members in the other house and all Conservative members in the other house. He was only voted against by the NDP who feel that the measure does not go far enough, but should involve total pooling. That is the only reason they voted against it. They want total pooling; they want it under the wheat pool 100 per cent with no voluntary choice. Yet, in fact, over 50 per cent of the growers of this product indicated at the time they had a vote that they would sooner have the right with this particular crop to market it as they see fit.

But it is interesting to note, and I have talked to many of those individual producers, that many of them would like the right to pool, and I would think that the 46 or 47 per cent who voted in favour of having rapeseed marketed under the Wheat Board would, practically all of them, like the right to pool. If they did not want the right to pool, surely they would not have voted in favour of it being handled in totality by the Canadian Wheat Board.

The question comes down perhaps to one of personality or to one of where the responsibility for selling grain should lie, whether it should be under the Minister of Transport or whether it should be under the Minister of Agriculture, whether it should be under an eastern minister or a western minister. But that to me is clouding the issue, because the real issue is whether we in this house want to give rapeseed producers the voluntary right to pool their product and receive an average price. If we do and they want that right, they still do not have to do it. It is voluntary. The grain marketing companies do not have to set up the pools. They can do so if they want to. If we pass this legislation all we are doing is giving them that right. I am not knowledgeable enough to know whether it can be done better under the other act or under this act, and I would suggest that some of the senators who have spoken in this debate are not knowledgeable enough either to make the decision as to which would be the best way to do it. But I say that if we pass this legislation at least we give them the right to do that. But if we defeat it, we set it back a year, two years or perhaps destroy that right altogether. I hope that we defeat the recommendation of the committee. In this case I think they were wrong. I hope we support this bill.

On motion of Senator Hays, debate adjourned.

CRIMINAL LAW AMENDMENT BILL, 1977

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator McIlraith for the second reading of Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I had not heard my name and this is why I hesitated for a moment, but I am prepared to comment for a few minutes on Bill C-51. The importance of this piece of legislation should not be underestimated. This bill deals with different subjects, too many subjects I think. This is the typical omnibus bill which asks this house to decide on matters which are absolutely unrelated.

The sponsor of the bill, Senator McIlraith, says that in all cases it deals with crimes. Well, it does deal with crimes but do not tell me that I can support a bill dealing simultaneously with firearms control, wiretapping and parole, if I do not agree with one or the other of the provisions concerning these various subjects. In this eventuality, I am not in a position to vote for or against this bill. This is a method I deplore and which the Senate has deplored on many occasions. Furthermore, I think that we should once again stress our aversion towards this kind of bill.

• (1550)

[*English*]

Honourable senators, this bill, as I said, is a very important one, and in the normal course of our work we would probably devote at least two weeks to this kind of legislation. We would have had at least two days' debate in the chamber on such a bill, and in committee we would certainly have devoted three or four days to it. I do not detect, however, any disposition in the Senate or any real mental stamina, being, as we are, in the dying days of this session, to do justice to this kind of legislation. If it had come to us earlier we would have dealt with it in depth. If others are willing to help me, I am certainly prepared to attempt to do just that. But, I say again, I do not believe there is the disposition or the mental stamina in this place to do justice to this kind of legislation under the present circumstances.

Senator Benidickson: I think you are being unfair. Look at the attendance of senators last night on a long August holiday weekend for most other people.

Senator Flynn: I am not speaking of attendance. It is not a question of attendance. I would merely ask Senator Benidickson if he thinks the Senate is willing to stay here another two weeks in order to deal with this bill. I doubt it very much. That is all I am suggesting. I said last night that when it became obvious that the House of Commons would end its activities on Wednesday of last week, in view of the fact that that was decided on the Friday previous, we should have been recalled at that time. Now we know that the other house will sit on Thursday and Friday, and that that will be the end of it. Also, I do not underestimate the effects of the kind of weather that we have in Ottawa at this time of year; nor do I underestimate the will of the government to have this legislation passed without amendment. I know especially that they would not want any amendment to this kind of legislation going back to the House of Commons at this time, under the present circumstances.

Senator Benidickson: Why not?

Senator Flynn: Why not? You just ask your leader why not. He will tell you why not.

I would now like to compliment the sponsor of the bill. Senator McIlraith is one of the smoothest operators in Parliament.

Hon. Senators: Hear, hear.

Senator Walker: You may take that as a compliment.

Senator Flynn: He has had a great deal of experience and knows when to be discreet. His presentation of the bill last night made everything appear so simple, so devoid of complication. He appealed to everybody and complimented the minister. He said things about the minister that I will deal with a little later. I would say that his speech was a model of the kind of speech you make when you do not want a prolonged debate. That is meant as a compliment, and I am sure Senator McIlraith will take it as such.

This bill deals with several matters, as I have indicated. It is really an omnibus bill. It deals with firearms and other offensive weapons, it deals with electronic surveillance, review for parole, dangerous offenders, and other such matters.

I intend to deal only with two or three of these subjects, and to do so especially in the light of the interim report presented by the Standing Senate Committee on Legal and Constitutional Affairs in May of 1976 on the subject matter of Bill C-83, which was the predecessor of this bill and which died on the order paper in the previous session. There has been some revamping, but not to any great extent.

This committee held six meetings, three of which were used for preparing an interim report. We did not have time, even then, to go very deeply into the subject matter of the bill, so that we produced only that interim report.

Senator McIlraith said last night that the minister was very flexible and that he had accepted the views of our committee. I have searched diligently for the basis of that assertion and have found nothing.

Let me deal first of all with the question of the control of firearms. In principle, I favour this kind of control. I think something should be done. But I had reservations about the way in which the previous bill dealt with the matter and I have the same reservations about this bill. My main objection is that although half of the bill deals with this matter it does so in such a way as not to make it conducive to being part of the Criminal Code.

In the report of the committee, we drew attention to the fact that these provisions, or most of them—I am not speaking of prohibited weapons but of the regulation of firearms which are not prohibited—are regulatory and administrative, and not of a criminal nature. Your committee questioned whether such provisions properly belong in the Criminal Code. Personally, I am quite convinced that they do not belong there. All you have to do is read these provisions and you will see that they are purely administrative. There are many provisions concerning permits, licences, registration, and so forth, that should be in a separate piece of legislation. If I commit an offence under some of these provisions I will be charged under the Criminal Code. But the offence amounts to no more, if you will, than driving a car without a permit. That sort of thing does not belong in the Criminal Code. The Criminal Code is huge enough and complicated enough already.

Another reason why this legislation does not belong in the Criminal Code is that you have to include in these provisions the power of regulation by the Governor in Council. Just imagine giving the Governor in Council power to make regulations under the Criminal Code. In this field I think everybody should know exactly where he stands and should not have to look up regulations to find out whether or not he is committing an offence under the Criminal Code. I entirely disagree with the presence of these provisions, except again as far as prohibiting firearms is concerned, in the Criminal Code. I would point out to Senator McIlraith that neither the minister nor the government did anything about the report that we submitted in May of 1976. We treated of this matter. Our recommendation was completely ignored.

● (1600)

The second comment in the report was with regard to the use of weapons during the commission of an offence. The committee recommended:

> . . . that consideration be given to amending the proposed new section 98, in clause 3 of the bill, by adding thereto a provision that anyone who has upon his person an offensive weapon while committing or attempting to commit an indictable offence or during his flight after committing or attempting to commit an indictable offence, whether or not he intends to use it to cause bodily harm to any person, is guilty of an indictable offence and is liable to imprisonment for five years or is guilty of an offence punishable on summary conviction.

This also was entirely ignored.

The recommendation on the dangerous use of firearms was not that important, but it also was ignored.

I come now to the second matter of special interest to me, electronic surveillance. The amendment provided in this bill would permit electronic surveillance to be undertaken upon an application to a judge, and without any report being made to the person under surveillance, for a period of three years. I suggest that if you can get that type of permission you might as well forget about notification, because after three years if you have found nothing, or if you have found something, it will not be very useful to the person to know that he has been under surveillance. Last year our committee said this:

> It is, therefore, recommended that consideration be given to a provision that would amend the proposed new section 178.23, in clause 10 of the bill, to permit a judge to grant one extension not exceeding 90 days of the period within which notification is required and to permit two judges to grant any additional extensions of that period or to eliminate entirely the requirement for notification.

The minister paid no attention to that. He made it worse; he said three years. I suggest to you that in this area of electronic surveillance Parliament should be very, very careful. I am entirely uneasy with the way the police operate in this field. Even if there is a provision to try to protect solicitor and client communications, if anybody suspected that one of my employees was, let us say, dealing in hashish, or any other drug, they could request electronic surveillance of everybody in my office. Whether they used it as evidence in a criminal case

or not, they could certainly use in many other ways the information they obtained.

There is also the problem of the admissibility of such evidence. That has been dealt with extensively in debates in the other place, and I will not discuss it at this time. But there is no doubt that once you obtain evidence in an illegal way, whether or not you are entitled to use it in court, it is certainly helpful to you, and it is potentially very harmful to other people. The matter has also been raised—I heard of this recently—of a counter system whereby people could "debug" electronic surveillance. So, it's hard to tell who is going to win this battle of the bugs.

The provisions in this bill make me uneasy. Normally they should require a complete and in-depth examination in committee. But, again, I doubt that either the Senate or the committee is in a position to do that job at this time. You would not want to charge, for instance, the Standing Senate Committee on Banking, Trade and Commerce at this time to start looking into the subject matter of income tax amendments; you would rather wait until October or later. The same obtains in this area. Yet, the Senate is called upon to do just that, to start something now that would normally require several days, if not several weeks, with expert assistance, and I do not think we can do it. Again, I know very well that the government is not inclined to accept any amendments. It has had so many problems having this legislation accepted in the other place that it would not allow the majority here to support any change whatsoever. I understand that at least the committee will allow some people who have asked to appear, to do so. The bill will be passed and we will see what it gives rise to after a year or more of application.

In conclusion, I would say that I despise omnibus bills, that I despise the situation in which the Senate is placed when, in the dying days of a session, we are faced with this kind of legislation, very important legislation, to which we are, in practice, unable to give proper attention. I cannot support this bill and I will oppose it.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Goldenberg: Honourable senators, I had tentatively arranged for the committee to meet at 9:30 tomorrow morning subject to the bill receiving second reading. I now confirm that the Minister of Justice will appear at 9:30 tomorrow morning as the first witness.

Senator Flynn: He will be welcome and we will assess his flexibility.

● (1610)

EMPLOYMENT AND IMMIGRATION REORGANIZATION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Hicks for the second reading of Bill C-27, to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

Hon. Orville H. Phillips: Honourable senators, last evening the sponsor of this bill, Senator Hicks, in his informative introduction of the bill, did not follow the example set by Senator McIlraith earlier in the evening by referring to the sensitivity of the minister responsible for Bill C-27. The loyalty of Nova Scotians is never questioned, and certainly the loyalty or blind faith of Senator Hicks to the Grit Party is as strong as that of anyone else. I am sure that had there been any sensitivity shown in Bill C-27, Senator Hicks would have mentioned it.

Senator Flynn referred to Senator McIlraith as being extremely smooth. I thought the explanation of Bill C-27 last evening was extremely smooth in that not once in explaining a bill dealing with unemployment did the sponsor refer to the present record high levels of unemployment, and that has been the case throughout the debate on this measure in Parliament. Throughout the debate on Bill C-27 there has been an attitude on the part of the government that unemployment is the fault of those who are unemployed, which is a rather strange attitude for this government to take—a government which was unable to provide more for the unemployed in its recent budget. This government now points an accusing finger at the unemployed saying that unemployment is the fault of the unemployed.

The ministry of propaganda has obviously decided that the word "unemployed" is taboo. Because it makes people feel uncomfortable, we should not use it. The bill before us, therefore, is described as being a bill to establish the Department of Employment and Immigration. That is a misnomer if ever I heard one. I would ask the sponsor to refer to the clauses of the bill which provide employment and to state how many of the unemployed will receive employment as a result of the passage of this bill.

The integration of the present Department of Manpower and Immigration and the Unemployment Insurance Commission was seen by the sponsor as resulting in better service to the public. There can only be better service in one way, and that is by referral of the unemployed to jobs. If the sponsor of the bill can tell us that the integration of the department and the Unemployment Insurance Commission will result in the immediate referral of people to jobs, I shall co-operate and

suggest that this bill be passed without the necessity of being referred to committee. However, I do not expect he will go so far as to provide that assurance.

Part II of the bill provides for the establishment of a new Canada Employment and Immigration Advisory Council. When I see a bill make such generous provisions for the establishment of advisory councils, I wonder what is wrong with the advice of Parliament. Had the minister listened to, and acted upon, a small portion of the advice he has received in Parliament, we would not have a serious unemployment problem today. How much advice does the Honourable Mr. Cullen wish to ignore? The bill goes on to provide for the establishment of regional and local councils to offer advice. Perhaps it is the intention of the government to place the unemployed on advisory councils, thereby bringing about a reduction in unemployment—something it has been unable to do in any other manner.

I often wonder why the advice of a Liberal candidate becomes so valuable after that candidate has been defeated. We often see such individuals appointed to various advisory councils and commissions. The fact that a Grit has been defeated seems to improve his advice. If a Liberal candidate is successful and enters Parliament, his advice seems to be worthless and something which is to be ignored.

The Senate is rather proud of the study carried out by the National Finance Committee on the Department of Manpower and Immigration. That committee brought forward a number of recommendations. The minister said he would study those recommendations and comment on them at a later date. I can only conclude that the honourable gentleman has not made that study as yet as we have not heard what he thought of the recommendations of the National Finance Committee.

Senator Everett: Perhaps I should inform the honourable senator that we did have the minister before the committee. The committee's report contained 56 recommendations, and the minister agreed to act on 52 of those.

Senator Phillips: I thank the honourable senator for pointing that out. However, the minister has not appeared before the Senate in the way he indicated he would in the television broadcast to which I have made reference, which is entirely separate from appearing before the committee.

Senator Everett: I might point out to the honourable senator that the committee, in its report, stated that it would be asking the minister to appear before the committee to make a reply to the recommendations, and he did just that. As I said, the minister has indicated that he will take action on 52 of the 56 recommendations of the committee.

Senator Phillips: I still say that the television statement was entirely different than the statement made before the committee.

One of the criticisms we often hear in Parliament is that reports are kept secret. Only the minister knows the contents of such reports. I should like to ask the sponsor of the bill whether the recommendations of the Canada employment and Immigration Advisory Council will be made public.

I suspect that its real function will be to act as a shield for the minister. If the minister is questioned on a problem relating to unemployment or immigration, he will simply be able to say that the matter has been referred to the advisory council and that he will only comment on it after the council has reported to him on the matter.

Part III of the bill amends the Unemployment Insurance Act making it, in the words of the sponsor, "more sensitive to local unemployment conditions and the motivation for work." I wonder why the government felt it was necessary to say it would improve the motivation for work. Not once throughout the long debate on Bill C-27 has anyone accused the unemployed of being unwilling to work. The real motivation for work is adequate wages and an opportunity to work. I do not think we need to try to provide motivations by an amendment to the Unemployment Insurance Act.

● (1620)

The three phases of entitlement to benefits provide an initial benefit period, that is, "one week's work: one week's benefits," up to a maximum of 25 weeks. The labour force extended phase goes on for 13 weeks. The regional extended phase goes on for a maximum of 32 weeks, when the unemployment rate exceeds 11.5 per cent.

I need not point out that that 11.5 per cent is a very high figure. It required a great deal of hard discussion before the government recognized that the Atlantic members of the House of Commons, particularly the Progressive Conservative members, were presenting a valid point when they objected to the 20-week extension period. This would work an extreme hardship on the seasonal employment in the Atlantic provinces and in the province of Quebec. But in return for the 32 weeks, the PC members were forced to accept an unemployment rate of 11.5 per cent, whereas in the original bill it was 8.5 per cent.

The present act requires a labour force attachment of eight weeks. The proposal for a labour force attachment of 20 weeks again met opposition from Quebec and the Atlantic provinces. Here again I need not point out that employment in many of these areas is seasonal. The fishing may drop off for some unexplained reason and the fish plant will have to close. That is not the fault of the employee so why should the government attempt to further burden those employees? The same thing can happen to an employee of a food processing plant. If, for example, the potato harvest has failed, the plant will have to close. But that is not the fault of the employees. However, I would point out that the reduction to a ten-week entry period is only temporary. The minister has clearly stated his intention to establish a 14-week entrance period at the end of a three-year period.

A new approach to the use of the unemployment insurance fund is being used in amendments contained in clauses 37, 38, 39 and 41. It should be pointed out that the government, the employer, and the employee contribute payments to the unemployment insurance fund on the insurance principle. These amendments proposed in the bill will allow the fund to be used for items such as retraining programs. That is a radical departure from the insurance principle.

While retraining of an individual is most desirable and helpful in allowing that individual to obtain a more permanent type of employment, Parliament should allocate sufficient funds for retraining and leave the unemployment insurance fund as it presently is.

Senator Hicks seemed to think that this amendment would provide greater administrative efficiency. I suggest that if the bureaucrats are having that much difficulty administering the present program, maybe they are the ones who should be retrained and we will leave the fund operating on the insurance principle.

The job creation program is supposed to provide a claimant who has little or no prospects of job employment with an opportunity to participate voluntarily in community projects. There appears to be a conflict between the government's attitude and the job creation program, because on the one hand the government is telling the unemployed to work longer when there is no work available and on the other hand it is saying, "You may or may not participate in a job creation program. It is entirely up to you. You may volunteer or you may refuse and you are still eligible for unemployment insurance benefits."

The unemployed in Cape Breton, who have been conducting civil disobedience in the form of sit-ins in public buildings in Nova Scotia, will not be satisfied with the job creation program. Both management and labour have expressed objections to the job creation program because it uses the unemployment insurance fund to pay for community-oriented projects. They recognize that it is an abandonment of the insurance principle.

It also provides the government with a ready slush fund for election talk. If we take note, just before the next election we will find a regular rash, an epidemic, of job creation projects. They will be springing up like wild mustard in an oat field.

In one previous election Mr. Bryce Mackasey used the unemployment insurance fund to purchase the re-election of the Liberal government, and here, honourable senators, I rather suspect that we are finding the groundwork being laid for the same use of the unemployment insurance fund.

The job-sharing or work-sharing proposal also received little support from labour or management. The idea of everyone working a shorter week does have some merit and perhaps that is worthy of further study, but there are many things unanswered in this bill. Let us consider the case of an employee who has the maximum first phase period of employment, which is 20 weeks. He now goes on to job sharing for ten weeks. What happens to the eligibility established 25 weeks previously? If it is then necessary for the individual to go on unemployment insurance benefits, at what rate are the benefits calculated? Are they calculated on the full-time salary or on the job-sharing salaries?

• (1630)

The sponsor mentioned most amendments, but he forgot to mention one that I should like to draw to the attention of the Senate. Clause 50 states:

50. Subsection 62(1) of the said Act is repealed and the following substituted therefor:

"62. (1) In respect of each year, the Commission shall, subject to approval by the Governor in Council, fix the rates of premium that persons employed in insurable employment and the employers of such persons will be required to pay in that year to raise an amount equal to the adjusted basic cost of benefit under this Act in that year as that cost is determined under section 63."

Honourable senators, perhaps my interpretation of that clause is not correct, but I fear that it gives the government an out from paying its contributions. The employers and the employees are mentioned in that clause, but the government's contribution is not mentioned.

In 1977 it was anticipated that the government would be contributing $1.9 billion to the unemployment insurance fund, and that the private sector would be contributing $2.5 billion, making a total of $4.4 billion. I hope it is not the intention of the government to withdraw from these contributions, and then pass the increased costs on to the employer and the employee.

The sponsor failed to mention that the bill would be referred to a committee. I think that was merely an oversight. After all, he arrived at about 4.30 and did very well to get his speech ready—and such an informative one—in the length of time at his disposal. I feel quite sure the bill will be going to a committee.

Hon. John M. Macdonald: Honourable senators, I should like to make a few comments generally on the amendments to the Unemployment Insurance Act, and to one clause in particular.

I suppose this whole question of unemployment has never been more important than it is at the present time. We know there is a great deal of unemployment in Canada. Just how much there is it is difficult to say, because the figures differ. Apparently it runs between 7 per cent and 8 per cent of the work force, seasonally adjusted, whatever that may mean. It must be remembered, however, that the percentages differ in various parts of the country. I know that in my region of Nova Scotia, in what is called industrial Cape Breton, the rate is somewhere between 20 per cent and 30 per cent. There is no agreement on the exact figure. I believe it is acknowledged that there are probably a million people in Canada without employment, and this at a time of year when employment is usually high.

I think there is a new type of unemployment emerging, and that is unemployment among the academic class, among the highly educated and highly skilled. I refer you to *Weekend Magazine* of July 30, in which there is an article entitled, "Middle Aged, Middle Class and Fired," by one Lee Wilson. It is worth reading. It deals with a person who had been a teacher in a university for 15 years, and has lost his employment. It tells of the difficulties and frustrations he encountered, and the fear that he has for the future.

Among these people there does appear to be a sort of nervousness about the future, and job security seems to be high on their list of priorities. Certainly job security is high on the list of priorities in any collective agreement negotiated between employers and employees.

Honourable senators, it is not my intention to speak at this time about the causes of this deplorable situation, or to discuss any of the proposals made for a solution or partial solution; but I do want to emphasize that in general people look to government to deal with this whole problem of employment or unemployment. More and more people are believing that it is the duty and responsibility of government to see to it that employment is available, or made available, in one way or another. If this is not possible, then governments should provide employment directly. This is a natural development, I think, of our economic system, since over the years the system has been changing and developing. Canada has become a highly industrialized nation, a great trading nation, so I do not think it would serve any useful purpose now to discuss, perhaps, the national policy of John A. Macdonald, or the free trade theories, or tariff for revenue only policies of Sir Wilfrid Laurier. Nor would it serve any useful purpose to discuss the virtues or faults of free enterprise or public ownership. We have a mixed economic system, one which could be divided into three parts: free enterprise, public ownership, and a combination of private and public ownership.

Of course, our free enterprise system, has done much for Canada. It has been, and still is, a tremendous force in our industrial development, and more power to it, I say. We have had public ownership for a long period, also, as in the case of the Post Office, railways, harbour and port developments, and crown corporations. Certainly the private sector of our economic system has been assisted and encouraged over the years through tariffs, quotas, taxation policies, or by loans, grants and subsidies. This type of assistance is very old. In order to bring British Columbia into Confederation the Canadian Pacific Railway was given some assistance from government to build the railway, and more recently, when Newfoundland decided to join Canada, the federal government agreed to provide a ferry service between that country and Nova Scotia. In both cases the action taken by government was not only justified but very commendable. This system, which stressed both free enterprise and government assisted systems, did much to make Canada the great industrial country it is, and has given employment to a great many people; yet, from its very nature, the system has a weakness, which is that if there is an economic slowdown, immediate unemployment or underemployment results.

I think we must accept it as a fact that when there is a necessity for providing employment, people turn to the federal government. They do not turn to the private sector, or indeed expect the private sector to increase employment. People expect government—especially the federal government—to make employment available or to provide it.

I know there is no easy answer to this terrible problem of unemployment, and I think it is idle to expect that a million new jobs can be made available or be provided in the near future. As I mentioned, I do not propose to discuss now any of the proposals regarding monetary, fiscal, financial or trading policies which might be helpful at this time; but since we do have the hard reality of unemployment and underemployment on a large scale, any amendment to the Unemployment Insurance Act is bound to be of great interest to many people. Over the years this type of insurance has become a vital and permanent part of our economic system; indeed, I think it could be compared to workmen's compensation in this regard. It is designed to assist those who have been employed and who are temporarily out of work. It was, and I expect is, self-supporting as long as unemployment remains less than 4 per cent of the work force.

There has been criticism of the operation of the act, though not of the principle on which it is based. I expect some of the criticism is justified, though I think much of it has been exaggerated. Many of the offences against the act have been minor ones. Some have been fraudulent, but this is to be expected when the great number of benefits which had to be processed—over two and a half million in 1976—is remembered.

A major criticism has been that the qualifying period was too short. The qualifying period was eight weeks, and to meet this criticism the minister proposed in bill C-27 to raise that period to 12 weeks. This was strongly objected to, and the minister compromised on ten weeks. Personally, I object to having the qualifying period extended from eight to ten weeks. To my mind, a person who could only get eight weeks of employment needs the assistance provided by unemployment insurance just as much as the person who has worked for ten weeks. And it must be remembered that when we speak of 7, 7½ or 8 per cent of the work force being without work we are dealing with people, not with statistics. We are talking of men and women who want employment, who need employment, and who can't get employment, and if that employment is not available and can't be made available, then they should be entitled to unemployment insurance.

• (1640)

Personally, I greatly fear the whole idea behind this amendment. The motive behind it is to save money. It is to save money at the expense of the unemployed. I do not have the figures for the amount of money extending the qualifying period to ten weeks will save. I know it will be substantial. In the original 12-week proposal it was estimated, assuming a national rate of 7 per cent, the total savings would be between $275 and $325 million.

Honourable senators, believing, as I do believe, that unemployment insurance is a permanent part of our economic system, I am opposed to that part of the amendment which would increase the qualifying period from eight to ten weeks. I object to the government's saving money at the expense of the unemployed. Honourable senators, I go further. Believing, as I do believe, that it is the duty and responsibility of government to see to it that employment is available, I think the Unemployment Insurance Act should be amended to make it truly

an insurance against unemployment, all unemployment. Actually, now it is but a partial insurance, an insurance for those who have been employed, who have been employed for at least ten weeks. It is an insurance against temporary unemployment only. It is not an insurance for those with less than 10 weeks employment or for those in the work force who have never been able to obtain employment.

If the act was amended to insure all these people, certain administrative difficulties would arise, but they could be overcome. Since I believe government is responsible for employment, then government, of course, would have to pay the whole premiums of those in the force but who have not worked, and also for those not working whose benefits had expired, and such premiums would probably have to be based on a minimum wage scale. But if we accept the proposal or premise that government is under an obligation to see that employment is available, then I contend it follows in a logical way that government should amend the Unemployment Insurance Act to insure against all unemployment. Of course, we would also have to be prepared to see some changes made in the Manpower offices and greater authority given to them.

But all these things could be worked out, and if the act was amended as I suggest it should be amended, then I think the men and women who comprise the work force would get a better deal—a better deal and a better life. They would have security, financial security, and I think the importance of financial security cannot be over-estimated. I remember that back in 1972 the Speech from the Throne mentioned this. I quote a passage from it:

> Economic security is one of the most effective forces with which to counter social isolation. Job opportunities must be found and income uncertainties overcome if all Canadians are to share in the richness of the land.

Yes, honourable senators, economic security is necessary if Canadians are to fulfill their own potential and Canada its destiny. Of course, the ideal way to provide economic security would be to have employment available for all willing and able to work. As I do not see that this is going to happen in the near or foreseeable future, I do advocate that the Unemployment Insurance Act be so amended that all in the work force able and willing to work, for whom employment is not available, be eligible for unemployment insurance without any qualifying period.

Honourable senators, as in most acts, Bill C-27 contains good features. I certainly agree with the provision abolishing the 4-week rule. But on balance my objection to extending the qualifying period is so strong that I cannot vote in favour of the bill.

Senator Rowe: Would the honourable senator permit a question?

Senator Macdonald: Certainly.

Senator Rowe: In referring to the unemployment rate in what you called your region of the country, you said it was somewhere between 20 per cent and 30 per cent. The figure is indeterminate at this point. I take it you were alluding, not to the province of Nova Scotia but to the Sydney-Glace Bay area, or was it all Cape Breton?

Senator Macdonald: Industrial Cape Breton is generally stated to be the Sydney area. It comprises Sydney, Glace Bay, North Side of Sydney Harbour and the surrounding area. In other words, it would be Sydney and drawing a circle around it with a radius of about 15 miles. It has about 100,000 to 110,000 people. That is known as industrial Cape Breton.

Senator Eugene A. Forsey: Honourable senators, before Senator Hicks closes the debate, as I think he is about to, I should like first of all to express my almost total agreement with the magnificent speech we have just listened to. I wish that speech could get more publicity than it is likely to get. We are often accused in this chamber of being the servants of big interests and so on. I think it would be salutary if the public could be made aware of the kind of speech we have just had from that great tribune of the people, Senator Macdonald.

Hon. Senators: Hear, hear.

Senator Forsey: I want also to make one very brief comment about the unemployment insurance provisions of this bill. Honourable senators are aware that originally, as Senator Macdonald has just said, the government had certain proposals which were watered down because of pressure, both from the opposition and from the government side in the House of Commons. I am glad to see that they were watered down, but they were not watered down nearly enough.

I particularly want to call the attention of the Senate to the fact, which I think Senator Phillips also mentioned, that in clause 30(3) there is a limitation of the improvement that has been made for the benefit of the Atlantic provinces primarily, and also for certain other areas of the country, notably Eastern Quebec, I think. There is a limit upon that improvement of 36 months, though it is added that the commission may, with the approval of the Governor in Council and subject to affirmative resolution of Parliament, extend the period of 36 months mentioned in subsection (1). I am afraid I am pessimistic enough to believe that at the end of three years we are most unlikely to find ourselves in a position where this amelioration of the original and very harsh provisions of this legislation will be sufficient for the purposes. I think this is a blot upon this bill, and for that reason, as well as those that have been brought forward by Senator Macdonald, I must share his position, and if this bill comes to a vote, which I suppose is rather unlikely, I must record my vote with Senator Macdonald against it.

Hon. W. M. Benidickson: Honourable senators, I think basically this bill is the result of the work of two committees, on both of which I sat, namely, the Standing Senate Committee on National Finance, which dealt exhaustively with manpower and employment, and the Joint Committee on Immigration Policy. I have taken pride in the fact that for some thirty years I always designated myself as a Liberal/Labour member of Parliament. For 20-odd years the Canadian Press, on my election, referred to me as an independent member of Parliament. Although I sat on the government side of the house, I

was the first young Liberal given joint endorsation by these two parties.

● (1650)

No one in this chamber has more admiration for Senator Macdonald's compassion than I have, particularly for veterans, and this afternoon he has expressed that compassion for the unemployed. But a compromise has been reached. Certain things can be attained. Other things will take some time yet to obtain. I was vice-chairman of the committee that recommended universal old age pensions, and that was considered revolutionary. That recommendation was put forward in 1952. The Chairman was the former Premier of Quebec, the Honourable Jean Lesage. The rates have changed. Inflation has increased. But we have it!

I do not wish to be too political, particularly with my honourable friend from Nova Scotia, the Honourable John Macdonald, who has all of the attributes that I have enunciated. This bill comes to us as a result of protests within the members of the government itself, within caucus, and those protests for the most part were voiced by members from the maritime region and other areas of high unemployment, such as eastern Quebec. These things have to be done. I do not wish to be controversial at this stage in the session. I have not forgotten the election of 1972 when my very good and dear friend, the Honourable Bryce Mackasey, introduced what were considered to be too generous amendments to the Unemployment Insurance Act. Those amendments were not to the benefit of the government of that day in that election.

This bill represents a compromise and, as such, I am prepared to accept it.

I might say that, to my astonishment, and somewhat to my regret, my son, who has washed dishes and been a porter in a hotel, planted trees at less than the minimum wage, on two different occasions went on what is known across the country as the "pogey". Certain people laugh at the "pogey" too much. There is abuse. There are things that have to be corrected. The bill as it is now before us is a reasonable bill and, as such, I support it.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Hicks speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Hicks: Honourable senators, I want to thank my colleagues who have participated in this debate. I share with them, as I am sure all of us do, their deep concern for those who are unemployed, and particularly their concern for the communities that have such high rates of unemployment, as has been referred to by Senator Macdonald. Senator Macdonald would like to see a scheme whereby there would be no waiting period before benefits are payable. All I can say is that such a provision is highly unlikely under a straight insurance scheme. On the other hand, Senator Phillips criticized the bill on the basis that funds from the unemployment insurance pool were being used in ways which were not proper in an insurance scheme. That, of course, is true. The Unemployment Insurance Act in Canada has never been a straight insurance arrangement. The benefits have always exceeded what the scheme could have afforded to pay out from revenues or premiums collected. At the present time the premium collected from employees generally works out to about 1.65 per cent of an employee's weekly wage, subject to a maximum. The employer's contribution is 1.4 times the contribution of the employee, and in one way or another the Government of Canada pays the remainder of the cost, and that, as honourable senators are aware, often amounts to large sums of money indeed.

If we are going to stick to a straight insurance scheme, then what we can do must be limited to amounts which are far below the level of benefits provided by this legislation. On the other hand, we must remember that our unemployment insurance program is integrated with other government programs, such as welfare, job training, and so forth. In order to get an understanding of what is accomplished, one cannot look at any one program in isolation; rather, one has to consider each in relation to the others.

I think that is about all I need say at this time, except to answer one or two questions raised by Senator Phillips.

Senator Phillips, in his remarks, speculated that the Canada Employment and Immigration Advisory Council might only advise the minister in secret. Under clause 23 of the bill, the council may make rules for the regulation of its proceedings, provided that it shall meet at least once a year and that it shall keep minutes of all formal meetings. Existing councils meet six or seven times a year, and there is no reason to expect that this would not be the case with this particular council. I should think that all minutes would be available to Parliament. Certainly, if that were not the case and there was a motion that they be made available, that motion would have my support.

The next point raised by Senator Phillips had to do with the rates of remuneration that might apply under the job-sharing arrangement. I think this is highly speculative at the present time. The minister has said that he would discuss this with representatives of management and labour before implementing it, but I would suppose the rates would be comparable to the rates that generally prevail, which, as my honourable friend knows, are again generally two-thirds of the wage that the employee was earning subject to a maximum of two-thirds of $220, which at the present time is $147 per week.

● (1700)

The way I would see the job-sharing arrangements would work, if a trial of this interesting idea should result from this legislation, would be that if a person were, say, employed three-quarters of the time and unemployed one-quarter of the time and his salary were $200 a week, then he would draw $150 in salary for three-quarters of his work and he would get unemployment insurance based upon the $50 a week for the one-quarter of his work, and I would expect that the payment would be two-thirds of that amount. But, as I say, it is a little early to speculate on these matters, because the arrangements have not in any event yet been made.

Finally, Honourable Senator Phillips referred to clause 50 in the bill and said that he suspected that this was just a device to enable the Governor in Council to avoid paying its fair share of the premiums, since it gives to the Governor in Council the right to establish the premium rates under the legislation. At the present time that right is in the hands of the minister. It is now being taken from the sole discretion of one minister and being made subject to determination by order in council. I should think that that is an improvement and in no way is likely to result in any arbitrary manipulation of the rates, which I do not think anyone has ever accused the ministers in the past years of employing in their fixing of the rates under the legislation.

Senator Phillips: It is bad enough when you have to trust one, but when you start trusting a whole group you are really in trouble.

Senator Hicks: I have heard many people expounding the theory that what is everybody's responsibility is not as well attended to as what is one person's responsibility, but I would suspect that, as is usual in cabinet practice, the minister will make the recommendation and the order in council will result from it.

Finally, Senator Forsey expressed concern about the provisions of clause 30 of the bill. Clause 30, of course, provides for the variable entrance arrangements; that is to say, the necessity to work from ten to fourteen weeks, depending on the rate of unemployment in the area concerned in order to qualify for benefits. It is a fact that subclause (3) of that clause limits the application of this to 36 months, although subclause (4) provides that the commission may, with the approval of the Governor in Council and subject to an affirmative resolution of Parliament, extend the period of 36 months mentioned in subclause (3). I suppose one can speculate that the commission might be pretty determined to cut this off at the end of the 36 months. I would hope that economic conditions in the country would warrant their doing so, but if the conditions are not, then it seems to me that the provisions of that clause do give sufficient power to Parliament to control the situation, and I am afraid I cannot be quite as suspicious of the commission or, indeed, of the general managing of this legislation by the minister and government as is my friend Senator Forsey.

I think I have no other comments to make in reply to the remarks that were made, and I would therefore assure Senator Phillips that if this bill receives second reading I propose to move its reference to the Standing Senate Committee on National Finance.

The Hon. the Speaker: It is moved by the Honourable Senator Hicks, seconded by the Honourable Senator Norrie, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Macdonald: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Hicks moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Everett: Honourable senators, in light of the fact that the bill has now been referred to the Standing Senate Committee on National Finance, it would be my intention to have that committee meet at 8 o'clock tonight, because we are under some time constraint and would like time to examine the bill and also because of the fact that the immigration bill will also require the appearance of the same minister who will be appearing before the National Finance Committee in respect of this bill.

STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1976

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Molgat for the second reading of Bill C-23, to facilitate conversion to the metric system of measurement.

[*Translation*]

Hon. R. Bélisle: Honourable senators, since I have been asked to take part in the debate, I should like to give you, briefly, my ideas on this bill which, to date, has not been understood any too well. Before attempting to describe the contents of the bill, it would be useful to relate it to the legislative framework involved in the conversion to the International System of Measurements. In January of 1970, a white paper on metrication was published. Bill S-5, referring to weights and measures, was introduced in Parliament on October 20th, 1970, and finally enacted on August 1st, 1974.

That act gave birth to the Canadian Metric Commission which supervises and co-ordinates its implementation. Before 1980, the government intends to pass four omnibus bills to amend 90 acts relating to weights and measures used in Canadian industry. The introduction of those four bills will represent the final stage of the four-phase program of the Metric Commission: Investigation and planning before 1975, setting up of deadlines before the end of 1976, and implementation before the end of 1980. Bill C-23 is the first of those omnibus bills and it concerns the grain industry and nine of its regulations on weights and measures.

[*English*]

As the title indicates, the bill's purpose is to facilitate the conversion to the metric system of measurement and it covers the following areas:

1. The Canadian Wheat Board Act is amended in its definition section by substituting for the word "acre" the word "hectare."

2. The Consumer Packaging and Labelling Act will adapt its unit of measurement to conform with the international system of units referred to in schedule 1 as set out by the Weights and Measures Act.

3. The Gas Inspection Act will adopt the cubic meter or cubic foot for the volume sale of gas, the joule or multiples thereof or the British thermal unit, the BTU, for the energy unit of gas, and the kilogram for the same of gas by mass.

4. The definition of "well" in the Oil and Gas Protection Act and Conservation Act is adapted to speak in terms of depth in meters. This sector plans for the conversion in drilling measurement to be completed by July of 1978.

5. In the Western Grain Stabilization Act, the Prairie Grain Advance Payments Act and in the Two-Price Wheat Act the word "hectare" also replaces the word "acre", and as well the word "bushel" will be substituted by "tonne." But the amendment on third reading will permit the use of "acres" as well as "hectares."

6. The Regional Development Incentives Act will use square kilometers as its reference instead of square miles.

• (1710)

7. The Weights and Measures Act is adapted to allow the prescribing of a date beyond which measurement must be able to be made according to Schedule I, and eventually at a date after which measurement according to Schedule II will not be used in trade.

Schedule I is the units of measure based on the international system of units; that is, grams, metres, hectares, et cetera.

It is important to note that the implementation of the changes from hectares and tonnes will come into force on a day to be fixed by proclamation. The original date of enactment was February 1, 1977, but because of delays in the passage of the bill, that date has now been postponed indefinitely.

[*Translation*]

I have looked over *Hansard* of the House of Commons and in the *Minutes of Proceedings and Evidence* of the Standing Committee on Finance, Trade and Economic Affairs, as follows:

A. *Hansard* of the House of Commons from December 21, 1976 to July 25, 1977.

B. *Minutes of Proceedings and Evidence* of the Standing Committee on Finance, Trade and Economic Affairs, issues Nos. 12 to 17, February 1977. Many points were raised against the adoption of Bill C-23. I would like to quote arguments for and against the bill. Since most amendments affect the grain industry, critics of the bill consider a series of problems for farmers, of which I will list the main ones.

First, the need to buy new metric equipment, thus causing unnecessary expenses and sometimes a duplication of basic tools. The Canada Metric Commission replies to that argument by saying that the time allowed to convert to the metric system is long enough to permit the gradual replacement of outdated equipment. The commission adds that on the long run the metric system will also bring substantial savings as a result of standardization.

A second criticism has to do with the difficulty of adapting to the new system. To farmers, terms such as "yard, acre, bushel" are much more significant than the metric terminology. That point was made on several occasions and the public servant in his office with his calculators will not experience the difficulty of the farmer faced with measuring his crop. The opponents also think that the government could improve its advertising and education campaign in that regard. The commission admits that adaptation is not easy but an effort must be made precisely to overcome that transition period. Putting the metric measure beside the existing measure has no educational value, and keeping both systems—as they did in Great Britain for acres and hectares, will help farmers understand the metric system better by being able to compare and use acres and hectares.

[*English*]

This bill, by establishing the metric system in general, will greatly facilitate transactions at the international level, because the metric system is recognized internationally. This is the most obvious advantage.

It will undoubtedly confuse the average farmer, however, who has become accustomed to the present system, even though it is uneven and is irregular in applying measures to grain, livestock and farm produce.

Once the metric system is adopted, some believe that we should give the farmers, producers and also consumers, time to get used to the new measures. It would make it easier for them if, for several years, prices were to be given in both systems. This would make it possible for Canadians to calculate what they are receiving or disbursing as they gradually adapt their thinking to the metric system.

C. The costs of metric conversion for farmers cannot be passed on to the consumers. Opponents point out that private industry can pass the costs on to the consumer, but that in the farming industry the producer will have to bear these costs. Also, the large industries are able to plan more efficiently for the change-over in their equipment. Another sensitive issue concerns the possible price profiteering resulting from new packaging. For the consumer, it will be difficult to calculate price differentials between metric and non-metric goods, but on the other hand, metrification will facilitate comparison of items within the metric system.

The government's position of letting the costs lie where they fall will undoubtedly prove to be a costly proposition for the farmers, but the expenditures will be offset by what the Grains Council claims to be "a saving of approximately $1 million per year due to elimination of most of the 12 to 16 conversions from pounds to bushels and back again that now take place."

These are the remarks of the Honourable Len Marchand, taken from page 8 of the *Minutes of Proceedings and Evidence* of the House of Commons Standing Committee on Finance, Trade and Economic Affairs, dated February 1, 1977.

With respect to price profiteering, the Consumer's Association of Canada is keeping a close watch on any possible price abuses. Although it is not a regulatory body, this association will publicize, and inform consumers of, any excess price increases.

D. During the debates, some members felt that the introduction of the hectare measure would imply a complete revision of the registry, and possibly a resurvey of the whole country. As honourable senators are aware, half of Canada is measured in square miles and the rest in long miles.

There is no such provision as this in Bill C-23, and only new subdivisions will be laid out in metric measure. Existing titles will be expressed in metric measure only at the time of transfer to a new owner. This area is under provincial jurisdiction and it will be up to the provinces to implement it. The plan has been reviewed by the provinces, and so far no objections have been raised.

E. It has also been argued that farm machinery will have to be changed in order to avoid serious errors in seeding or fertilizing. This point has been rejected on the grounds that the ratio of pounds to acres is only slightly greater—namely, 11 per cent—than the ratio of kilograms to hectares, and that new measuring would only have to take into consideration this minor adjustment; but with the keeping of the word "acres" as well as the word "hectares" this will be eliminated.

F. Another concern was the effect on trade with the United States. The metric commission realizes that the United States is well behind Canada in implementing the metric system, but views it as only a matter of time before the United States joins the rest of the world already dealing in metric measures. The metric commission also recognizes that certain sectors of the economy will want to co-ordinate their metric programs with those of their American trading partners.

Honourable senators, it is my feeling that the government should be very cognizant of the fact that 70 per cent of all our export trade goes to our best customer, the United States of America. We should be very cautious in pushing this metric system on them if they are not ready or willing to accept the immediate change.

The other night I was listening to a program where the commentator said that the present government should be very careful and more attentive to the needs and feelings of the Canadian people. He was referring to Bill C-37, "an act to provide for the making of certain fiscal payments and of established programs financing contributions to provinces to provide for payments in respect of certain provincial taxes and fees and to make consequential and related amendments". His comments were to the effect that seeing that all 10 provincial governments were in complete disagreement with the authoritarian federal government on fiscal policy, this new metric measure should not be forced on the Canadian people, much less on our American trading partners. He summed up by saying that in 1970, when this omnibus bill was presented, the Prime Minister's popularity and that of his government were much higher than they are today.

• (1720)

He said:

> The Just Society of 1968 has turned out to be an unemployed society of more than one million.
>
> The slogan of "The land is strong" has turned out to be a very weak real growth, high inflation, record unemployment, a record trade deficit and a falling dollar. This administration has shown no signs of mending its ways. They continued in their free spending habits, creating huge cash deficits, forcing record foreign borrowings and pushing up inflation as if they bore no responsibility for the state of the Canadian economy today.

He concluded by saying:

> It is time the present government should wake up from their long sleep and proceed with more care for the people.

The last criticism was on behalf of some members who had received numerous complaints from their rural constituents who questioned the accuracy of agricultural associations who back the metric system. During the visit of the Standing Senate Committee on Agriculture, studying the price of the beef industry, visits which took place in all the western provinces after Easter in 1977, I was surprised to hear the number of farmers refusing to accept the new metric system.

[*Translation*]

To conclude, honourable senators, it may be said that a majority will become supportive of metrication in Canada.

I suggest the government was very well advised indeed to accept on third reading an amendment allowing farmers to use acres instead of hectares. There are evident advantages, such as computation ease, standardization and foreign trade relations. Criticisms in the other place mainly centered on the way the federal government implements these provisions. Certainly Bill C-23 will create problems, but during the phase-in stage only, because in the long term, the metric system will benefit all users. Honourable senators, in the name of the official opposition, I see no need for referral of the bill. And I feel the legislation can be read now or tomorrow during our next sitting, at the government's pleasure.

[*English*]

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Molgat speaks now, his speech will have the effect of closing the debate.

[*Translation*]

Senator Molgat: Honourable senators, I would like to thank Senator Bélisle for his comments which, I think, properly covered the subject matter. I appreciate his proposal that the bill does not need to be referred to committee. I support this point of view. I think that the other place has discussed this subject at length in committee and we would probably be covering the same ground.

[*English*]

I know that we have had a lengthy debate this afternoon and I will not extend it at this time. I should like to make a couple of comments on some of the matters raised by Senator Bélisle. I recognize, as he does, that there will be costs in the change-over to the metric system, but I think we have to recognize as well that there are enormous costs if we do not make the change, costs that are very hard to assess but are undoubtedly there. When we look at the fact that today some 98 per cent of the population of the whole world either uses the metric system or is moving towards it, I think it is evident that we have to move. The longer we delay the movement, the greater the cost will be. I therefore think that action should be taken.

There can obviously be arguments about implementation, but I think that the government process has provided time, and it is now some six years since the first steps were taken. Government action has been taken with a fair degree of consultation all the way down the line. At some stage we have to move. Undoubtedly it will be painful for some people, and it will be costly, but in the long-run it will be to the ultimate benefit and saving of the Canadian people in total, and certainly to all Canadian industry.

With those few words, I again thank Senator Bélisle, and I will propose that we move on to third reading whenever the Senate is prepared to do so.

Motion agreed to and bill read second time.

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

Senator Molgat: Honourable senators, with leave, I am prepared to move third reading now.

Some Hon. Senators: Next sitting.

Senator Molgat: Next sitting is agreeable.

Senator Flynn: You may have second thoughts.

Senator Molgat moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

IMMIGRATION BILL, 1976

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Riley for the second reading of Bill C-24, respecting immigration to Canada.

[*Translation*]

Senator Asselin: Honourable senators, as you know, this bill on immigration, Bill C-24, was studied in depth in the House of Commons. Last night its sponsor talked about the positive aspects of this bill and explained what the government wants to achieve through the passage of the bill. If you give me a few minutes, I would like to go over the negative aspects of the bill, and particularly to review the public objections that certain groups, representative of their environment, have made either before the committee of the House of Commons or outside the house through the newspapers. These groups voiced their opposition to certain important points of this bill.

I shall try to be brief. I know that a committee is sitting at eight o'clock tonight and I do not want to keep you until then, so I shall try to evaluate this bill in a few minutes.

As I said, many groups have opposed certain provisions of the bill. There was, first of all, the Students' Legal Aid Society and the Law Union of Ontario. This group said that certain areas of the proposed legislation lack precision and do not bring detailed or appropriate solutions to the many problems that have been raised. They said also that the government has stated its intention to give a complete and coherent set of provisions concerning the problems of immigration. These assertions on the part of the government were rejected. There was also mention of the regulatory power. With this regulatory power, many important questions will be decided, such as the classes of relatives who can be admitted, the selection criteria for immigrants, the classes of people who need visas, the conditions that can be set for newly landed immigrants and the classes of people who will have to submit to the taking of fingerprints, photos, or other kinds of identification.

For instance, clause 14(3) of the bill states that an immigration officer can impose terms and conditions of a prescribed nature to visitors to Canada. But what type of regulations? We do not know because the government did not submit them when, as usual, the bill was introduced in the house. The bill gives no explanation of these terms and these regulations, so that the Governor in Council will be able to do what he wants without his decision being discussed publicly in Parliament.

● (1730)

Clause 40 provides for the deportation of permanent residents as defined in clause 2 after consideration of the secret report by a special advisory board. A person could thus be deported if there are good reasons to think that he or she will engage in spying or subversive activities. Such a clause opens the door to several possible abuses. The very composition of that special board causes problems since the bill does not say that Parliament must approve appointments to the advisory board. The advisors could then be friends of the government, which could jeopardize the independence of the board as well as its credibility.

Another group made representations, and I refer to the Parkdale Community Legal Aid Service. That office worked on more than one thousand cases dealing with immigration in the past five years. It is opposed particularly to clause 19(1)(c) which says that a person cannot be admitted to this country if he committed a crime abroad. That clause is only concerned with the characterization of conduct, and not conduct itself. I think everyone will realize here that a person in a totalitarian country, a communist country, can be convicted of treason for distributing political pamphlets criticizing the government, when in Canada such conduct cannot be classified as treason. However, that person could be excluded from this country under clause 19(1)(*c*).

The League for Human Rights also made representations. That group criticized, above all, clause 19(1)(*d*). The government said that clause is meant to refuse entry to this country to people related to organized crime. However, the provisions of that clause make it possible to deny admittance into the country to any individual liable to commit an offence. You understand that those provisions are too extensive and leave the matter to the discretion of the official. The league also maintained that a number of reasons for inadmissibility or deportation were too vague and could lead to abuses. In addition, you will note in clauses 19 and 27 the vagueness of the provisions which could give way to all kinds of despotic actions, due to the extensive discretionary powers given to the immigration officers.

Another group, the Urban Alliance on Race Relations, objected to the overly high-handed attitude of officers concerning the admittance of immigrants staying in Canada.

However—and I do approve the following comments—I think that the group which, in my opinion, has best summarized the criticisms concerning this bill and those also made by the Conservative and New Democratic members of the opposition in the other place as well as by the government members was the Entr'aide missionnaire which summed up its objection by asking some basic questions to the minister. Those questions were related to the extremely vague or general inadmissibility or deportation conditions leading to all kinds of abuses; the abolition of the notion of domicile; the security certificate allowing the deportation on the strength of a secret report without any effective defence, and power of arrest without warrant.

I think that *Le Devoir* published in June some of the objections raised by that group within and without this house. We were wondering why the concept of residence is being repealed under clause 127, thus depriving thousands of landed immigrants of their vested rights and all future immigrants of protection against deportation, when we know very well that thousands of them have very good reasons for not applying for Canadian citizenship, because even if they are entitled to apply after being in the country for three years, it is not granted automatically. While residence was automatic after five years under the old citizenship act, which made application possible after five years, the average immigrant would put in his application only after twelve and a half years and rely on his residence status for protection during this period of seven and a half years, when he became a permanent resident, until he became a Canadian citizen.

Can we rest assured that the adjudicator who will replace the special investigator will be selected outside the department and that he will be completely independent from it so as to ensure that the immigrant under investigation will benefit from the same impartiality, and the same appearance of impartiality that is insured by the Universal Bill of Rights? The Canadian Bill of Rights and our justice system require that all Canadian citizens receive equal treatment. How can we also explain that clause 3(f) which ensures non-discrimination on grounds of race, national or ethnic origin, colour, religion or sex, did not include political allegiance? We know very well that immigrants coming into this country are leaving their homeland for idealogical reasons and because their political views differ from those of their national government. Then why does this clause not contain a provision prohibiting discrimination on political grounds?

How can we guarantee that a concept as vague and touchy as the one concerning the national security, which is to be found in clauses 39, 40 and 83, will not allow abuses which will be impossible to control? Do we have to satisfy ourselves with answers like the ones the Minister of Immigration gave in the house when he said: "I took the decision which was required and I know that it is the good one." Other heads of government have uttered similar views before.

We also deal with the attestation of security on the basis of secret reports which in practice make it possible to deport persons who do not have any judicial defence, on the pretext of national security. Why is the person involved not allowed to question the contents of the attestation of security? Why is this person deprived of that basic right, which is recognized by our judicial system, of knowing what he is accused of so that he can defend himself? Because it is the authority that decides on the attestation of security and the authority does not have to give reasons. If the authority decides that it is a matter of national security, the deportation of the immigrant is not even justified. He is simply told that because of the national security, he is not allowed in the country, and he is deported, that is all. And according to our Canadian law, this deported person could be allowed to know how he is threatening national security so that he has the opportunity to defend himself.

In addition, among the classes listed as inadmissible, how can one justify such vague and general definitions as are given in clauses 19(1)(*d*), 19(1)(*f*) and 19(1)(*g*), in so sensitive and dangerous a field as that of national security? Why declare inadmissible a person who is merely suspected of being likely, while in Canada, to engage in or instigate the subversion by force of any government in the world? That is what clause 19(1)(*f*) says. How can one justify otherwise than by discrimination against immigrants, considered as second-class citizens, the possibility of mandatory identification, either by photograph or fingerprints, of non-Canadian citizens, which measure has always been decried by the Canadian people when there was question of making ID cards compulsory for them? Why then demand it from prospective immigrants to Canada? Why has the government rejected the recommendations of the Appeal Board, although it is in a better position to decide whether or not a person against whom a deportation order has been issued should be granted the right to appeal, and especially because the reason of denial of such a right— documentation of case—does not exist any more? There are cases in the present legislation where immigrants against whom deportation orders have been issued by the minister or one of his officials are denied the right to appeal. And how could we vindicate the power of arrest without a warrant, as provided for under Clause 104(2), because all senior immigration officers, as honourable senators doubtless know, have the power to

issue warrants of arrest without going through court procedures. That is under clause 104(1).

• (1740)

Why has the minister the right to appeal to the Board whenever a decision rendered favours an immigrant? That is under Clause 73, while the latter may only appeal in a very limited number of cases against an unfavourable decision; that is under clause 72. Why deprive the Appeal Board of the right to re-open a case when it has reasonable grounds to do so? That is under clause 84. Is it because the Appeal Board is not deemed competent to decide whether the grounds for re-opening a case are valid or not?

Why do temporary and seasonal workers have to contribute to the various social security programs if they are not legally and actually entitled to any benefits as provided under a section of this act?

Needless to say I am opposed to immigration under conditions. Furthermore, people would be inclined to wonder why conditional immigrants are not sure to receive permanent residency right after their complementary examination. What guarantee have we under clause 14(4)? What guarantee have we that Bill C-24 as it is worded will prevent extending such conditions indefinitely?

I suggest that fundamental matters have been raised during those debates by interest groups as well as by opposition parties in the House of Commons.

This bill provides for many circumstances under which Parliament could violate civil liberties. If we are to deny those liberties, let us have the matter examined openly before Parliament and not in the secret of the cabinet, because it always comes to the powers of the cabinet to enact regulations stemming from laws passed by Parliament. When the cabinet makes regulations they are in force when they appear in the official *Canada Gazette*. It happens often that these regulations, as pointed out in the other place, go squarely against the spirit of the law as voted by Parliament.

Besides representations made by interest groups, the legislation before us contains what I consider to be the most dangerous feature of Bill C-24, and that is the near discretionary power granted to the minister and his agent which is detrimental to judicial guarantees allowed to various classes of non-citizens. So much so that some apparently progressive provisions turn out to have the opposite meaning when considered in the general context of the law. Therefore it was probably advisable to provide for measures which are less severe than deportation; in this sense, the exclusion order and the departure notice apply to relatively minor cases.

In conclusion, those who have grievances to put forward against this bill have always alluded to the quasi discretionary powers granted to the ministers and the officials. It remains that we still have liberal democracy in Canada. However, I think that we will have to ensure that the powers given to the special investigator and also to the officials in the operation of the act do not lead to considerable abuse of and prejudice against the people concerned.

There were also in the House of Commons several honourable members who made representations on some clauses in the bill they did not want to support. As I said earlier, some rules approved by the government were mentioned. It was also asked that the minister keep his authority to quash a permit and that the immigrant has the right to defend himself before the minister and to give the reasons for not quashing the minister's permit and to discuss all the matters of the status of refugee. Of course, honourable senators—

• (1750)

[*English*]

The Hon. the Speaker: Honourable senators, pursuant to rule 12—

Senator Perrault: It is not necessary.

Senator Flynn: We did not see the clock.

[*Translation*]

Senator Asselin: Honourable senators, I am being reminded that it is 6 o'clock, and that this bill must be referred to a committee. I think I have emphasized the criticisms of the opposition enough to show that we are not ready to accept straight off the bill we now have before us. We have been told that it would be examined in greater depth in committee. I make the criticisms I have underlined my criticisms tonight and those coming from certain groups. In order to scrutinize them further, perhaps we will have the chance to hear other groups make their representations before the committee. So I will agree to close my remarks. Whatever else I had in mind, I will have the opportunity to say before the Senate committee to which this bill will be referred.

[*English*]

Hon. Eugene A. Forsey: Honourable senators, I am sorry to delay matters, but I think I should like to discuss this bill briefly after 8 o'clock.

Senator Perrault: Honourable senators, there is no reason why the debate cannot continue. No one has noted the fact that there is a clock on the wall.

Senator Flynn: If Senator Forsey is ready, he should go ahead.

Senator Forsey: I do not think I want to take up time during what is ordinarily the dinner recess, because what I want to say will take some little time, and I thought I saw a sign of Senator Riley rising to close the debate. I merely wanted to make clear that I had something to say.

Senator Perrault: I am sure that honourable senators would appreciate hearing the honourable senator now.

Senator Forsey: Very well. I am afraid honourable senators have brought it upon themselves. I shall try to be as brief as I can, because I agree that a great deal of this might better be dealt with in committee.

The first thing I want to say is that I think it is absolutely outrageous that a bill of this complexity should come to us in the dying hours of the session. It is full of questionable

provisions, as Senator Asselin has just made clear, and I don't think that even he has exhausted the list of them.

I repeat the suggestion I made some days ago in this chamber that I am afraid we are going to have in future to adopt more and more, in relation to a variety of pieces of complex legislation, the Hayden formula and have the subject matter of these bills referred to the appropriate committee at an early date in the session, because this is simply a Gargantuan affair, complex almost beyond description, and it is virtually impossible for this chamber at this time of the session, and with the weather conditions to which the honourable Leader of the Opposition has referred, or its committee to give to this bill the kind of consideration that it ought to have and which it is the duty of the Senate to give to it.

The second thing I want to say is that the Honourable Senator Riley, in presenting this bill, suffused it with a rosy glow. He talked of the vast improvement over the existing legislation. Well, there may be some improvement over the existing legislation, but I am almost tempted to say that that is merely saying that one is greater than zero. That would be an extreme statement, but the fact is that there is a great deal in this legislation which is, to my mind, of a most dubious character, to put it very mildly.

I am inclined to think, after looking over the proceedings that took place in the other place, and looking over the bill very carefully, that in order to make this legislation tolerable it would be necessary to make something like 40 or perhaps 50 or 60 amendments to it to purge it of its defects.

Not being learned in the law, I am probably rather innocent in this, and it may be that I have overlooked various things which in fact require amendment, although it didn't strike me that they did require amendment.

The next thing I want to say is that this bill is a bureaucrat's paradise. The minister has plumed himself upon the fact that the powers of officials and the powers of the government under this bill are much smaller than they are under the existing act, that there is more in the act and there would be less in the regulations. Well, I do not know whether I can enter into any kind of numbers game on that, but when I look at the something more than four pages of powers given to the Governor in Council to prescribe and pass regulations, and when I look over the list of instances in which it is provided that the proceedings under the bill shall take place according to regulations, I can only say that if the situation is improved over the present act, then the present act must be even worse than I thought it was. I have had some experience, particularly in an outrageous case of a West Indian visitor, of the kind of inequity that can take place under the present act, but I cannot see that this long list of clauses in which regulations are referred to, apart from the clause which provides that the Governor in Council may prescribe this and prescribe that and prescribe the other thing, almost world without end, can be thought of as a tolerable situation at all.

• (1800)

I have noted down here clauses 2(1), 6, 9, 10, 11, 12, 14(2)(*a*), 14(3) and (4), 16(2), 17(2), 23(1) and (2), 32(3)(*a*), 32(4), 35(1), 70(1), 98(*f*), 111, and then, of course, finally, 115, which opens the gates as wide as the sky and lets the cabinet go riding by. That is one thing that is highly objectionable.

I may add that some of these regulations are to deal with matters of absolutely fundamental importance. For instance, you find that in clause 115 the first three paragraphs deal with matters which, on any showing, surely, are of the most fundamental importance: "providing for the establishment and application of selection standards based on such factors"—observe the word "such": this is not exclusive—"as family relationships," and so on and so on and so on.

Then there is (*b*), "prescribing classes of persons whose applications for landing may be sponsored by Canadian citizens and prescribing classes of persons whose application for landing may be sponsored by permanent residents;" and subclause (*c*) "exempting members of the family class from any of the requirements of the regulations and prescribing in substitution for such regulations, special regulations for the purpose of determining the ability and willingness of persons who sponsor applications," and so on and so on.

Now, there are three absolutely fundamental things that are handed to the Governor in Council to deal with.

When it was attempted in the other place to get this amended, there were two proposals, one from a member of the official opposition and one from a member of the New Democratic Party.

The second one (which was the more moderate one, believe it or not, from the New Democratic Party) was that these first three paragraphs of 115(1) should provide that regulations should come into effect only after a period of 30 days, and only upon an affirmative vote of the House of Commons. It was turned down. If you had a power of regulation like this, and you had the kind of thing that was suggested in that amendment by Mr. Brewin, you would have some kind of safeguard; but after the experience we have had in the Committee on Statutory Instruments, my blood runs cold at what these people may do. I am not referring to the Governor in Council specifically, although they have to take the responsibility for it, but to the officials, "qui font la pluie et le beau temps," and I hope the translators will give an idiomatic English translation to that very expressive French phrase.

This particular proposal, which was a moderate and reasonable proposal, safeguarding the rights of Parliament in a fundamental manner, was turned down like a bedspread by the government in the other house.

I do not want to go into other details about the regulations. There is a whole string of things there that will have to be taken up in committee, even in the small amount of time that is going to be left to us in the present circumstances. Some attempt must be made to deal with these.

Then you can look at the arbitrary powers given to immigration officers and there you have clauses 11(1), 12(4), 95(*g*), 13(1), 13(3), 15(2), 111(2) and 111(3). Then you have another list, which I sha'nt run through, arbritrary powers given to senior immigration officers, and then you have a further list of arbitrary powers given to the adjudicator. That's another feature of this thing which is highly objectionable.

The next thing is, of course, the question of security. There you have the most amazing proposals and the most subversive proposal. Notably, as I think Senator Asselin—whom I had a little difficulty in following because of my infirmity and because he spoke perhaps almost as fast as I do—said, you have particularly the provisions in the various subclauses of clause 19. Take (*d*), for example, "persons who there are reasonable grounds to believe will"—"reasonable grounds to believe will, (i) commit one or more offences punishable by way of indictment under any Act of Parliament;" not "have committed,"—"reasonable grounds to believe."

Then you get:

> (*e*) persons who have engaged in or who there are reasonable grounds to believe will engage in acts of espionage or subversion . . . except persons who, having engaged in such acts, have satisfied the Minister that their admission would not be detrimental to the national interest;
>
> (*f*) persons who there are reasonable grounds to believe will, while in Canada, engage in or instigate the subversion by force of any government;

That "any government" phrase keeps recurring over and over again. Now, if they said any democratic government, there would be something in this.

But, honourable senators, if members of this house were in some of the Latin American countries ruled by dictatorships, or if they were is some of the eastern European countries, I'd venture to say that there are several members of this house who might very easily decide that the only way of getting rid of these obnoxious people was by force. Now, I am not saying that that would be a justified decision, but I say it would be a very natural one, and I suspect that a great many very respectable people, including the highly respectable members of this highly respectable house, might very well arrive at that conclusion. But here you have "any government."

> (*f*) persons who there are reasonable grounds to believe will, while in Canada, engage in or instigate the subversion by force of any government;
>
> (*g*) persons who there are reasonable grounds to believe will engage in acts of violence that would or might—

"Might!"

> —endanger the lives or safety of persons in Canada or—

And here comes a beauty of which even the late Senator Joseph McCarthy might be proud!

> —are members of or are likely to participate in the unlawful activities of an organization that is likely to engage in such acts of violence;

This simply piles Pelion upon Ossa. You have four different highly dubious, highly arbitrary phrases—words and phrases in there; and so one could go on about the security provisions. You will find the same kind of thing in clause 27(1)(*c*) and (2)(*c*) again "any government."

Then, of course, you have the whole business in clauses 39 to 41, which Senator Asselin referred to, where you have simply the say-so of a couple of ministers who, I agree, would probably behave reasonably well in most cases but who, after all, are fallible, and who are probably in many instances likely to be sitting ducks for the security services whose verdict is sometimes based on somewhat questionable evidence. When the proposal was made in other house that this matter should be entrusted, finally, to judges—I sha'nt go into the details—oh, no, that was turned down too. Apparently the judges are considered likely to leak confidential information.

Then, of course, you have the whole series of proposals about refugees. I sha'nt go into that. I could say a great deal. I could say a great deal in a great deal of detail on many of these points, but I venture to think that if honourable senators will look at the submission made by the highly reputable Amnesty International, Canadian section, in the other place, they will see just how unsatisfactory, how inadequate, how oppressive the conditions with regard to the admission of refugees can be.

I have gone over that at undue speed and very superficially because of the considerations of time, my trespassing upon the dinner interval, my trespassing, in fact, even more, which is much more serious, upon the patience and tolerance of my colleagues. However, I have tried to indicate, cursorily at all events, some of the reasons why in my judgment this bill simply will not do.

On the unlikely assumption that proper amendments or a reasonable number of proper and necessary amendments, will be made in committee, and on the, I fear, even more unlikely assumption that if they are made the Senate will adopt them, I am prepared to vote for second reading. However, unless a substantial number of substantial amendments on the points that Senator Asselin and I have both referred to are made I shall certainly vote against third reading, even if I can only call out "On division." I wish we had a provision in this house such as they have in the House of Lords for allowing noble lords to record their dissent formally in the proceedings of the house. I do not know whether we have such a provision; I do not think we have, although I think we once had.

Senator Flynn: Two members can call a vote.

Senator Forsey: At any rate, I shall be prepared to rise and ask for a division on this.

I think this is in many respects a perfectly scandalous bill, and it is doubly scandalous, triply scandalous, quadruply scandalous that it should be sent to us in the dying hours of the session when it is virtually impossible that we can give to it the kind of consideration, the kind of sober second thought, which this chamber is in the Constitution to provide.

Hon. Peter Bosa: Honourable senators, it is not my intention to prolong this debate because of the late hour, although I would have liked to touch on several aspects of this bill. However, I wish to make one recommendation. I refer to Part I, the objectives, particularly clause 3(*b*). As most honourable senators know, I am the Chairman of the Canadian Consultative Council on Multiculturalism. My council made one specific recommendation, and suggested that clause 3(*b*) be changed. It now reads:

> to enrich and strengthen the cultural and social fabric of Canada, taking into account the federal and bilingual character of Canada.

My council recommended that it be changed to read:

> to enrich and strengthen the cultural and social fabric of Canada, taking into account the federal, bilingual and multicultural character of Canada.

Senator Forsey: Hear, hear.

Senator Bosa: I hope that in dealing with this matter the members of the committee will take the recommendation of the council into consideration.

Senator Flynn: Wishful thinking.

Hon. Daniel Riley: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Riley speaks now, his speech will have the effect of closing the debate.

Senator Riley: Honourable senators, I appreciated hearing the three honourable senators who have taken part in the debate, particularly Senator Asselin, and the manner in which he analyzed this bill. As he said at the end of his discourse, he wants the bill to go to committee and he intends to press many of the arguments he has made in respect of so many clauses of the bill.

I also anticipated that Senator Forsey would speak, perhaps at some length, on the question of the regulations clause, clause 115, because I knew that that clause would probably not only be combed by him in the Senate committee, but also in the Joint Committee on Regulations and Other Statutory Instruments, of which he is joint chairman.

I appreciate all the criticisms that have been levelled against the bill. I do not think it is necessary for me to go into the bill clause by clause in respect of the alleged deficiencies that have been pointed out. So I will move that this bill receive second reading and, if it does, I will move that it be referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Riley moved that the bill be referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator van Roggen: Honourable senators, if I may just momentarily before the next order is put forward say that in anticipation of this bill being referred to the Foreign Affairs Committee this afternoon I have made arrangements for the senior officials of the department, and the minister, to be available to commence the committee proceedings at 9.30 tomorrow morning. As some members of the committee who are here may not receive their notices in time if they are not back in their offices, I thought I should mention that now.

Senator Flynn: How many committees will be sitting tomorrow?

Senator Perrault: Two.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to motions:

Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 3rd August, 1977, and that rule 76(4) be suspended in relation thereto.

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

Senator Flynn: Leave is granted, yes, but I should like to clarify the situation with respect to committee sittings tomorrow. I understand that the Transport and Communications Committee may be sitting, as well as the Legal and Constitutional Affairs Committee and the Foreign Affairs Committee. I don't know if it is possible for three committees to sit at the same time. In any event, as far as we on this side are concerned it does not make our task easy. We have been very co-operative today, I must say; maybe a little too much so.

Senator Perrault: I know that I express the view of all honourable senators when I say that this is a day which has seen a good deal of co-operation among senators. The reason for the proposal to have the Legal and Constitutional Affairs Committee—

Senator Flynn: I am not discussing that.

Senator Perrault: What are you speaking of?

Senator Flynn: I am speaking of three committees sitting at the same time and of the staff requirements. Also, I refer to the members on this side attending those committees.

Senator Perrault: Yes; the problem of properly staffing the committee meetings with the required personnel imposes certain additional burdens, but the situation has been assessed and it is felt that at least with respect to personnel staffing it will be possible to schedule these committee meetings. It may be, for example, that the National Finance Committee may find that it can complete consideration this evening of the bill

which will be before it. The burden on staffing the committees may not be as difficult as the situation now appears.

Senator Flynn: Do you mean that there might be four committees sitting at the same time?

Senator van Roggen: Honourable senators, on this same point I regret not having been here earlier this afternoon when this may have been discussed, but there was a matter of some interest to me before the Transport and Communications Committee, where I have been all afternoon. I am constrained to ask the same permission to sit tomorrow while the Senate is sitting as has just been asked on behalf of the Legal and Constitutional Affairs Committee, because this very important and somewhat controversial legislation, the Immigration Act, cannot be dealt with by the committee summarily.

I should think the committee will have to sit for a considerable length of time on the bill. Certainly, we would not be able to complete our consideration of it tomorrow morning.

I appreciate the position in which the opposition is placed in these circumstances. Perhaps consideration could be given to providing the whole day tomorrow for committee meetings, with the Senate meeting tomorrow evening. That, of course, is in the hands of the Leader of the Government. In any event, I, too, must ask that the Foreign Affairs Committee be given permission to sit tomorrow afternoon while the Senate is sitting. There is simply no way we can adequately deal with the Immigration Bill in any hurried fashion.

Senator Perrault: I would point out to the honourable senator that permission for the committee to sit can be obtained tomorrow afternoon at the 2 o'clock sitting.

Senator Flynn: We will be in a much better position to assess the situation at that time.

Senator Perrault: There are matters with respect to committee activities which I should perhaps discuss with the Leader of the Opposition when the Senate adjourns today, and certainly the committee co-ordinators will be consulted as well. We want to give fair consideration to the important bills now before the Senate, and that is the responsibility of all senators. It would certainly not be in order to rush through legislation without proper consideration. What is required is an orderly scheduling of committee meetings. I will be in contact with the Leader of the Opposition as soon as the Senate adjourns today.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, August 3, 1977

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

Prayers.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

EIGHTEENTH MEETING—REPORT TABLED AND PRINTED AS APPENDIX

Senator Lang: Honourable senators, I have the honour to table the report of the Eighteenth Meeting of the Canada-United States Inter-Parliamentary Group held in Victoria, last May, and according to precedent I would ask that this report be printed as an appendix to the *Debates of the Senate* of this day.

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

Hon. Senators: Agreed.

(*For text of report see Appendix, p. 1225.*)

EMPLOYMENT AND IMMIGRATION REORGANIZATION BILL

REPORT OF COMMITTEE

Senator Everett, Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-27, to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971, and to amend certain other statutes in consequence thereof and had directed that the bill be reported without amendment.

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

Senator Hicks moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

CANCELLATION OF COMMITTEE MEETING

Senator Langlois: Honourable senators, I should like to announce that the meeting of the Standing Senate Committee on Transport and Communications, scheduled for 2.30 this afternoon, has been cancelled. I understand that the cancellation notice has been sent out, but in case honourable senators do not receive it in time, I wish to make this announcement now.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

Senator van Roggen: Honourable senators, may I mention that the committee, as a result of this permission, will be sitting forthwith in room 356-S instead of room 263-S where we met this morning.

HISTORIC BUILDINGS

PROPOSED DEMOLITION OF HISTORIC HOUSE—QUESTION ANSWERED

Senator Perrault: Honourable senators, the day before yesterday the Honourable Senator Molson asked a question with respect to the proposed demolition of an alleged historic house in St. Jean, Quebec. In putting the question Senator Molson stated, "This house is the one in which General Montgomery is reputed to have lived in 1775 during the invasion of Quebec. The newspaper said it would be torn down or removed . . ."

Diligent research has produced the following facts. First of all, there is indeed a house on Grande Bernier Boulevard in St. Jean.

Second, there is apparently a controversy about whether or not General Montgomery ever lived in it. Some authorities question whether the house is that old.

Third, the house presently stands on land belonging to the Department of National Defence and therefore belongs to the Department of National Defence.

Fourth, the Department of National Defence is presently negotiating with the City of St. Jean about the house, but no decision has yet been made as to whether or not the city will get it.

Fifth, the Department of National Defence has no plans to tear the house down, but cannot speak for the municipality if it is ceded to it.

Senator Forsey: The most complete answer we have had in this house for a long time.

Senator van Roggen: Honourable senators, I should like to crave your indulgence to be out of order for one second to note that it was shortly after he occupied that house that General Montgomery was killed beneath the walls of the fortress City of Quebec in the ensuing battle, while General Benedict Arnold was only wounded, and that many Americans have since wished that it had been the other way round.

THE HONOURABLE SARTO FOURNIER

Senator Fournier (de Lanaudière): Honourable senators, before the Orders of the Day are called, I see that my name appears on the attendance list as having been present yesterday. Unfortunately, I was not here.

Senator Flynn: Perhaps, honourable senators, we should welcome back Senator Fournier after his absence for reasons of health.

Hon. Senators: Hear, hear.

STATUTE LAW (METRIC CONVERSION) AMENDMENT BILL, 1976

THIRD READING

Senator Molgat moved the third reading of Bill C-23, to facilitate conversion to the metric system of measurement.

Motion agreed to and bill read third time and passed.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—MOTION FOR ADOPTION OF REPORT OF COMMITTEE NEGATIVED—MOTION IN AMENDMENT NEGATIVED

The Senate resumed from yesterday the debate on the report of the Standing Senate Committee on Agriculture, to which was referred Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Hon. Harry Hays: Honourable senators, I am not going to make a long speech about Bill C-34. I think that just about everything that could be said was well taken care of by Senator Sparrow, Senator Yuzyk and Senator Argue. I should point out that I was not at the committee meeting when this report was voted on, although I think I would not have supported the bill.

● (1410)

In 1963, when I became Minister of Agriculture, and it was my first day in the House of Commons—I had never even sat in the gallery before—I was asked a question by the Right Honourable John Diefenbaker. He asked what I intended to do with all the oil made from butter that we were storing. That came as a shock because he stored it all. We had something like 400 million pounds of it. My first reaction was to say, "Well, you didn't do anything with it." I should have said that, but I did not.

The next question I was asked was by a member from the rape centre of Canada—the rapeseed centre of Canada.

An Hon. Senator: Leave Toronto out of it.

Senator Hays: I will never forget that day when Mr. Rapp asked me what I intended to do for the rapeseed growers of Saskatchewan. In his great wisdom, he foresaw the day when rapeseed would be a major crop in Canada. In those days we had a lot of problems with rapeseed. It contained a number of toxic acids, and it was not suitable for use in animal foods and that sort of thing. The research people through their plant breeding section have done a marvellous job on rapeseed. In Canada today there are 41,000 persons producing rapeseed, and there are 3.270 million acres in production.

Just before coming into the chamber today we spoke to Dr. Migicovsky, who is in charge of the research stations in Canada, and he predicts that in three to five years we will have a rapeseed crop that will be suitable to growing in areas that have probably fewer than 90 frost-free days. This has always been our big problem. There are fewer than 100 frost-free days for the growing of soybeans. We have a cold, harsh climate. Rapeseed generally takes about 110 days. We have not been able to grow rapeseed in any area in less than 100 days. The minute the plant breeders produce a seed that we can grow in 85 to 90 days, I would suspect that we will increase our rapeseed acreage to 10 to 15 million.

Our rapeseed price is competitive on the world market, and that is pretty important. Most of our rapeseed is exported to Japan. Despite the high cost of energy and the high cost of nitrogen to produce soybeans, we will also be able to compete internationally in that product. One reason is that of geography. We do not have the same insect problem that other soybean producing countries suffer from, especially where it is a competitive crop with sunflowers, corn, and a number of others. Any legislation we might introduce at this time would be very important in determining how we are going to sell this product in the future.

In 1945 I bought some farms in Ontario. At that time a very good friend of mine was the New Zealand Trade Commissioner to Canada. New Zealand was having a great problem then. They were producing about 63 million lambs. If you want to appreciate how many lambs that is, let me point out that last year Canada produced about 300,000 lambs. New Zealand had a population of a little over two million, so they had to export. My friend said that the great problem they had in making the lamb situation viable in New Zealand was that there was a multiplicity of small co-ops selling lamb and they were not able to properly handle the sales pitch needed to sell it to England, Canada, United States, Japan or wherever the market was. There was this small group of people who had a terrible time putting all these people together under what they called the New Zealand Meat Board. That was the first suggestion he made when he went back to Canada.

Subsequent to that I visited him many times; I was there in 1966, 1967 and 1968. He then became the chief salesman for the New Zealand Meat Board. He was in Japan and many of these countries. They now have a very viable product. As a matter of fact, they have run Canada out of the lamb business. Anybody can import New Zealand lamb into Canada; there are no restrictions. We are now eating only about three or four pounds of Canadian lamb per person a year. New Zealand is now supplying lamb at costs much less than ours, partly because of that great organization, the New Zealand Meat Board, which sells this product.

I want to give honourable senators that background when we examine any legislation that might, in my opinion, establish a multiplicity of small sales organizations. When buyers such as the U.S.S.R. have one buyer for the whole country, and Japan, which has two buyers for the whole country, it is pretty hard for somebody to negotiate a sale properly when you have to pit one seller against another.

In my opinion, that has been the reason for the whole success of the Wheat Board, which we have had for a long time. It sells wheat, barley and oats, and it has government legislation to back it up. It is not all good; we can all criticize it, but by and large I think it is the envy of the world when it comes to selling grain.

We already have an act, which I think has been explained to honourable senators, that takes care of this, under some difficulty. I do not know whether we should have this bill or not. After listening to the debate and reading the speeches that I did not hear, I wonder if we should not take another look at this bill.

Honourable senators will be familiar with the vote taken in December, 1973. It will soon be four years since that vote on whether rapeseed producers wanted to come under the wing of the Wheat Board or whether they wanted to have this Cinderella crop that they could speculate on outside of their oats, barley and wheat sales. I may not be exactly right, but I think 1.1 per cent did not vote, so the proportion voting was large. Around 56 per cent voted that they did not want pooling of any kind; they wanted to be independent, to sell their rapeseed crop in the way they saw fit. Forty-six or 47 per cent decided that they wanted to belong to the Wheat Pool and be under the very restrictive circumstances under which all of their grain is sold. There was no mention of voluntary pools, or anything of that sort.

● (1420)

The thing that bothers me about voluntary pools can perhaps be illustrated by an example. About May or June you could have sold rapeseed. Remember that the Wheat Board do an awful lot of hedging. They sell when they think it is a good time. Rapeseed got to be about between $10 and $11 a bushel. You will remember the great noise about the Hunt family cornering soybeans. Well, rapeseed follows it up, because it is used for the same purpose. At that time, if I had operated a small pool I would have called in my members and said, "Today is the day to sell our rapeseed. It cost $4 a bushel per acre to produce, and the futures today are about $11. That is a difference of about $11, and that is a profit of almost $450 an acre." If I had done that I would have looked awfully good, and I could have made the Wheat Board, who were selling our oats and our barley, look very, very bad.

I worry about these small pools receiving payments of this amount. Individuals are a little different, but when you have half a dozen, or 15, or 20 little pools, that can be substantial. Perhaps we might devise a method of merchandising that would be the envy of the world. That is why I think we should send Bill C-34 back to committee, with some instructions. After all, we have not had rapeseed covered for 50 years—the vote was taken four years ago—and I cannot see what the hurry is today. Let us do a good job on this. If it is going to hurt us, let us know if that happens. If it is going to be good, we can still do it before this session ends in the fall. But I think we should call in the processors of rapeseed, the grain companies, the pools, and the Canadian Wheat Board. I want to hear what the Canadian Wheat Board have to say. Would they start a pool? Would they be competing in the selling of this very important crop, which might well be one of our major crops down the road? I should like to hear their answers to such questions.

About three or four years ago I was one of the delegates to the United Nations. At that time the book *By Bread Alone* was sort of compulsory reading. Some of the figures quoted in it really startled me. They made me believe what was said so many years ago, that rapeseed would one day be a very important commodity in Canada. If we are going to have it mature in 80 days, instead of putting in 25 acres of barley this year I would have put in 25 acres of rapeseed, and I would have sold at the time it was high in the futures. I am sure that if the Wheat Board had handled it, they would have sold at that time. They are very experienced in merchandising.

Let us look at some statistics which indicate what Canada does, and what changes may occur in the not too distant future. These figures are not right up to date, but almost. Canada is the largest user of grain in the world. Per capita we use 1993 pounds of grain, or almost a ton of grain. The United States is second with 1641 pounds, and the United Kingdom is third with 1200. Then there is India, which sustains a population of 750 million on 348 pounds per capita. Their problem is protein. We get protein from rapeseed. Probably we will be using less and less grain to go through cattle. We only use 202 pounds of grain, other than putting it through cattle, because if you put it through cattle it takes eight pounds to make a pound of meat. If you put it through chickens it takes three pounds. If you put it through pigs it takes 3½ pounds. These are the costs, in grain, of our high standard of living today. You can quite well live on 340 pounds of grain if you have enough protein grown from rapeseed to go with it.

I say, honourable senators, let us send this report back to committee. Let us call in these witnesses. Let us do a proper job on it. We have a bill that can be used today, if necessary, in the meantime. Nothing can happen immediately that will change the merchandising of rapeseed, but if we are going to have a pool, let us give those people out there another opportu-

nity to say what they think. Remember that 56 or 57 per cent of them do not want any pool at all. Surely we should respect the wishes of these people.

Senator Steuart: I wonder if the honourable senator would permit a question. He has repeated twice now that all those people, 55 or 56 per cent, who voted against the handling of rapeseed by the Wheat Board, do not want a pool of any kind. How does he know that? Maybe they wanted a partial pool. How does he know that they did not want a partial pool rather than a full pool? I do not know how he can keep making that statement. Neither he, nor I, nor anyone else has the knowledge that these people who voted against the Wheat Board's handling their product totally might have wanted a partial pool, which I say this bill gives them the right to have.

Senator Hays: I cannot answer that, but in the last few days I have phoned several growers who produce a few thousand acres of rapeseed and who do not want a pool of any kind. I have not spoken to anyone who does and who voted against it. Anyone I have spoken to who wanted a pool said, "Let us not have a bunch of little pools. Let us have one big pool." There was nothing in the vote to indicate that there would be voluntary pools. No one can answer that. The vote was taken in 1973. I talked to one fellow who said that if they held the vote today, 65 per cent would say they did not want a pool. But this crop is something they like to speculate on aside from their wheat, oats and barley. But the same people said, "I do not like the Wheat Board, but I would not change them for anything. I still want that way of marketing."

I think that the Agriculture Committee did a good job. They looked at the bill very carefully. Senator Argue chairs this committee to the very best of his ability, of which he has a great deal. The committee examined the bill thoroughly, and, by golly, if the Senate does not want to respect committees, then we might as well abandon them, particularly those that the Senate does not want to respect, and let us deal with everything as a Committee of the Whole. Perhaps we do not need this committee at all.

You remember that it was not so long ago that we amended a bill in the Agriculture Committee, the Farm Credit Corporation bill. It provided that you could only loan up to $150,000 to farmers who were 35 years of age or younger. We thought that was wrong, and we amended it. We brought the amendment back here and we were overridden by the Senate. As a result, we have a 35 years of age law, and a $150,000 law, and now the funds are dried up because of government restraints in funds. Seventy-four per cent of the money loaned in 1976 was to people under 35. Young men who were 35 and 36 then are now 37 and 38, and they cannot borrow more money. They are locked in. The Farm Credit Corporation is locked in also. Now they want to change this. This committee looked very carefully at this legislation, but I think we could have done a better job, and now we should send it back.

I am also worried about the fact that under the marketing legislation you can have 20 pools under the Department of Agriculture, and the Minister of Agriculture operating in Humboldt, and you can have 10 operating under the minister responsible for the Wheat Board. We have other seeds, like soybeans, and so on, which are not covered under this bill. What do these people think? I think we should call them in and see what the competitive growers of other seeds want to say. There are a lot of questions that we should ask about this matter.

Honourable senators, with great respect for the Agriculture Committee, I move, seconded by Senator Molgat, that the report be not now adopted, but that it be referred back to the Standing Senate Committee on Agriculture for further consideration.

Senator Olson: May I ask a question before the question is put?

Senator Croll: Wait till the question is put.

The Hon. the Speaker: It is moved by the Honourable Senator Argue, seconded by the Honourable Senator Williams, that this report be now adopted.

In amendment it is moved by the Honourable Senator Hays, P.C., seconded by the Honourable Senator Molgat, that the report be not now adopted, but that it be referred back to the Standing Senate Committee on Agriculture for further consideration.

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

Senator Olson: Honourable senators, may I ask the Honourable Senator Hays a question?

• (1430)

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

Senator Olson: May I ask Senator Hays a question related to this motion? He claims that the committee has done a good job, and then he claims that the committee did not do a sufficiently in-depth examination and that is why he wants to send the report back. My specific question is this: is it not a fact that every one of the organizations that he mentioned who ought now to be called before this committee were, indeed, invited to appear before the committee when Bill C-34 was in committee and they declined to appear? Is he suggesting now that we should subpoena them?

Senator Hays: Well, 56 per cent or 25,000 individual people cannot pay their way to Ottawa to appear before this committee. That is just an impossibility. Those are the people we are speaking of. They are the big majority that say "no way." Surely, that is democracy. Should the House of Commons say, "Well, the NDP have 18 people so we should have a little government over here in order that they can operate"? We have always respected majorities. And certainly the vote was clear—56 per cent did not want it. We would like to talk to some of those 56 per cent. That is my answer to your question.

Senator Olson: I am wondering if the honourable senator did not miss the point of my question. I am talking about the organizations that Senator Hays specifically mentioned. Every one of them was invited to come before the committee and

they chose not to do so. That is the question I wanted him to deal with.

Senator Hays: We asked the Rapeseed Growers Association of Saskatchewan, of which there are 900 members out of 41,000 growers, plus the Manitoba association with 450 members, and the Alberta association with 400 or 500 members. I understood that these people were mostly rapeseed growers and their market is a different market from that of the average rapeseed grower. The average grower sells it to the crushing plant but these people sell rapeseed to the members for planting, and I do not think they are really interested in the marketing of the commercial aspect of the seed. So, I suppose they preferred not to come.

The Wheat Board did not come. I can understand why they didn't. I think the Wheat Board officials should be subpoenaed to appear before this committee. I want to know what they think about it. They have some worry because the minister who proposed the bill is their boss. I have discussed this with the former manager of the Wheat Board for many years, and you heard what he said about this sort of legislation. So, I would like to hear exactly what they have to say.

Senator Yuzyk: Would you permit a question or two at this time?

Senator Hays: Yes.

Senator Yuzyk: Senator Hays, you have had a long and distinguished career in both houses of Parliament. In your vast experience with legislation, would you consider it as a vote of non-confidence in the Standing Senate Committee on Agriculture if this house were to reject the report of this committee?

Senator Hays: It is difficult for me to answer that question yes or no. I would hope that when the Senate sets up committees it would respect those committees. I understand the position of the Leader of the Government. I was in the cabinet and I know what takes place there. I know that his responsibility is to get bills through whether good or bad. I can understand the whip.

Senator Perrault: Honourable senators, may I make a statement on that point? My responsibility is to make sure that legislation which comes before the Senate is dealt with fairly, accurately and constructively. And the record of the Senate since I have been Leader of the Government in the Senate indicates many, many amendments made to government bills, so that is not an accurate description of what my responsibility is in this chamber.

Senator Hays: Well, I will withdraw the remark. But I was in the cabinet too and I know what takes place.

Senator Walker: You already told us that.

Senator Hays: I also know about the oath. In any event, I still have never seen a bill come to the Senate when the leader has said, "Throw it in the junk pile." And I have never seen a bill where the whip did not try to get as many people out as he could, and that is his responsibility, and he is a friend of mine.

Senator Walker: That is a high note to end on. Let us have the question.

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

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the motion is lost.

Shall the main motion carry?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker: I am listening to the yeas now.

Senator Argue: Honourable senators, I may have misunderstood Madam Speaker, but I did not hear her ask for both the yeas and the nays. I may be in error, but if Her Honour did not put both the yeas and the nays I think that should be done.

The Hon. the Speaker: I shall put the yeas and the nays on the motion in amendment. Is it your pleasure, honourable senators, to adopt the motion? Those in favour please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

● (1440)

The Hon. the Speaker: Please call in the senators.

● (1450)

Motion in amendment of Senator Hays negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Argue	Hicks
Asselin	Inman
Beaubien	Laird
Bélisle	Macdonald
Burchill	McGrand
Cameron	McNamara
Choquette	Molgat
Deschatelets	Molson
Eudes	Norrie
Everett	Phillips
Flynn	Riley
Forsey	Smith (Colchester)
Fournier (Madawaska-Restigouche)	Smith (Queens-Shelburne)
Fournier (Restigouche-Gloucester)	Sparrow
Grosart	van Roggen
Hays	Walker
	Williams
	Yuzyk—34.

NAYS
THE HONOURABLE SENATORS

Adams	Graham
Austin	Greene
Bonnell	Hayden
Bosa	Lamontagne
Bourget	Lang
Connolly (Ottawa West)	Langlois
Cook	Lucier
Cottreau	Marchand
Croll	McElman
Davey	McIlraith
Denis	Neiman
Desruisseaux	Olson
Fournier (de Lanaudière)	Perrault
	Petten
Frith	Riel
Giguère	Rizzuto
Godfrey	Robichaud
Goldenberg	Rowe
	Steuart—36.

The Hon. the Speaker: I declare the motion in amendment lost.

Shall the main motion carry?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those who are in favour please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Some Hon. Senators: Vote.

The Hon. the Speaker: Honourable senators, is it your pleasure that we take the vote now?

Hon. Senators: Agreed.

The Hon. the Speaker: Shall the main motion carry? Will those who are in favour of the main motion please rise?

Senator Argue: For clarification, is this the vote on the motion for the adoption of the committee report—my motion?

The Hon. the Speaker: I will read the main motion.

It is moved by the Honourable Senator Argue, seconded by the Honourable Senator Williams, that this report be now adopted.

Motion of Senator Argue negatived on the following division:

YEAS
THE HONOURABLE SENATORS

Argue	Hays
Asselin	Inman
Beaubien	Laird
Bélisle	McNamara
Cameron	Molgat
Choquette	Molson
Everett	Norrie
Flynn	Phillips
Forsey	Riley
Fournier (Madawaska-Restigouche)	Smith (Colchester)
	Sparrow
Fournier (Restigouche-Gloucester)	Walker
	Williams
Grosart	Yuzyk—26.

NAYS
THE HONOURABLE SENATORS

Adams	Hayden
Austin	Hicks
Bonnell	Lamontagne
Bosa	Lang
Bourget	Langlois
Burchill	Lucier
Connolly (Ottawa West)	Macdonald
Cook	Marchand
Cottreau	McElman
Croll	McGrand
Davey	McIlraith
Denis	Neiman
Deschatelets	Olson
Desruisseaux	Perrault
Eudes	Petten
Fournier (de Lanaudière)	Riel
Frith	Rizzuto
Giguère	Robichaud
Godfrey	Rowe
Goldenberg	Smith (Queens-Shelburne)
Graham	Steuart
Greene	van Roggen—44.

The Hon. the Speaker: I declare the motion lost.

Honourable senators, when shall this bill be read the third time?

Senator Olson moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

● (1500)

CLERESTORY OF THE SENATE CHAMBER

REPORT OF SPECIAL COMMITTEE ADOPTED

The Senate resumed from Thursday, July 14, the debate on the motion of Senator Connolly (Ottawa West), for the adoption of the report of the Special Senate Committee on the Clerestory of the Senate Chamber.

Hon. George I. Smith: Honourable senators, I wish to begin by just reminding all of us how eloquent Senator Carter was in

his speech on the subject of the clerestory of the Senate Chamber just before we adjourned. I should also like to wish him well in his adjustment to what I hope will be a very rewarding kind of life.

Turning to the matter at hand, I should like to congratulate Senator Connolly (Ottawa West) and the committee for the work they have done in turning out such an excellent report. It is obvious from reading it that the committee took great care to ensure that its research was very thorough, and that it got the best available advice upon what one might call the architectural and artistic aspects of its work.

I should like to commend the committee also upon the high literary merit of its report. The report expresses the committee's views with clarity, reasonable brevity, only occasional gaps in logic and with a swing and sweep which make it a delight to read. I note from our *Hansard* at page 979 that the report was drafted by Senators Connolly (Ottawa West), Forsey and Carter. Excellent literary quality is no more than one should expect from such eminent scholars, but even they, I think, as regards the literary aspect of the report, excelled themselves.

Obviously, honourable senators, I would not take up the time of the Senate at this point in the session just to say kind things about the committee and its report, however deserved such comment would be. I now come to some other aspects of the report.

First, I would like to commend the comments of Senator Quart, as reported on page 981 of our *Hansard,* as to the removal of the red canopy and the drapes from the Throne area. It seems to me that the explanation given to Senator Quart as reported in her remarks is a great deal less than satisfactory. I wish now to associate myself with her reported views in this matter.

Second, I wish to register my objection to the sixth recommendation of the committee and to the consequential recommendations and comments of the report. Recommendation 6 reads:

> 6. The Senate, at a suitable time, should consider the removal of the pictures now on the walls of the chamber to an appropriate place of display in Ottawa.

With the greatest respect for the distinguished and able chairman and members of the committee, and, indeed, for my long-time friend and colleague Senator Macdonald, who spoke in favour of this recommendation, I find it altogether objectionable, and altogether without any adequate support by anything contained in the admirable report which we are considering.

● (1510)

Honourable senators, examine with me, if you will, what the report says on this point, but first let us listen to those stirring lines in paragraphs 11 and 12 of the report as they appear on page 853 of our *Hansard*. They are indeed stirring lines with which I agree fully.

> The Senate is an integral part of Parliament. It is the only place where Parliament's three elements meet. Parliament is central to the democratic process. It is the focus of attention for most Canadian studies in political science. It is visited annually by tens of thousands of Canadians and by many foreign visitors. It is reported upon constantly in the media. Politics and politicians are the warp and woof of conversation of our people. The place where this interest is generated has become, in a sense, a shrine. If it is a place of dignity and even of majesty, it will raise the perspectives and broaden the horizons and opportunities of those who make it function. If its buildings and their components and surroundings can indicate something of the purposes, the aspirations and the achievements of the nation, the place of Parliament can be of enormous inspirational value to our people.
>
> 12. For these reasons the Committee was concerned that any theme chosen for the windows should support these objectives. It is impressed with the importance of reflecting the broad lines of national progress and national life, as the work of parliamentarians should reflect that progress and that life.

Let us next examine what it says about the walls, and again I return to the report.

> 13. It early became clear that despite the Committee's restricted terms of reference it could not recommend a theme for the windows without considering other features of the chamber. In particular it was repeated many times by both artistic experts and historians, that the eight pictures now lodged on the walls of the Senate, despite their history, their artistic qualities and their emotional appeal, might not be retained indefinitely. Through them, for over half a century, the Senate had honoured the sacrifices the country, its armed forces, and its people made in the First World War. The ideals which inspired those sacrifices are a permanent part of our history, and their purpose, to preserve the Canadian way of life, has been achieved. The nation and its people since have advanced tremendously in freedom and in opportunity. Now the larger milestones of that progress may be worthy of commemoration in a chamber of Parliament.

Let me repeat some of those words.

> Through them, for over half a century, the Senate had honoured the sacrifices the country, its armed forces, and its people made in the First World War.

Well, honourable senators, I am sure the committee did not mean it to sound this way, but to me it simply says that the Senate has now done its memorial duty for 50 years, and that is enough. Now let us get on with something we think more important. I quote again:

> The ideals which inspired those sacrifices are a permanent part of our history and the nation has now advanced to larger milestones.

Well, honourable senators, with all respect I am compelled to ask, where was there a larger milestone in our history,

unless it was Confederation itself? Look at what it meant in terms of Canadian achievement on the field of battle, and then what it meant to Canada in political terms, and then at its terrible cost. Achievement? The achievement of Canada's men and women during the Great World War of 1914-1918 was, to say the least, amazing. In terms of population, here was a tiny nation of a few million people involved in a terrible contest of world-wide intensity with the largest and most powerful nations of the world. At its greatest strength on the field of battle in that war, the Canadian Corps consisted of four divisions and supporting troops. Among the mighty giants of Germany, France, Britain and Russia and their hundreds of divisions, one might expect that four divisions would hardly be enough to attract the passing attention of either friend or foe. And yet in a few months, at the cost of many, many casualties, killed, wounded and missing, and after the display of the highest degree of courage, tenacity, ingenuity, vigour, endurance and fighting ability they became the acknowledged finest assault troops on either side in that great war. Time after time, as anyone can tell who reads the history of that war, they were placed in the van of the allied attack as the troops best suited to lead the assault. And what was even a greater tribute to their quality, frequently when it was desired to mislead the enemy into thinking an attack would be made in a certain place, a skeleton force of Canadians was sent there with instructions to make sure that the enemy knew that they were there.

And thus these Canadians from the cities and towns, the villages and the countryside, the fields, the streams and the woods of this peaceful and peace-loving country met and over-matched the most highly trained professional troops in the world. They did this, not for the love of conquest, not because they liked fighting or killing or dying, but because they believed it had to be done to preserve the freedom they cherished, for which they were prepared to die—and 60,000 of them did die. "Achievement" says the report. Achievement—honourable senators, where in modern history can greater achievement be found? Remember it in the Senate for half a century, for little more than a generation? I submit that remembrance in the Senate for as long as the Senate shall last will be short enough a time to do justice to this great sacrifice of courageous Canadians.

And what of those angels of mercy and light, the courageous women of the Canadian nursing service? No place was too dangerous or too uncomfortable, no effort was too great and no work too hard to keep these wonderful women from bringing their healing care to the wounded or their comforting ministrations to ease the way of those who were passing to another world.

● (1520)

Then there were the thousands who served in the Royal Navy, the Royal Air Force and the Merchant Marines. They served mostly in anonymity in the Navy and the Merchant Marine because that is the nature of those services. But in the air in those days, battle was mostly between individuals in small and flimsy aircraft. Here again, Canadians showed themselves well fitted to be in the company of the best in ability and in courage. One has but to think of the name of Billy Bishop to realize the mark that he and scores upon scores of other Canadians made in the air.

Achievement, honourable senators? When before that in our history was there greater achievement? What other achievement cost 60,000 Canadian lives? Something important for the Senate to remember?—60,000 Canadian lives given in defence of freedom. In the words of the report itself, "to preserve the Canadian way of life." What are the "larger milestones," honourable senators, which may be more "worthy of commemoration in a chamber of Parliament?" Such there may be, honourable senators, but I know them not, nor have I heard of them.

By whatever measurement, the achievements of Canadians in the course of the First World War were of very great magnitude. What of the result of those achievements in terms of the position of Canada today? Before that, Canada, though large in territory and rich in resources, was a small nation just emerging from the colonial stage of her life. The wartime deeds of her sons and daughters, of which I have been speaking, changed that dramatically. They gave her Prime Minister and her other representatives a reputation and place of respect among the nations of the world far and away beyond anything they enjoyed before, and a voice in the Commonwealth, louder, clearer, more persuasive. In company with similar achievements of some other members of the Commonwealth, I suggest it greatly hastened the coming of another very important milestone in our history, the Statute of Westminster.

In short, honourable senators, the deeds commemorated by the pictures on these walls did a great deal indeed to bring Canada of age as a nation among nations. Is that not a great milestone in our progress?

Before I pass on to Canada's part in the Second World War, I regret I must draw attention to another statement in the report which I think ought to be considered and questioned. It appears on page 854 of *Hansard*, June 8, and reads as follows:

> Most of the significant events of Canada's history have not been wars or revolutions or famines or plagues. They have been—regardless how primitive in some cases—parliamentary events. They reflect constitutional progression—reasonable and orderly—in tune with the growth and complexity of a changing society.

This statement about wars and war-like things having had little to do with Canada's history is frequently made, especially by those who write about our constitutional history, and seems generally to have gone unchallenged. Certainly it gains credence by being repeated in the report of this Senate, compiled by such eminent people as those who are members of this committee, indeed, whose eminence is such that I hesitate to challenge any statement of fact they make. But, nevertheless, though I make not the slightest pretence of having any qualifications as a student of history, this statement is not consistent with many historic facts I think I know. For instance, who would venture to say that the wars betwen France and Britain

and France and the English colonists in what is now the eastern United States—many battles of which were fought on Canadian soil—were not significant events in shaping the destiny of the Atlantic provinces and Quebec? Was there not a battle on the Plains of Abraham? Was the result of that not significant to Canada, whatever one may think about it today? Did not the armies of the American revolutionaries attack Montreal and Quebec? Indeed, we had reference to that during the Question Period today. And did not the militia of the Province of Quebec play an important part in defeating those American attacks? Were these events not significant? I suggest it is true that if those attacks had not been defeated, Quebec would, by conquest, have become part of the United States' melting pot. Is that not significant? Did not the revolutionaries make repeated hit-and-run attacks on Nova Scotia, at least partly in the hope that Nova Scotians could be either enticed or coerced into joining the 13 colonies? Did not these attacks fail? Is it not significant that they did fail?

Was there not a war of 1812? Was there not a battle of Queenston Heights or a battle of Lundy's Lane? If the United States had won that war, is it not likely that some or all of Canada would now be part of that nation? Is that not significant?

Was there not a rebellion in 1837? Is it not significant that it failed? Is it not true that the threat of the United States to what is now a portion of Canada was a real factor in bringing about Confederation?

Was there not what is often referred to as the Riel Rebellion on the prairies? If it had succeeded, what would now be the status of Saskatchewan and Manitoba? Is not the fact it failed significant? Indeed, is not the fate of Riel still thought to be a significant factor in the unity of Canada?

The report acknowledges there was a First World War. I have mentioned it at some length. Surely that was significant to Canada.

Most of us here know personally that there was a Second World War, and I think few of us would argue it was not significant to Canada. I shall have more to say on it in a moment. We also know there was a Korean conflict in which Canadians died under the flag of the United Nations, and that members of the Canadian armed forces took part in a number of peacekeeping operations—as indeed they still do.

If these events I have mentioned did in fact take place, and I believe there is no doubt they did, were they not all significant in Canada's history, both before and after Confederation? If so, what purpose is served by playing down their importance? Surely it is desirable to recognize that our present situation is the result of what happened in the past, be it good or bad, and the result of the deeds of courage and, also, I suppose, the deeds of less than courage, performed by so many who have gone before us. Surely there is no advantage in trying to persuade ourselves or others that Canada, unlike most nations, is a product of such completely peaceful evolution that Canadians are a special breed of pacifists the world ought to love for their own sake. Much as we would like it to be true, I suggest it is not, and we should not overlook these facts.

• (1530)

Canadians are different from all others and have a right to be proud of it, and should be. And if we were a little more proud of it and of our past, perhaps we would be a good deal better off today. But, honourable senators, surely Canada as we know it today is, nevertheless, in large part the result of conflict, outright war, uncontrolled passions, selfless sacrifice and tireless hard work, much as is the case with any other fairly new country. I submit that it does not do us any good to fail to recognize and acknowledge that fact.

Indeed, I find it very difficult to understand why so many Canadians try to paint a picture of us as a bland, quiet people who never have an adventurous or aggressive thought, and who prefer security to enterprise, when surely the opposite is true. I believe we are, and have been, as those who went before us were, adventurous, bold, assertive, vigorous, full-blooded people, but people with enough common sense to keep out of trouble if there is any reasonable way to do it.

One of our problems today, I believe, is that we have talked blandness and security so long that many of our people are beginning to believe it. I say: Let us stop it, let us do ourselves justice, let us recognize that we are a product of many good things, and many things not so good, but a product in total of which we have as much right to be proud as any other nation.

I now come for a moment to the Second World War, so often known as Hitler's war. I am sure nobody would say this was not significant to Canada. Forty-one thousand Canadians gave their lives in that war at Canada's request. This time our effort was more widely spread among the various parts of our armed forces, as well as more widely across the world. Our forces on the seas and in the air played a much greater part than was the case in the 1914-18 conflict, along with our troops on the ground. Many honourable members here saw service in that great conflict. Indeed, as Senator Macdonald so aptly pointed out, the Deputy Leader of the Government in the Senate commanded with distinction a Canadian warship in one of the most hazardous operations of the war.

Hon. Senators: Hear, hear.

Senator Smith (Colchester): Canada had the prime responsibility for a broad expanse of the North Atlantic and the skies above it. Canadian airmen fought in many theatres of operation. Canadian ground forces acquitted themselves with great ability and courage wherever they went.

Note this. In the First World War it was not until well on in the war years, with the rise of Sir Arthur Currie, that Canadian troops were even commanded by Canadian generals. But in the Second World War Canadians were commanded entirely by Canadian officers from the first at all levels of rank. Before that war was out, Canadian generals, served by Canadian staffs, from time to time commanded divisions of British, United States and Polish troops, as well as forces from Belgium, the Netherlands and Czechoslovakia. This truly was a mark of the high standing Canadians had won among the

countries of the world, for countries do not entrust command of their troops in battle to those in whom they do not have confidence.

There was another significant development. Canada's participation in the Second World War had a striking effect on our industrial capacity. I am sure many senators will remember how in 1939 and 1940 it was being said that we could not manufacture the heavy equipment to support our troops in battle. I am equally sure that many members here will recall that under the dynamic leadership of that great Canadian, for whom I never voted but whom I always admired, C.D. Howe—

Hon. Senators: Hear, hear.

Senator Smith (Colchester): —we were soon able to supply our troops with the heaviest of battle equipment, which brought us into the age of heavy industrial production in a way which has affected us ever since.

The pictures which the report suggests should be removed remind us, it is true, of only one of the two major conflicts I have mentioned. It may be that, even if you agree with my general submission about the necessity to commemorate the great deeds of these conflicts, the pictures should be altered somewhat so as to remind us not only of what happened in the First World War and the Second World War, but also to give recognition to the various services as well as simply to what seems to be, in major portion, ground troops, although we should not interfere with the picture of the "ladies from hell" in the corner behind me to my left.

Honourable senators, I ask you, what circumstance of history more richly deserves lasting commemoration by those who claim to be representatives of the Canadian people in Parliament assembled than the circumstances and sacrifices I have just mentioned? What men and women gave more for Canada than these 100,000 who died for her? What is more important in all our history for us to commemorate here than those deeds and those sacrifices?

We are the Dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved, and now we lie,
In Flanders fields.
Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields.

Or consider the words of Rupert Brooke:

Blow out, you bugles, over the rich Dead!
There's none of these so lonely and poor of old,
But, dying, has made us rarer gifts than gold.
These laid the world away; poured out the red
Sweet wine of youth; gave up the years to be
Of work and joy, and that unhoped serene,
That men call age; and those who would have been,
Their sons, they gave, their immortality.
Blow, bugles, blow! They brought us, for our dearth,
Holiness, lacked so long, and Love, and Pain.
Honour has come back, as a king, to earth,
And paid his subjects with a royal wage;
And Nobleness walks in our ways again;
And we have come into our heritage.

• (1540)

Honourable senators, let us keep that memory fresh forever before us in these halls, described with such eloquence by the report. Let us do so by keeping these walls, with whatever changed design may be chosen, as something that reminds us forever, as long as the chamber shall stand, of these great sacrifices, these great milestones, in our history—milestones marked with the blood of Canadians.

Hon. John J. Connolly: Honourable senators, at this late hour I hesitate to hold the Senate for more than a few minutes. But, in the hope that this motion can pass before the end of this session, if no one else has any intention of speaking, I might make a few remarks.

Honourable senators, I am first of all constrained to say that as Senator Smith (Colchester) spoke, and so eloquently, I almost heard the steps of some very distinguished former members of this chamber who had served in the armed forces of our country. I think of people in particular like Senator Power, Senator George White, and many others of that vintage. They took a very dim view of any suggestion for the removal of any existing pictures from the walls of the Senate chamber. None of those distinguished gentlemen would have spoken as eloquently as Senator Smith (Colchester) has spoken of the sacrifice and the valour of Canadians in the First and the Second World Wars.

Having said that, first of all I would like to express my personal appreciation, and the appreciation, I am sure, of the members of the committee, for the comments made by various members of the Senate who have spoken to this motion, such as Senator Deschatelets, Senator Quart, Senator John Macdonald, Senator Carter, and finally, Senator Smith (Colchester).

If I were to single out the remarks of one particular senator with regard to the work proposed for the chamber, it would be those of Senator Macdonald. One of the things he said was that in the remodelling or changing of the interior of this chamber we should rely upon the elemental genuine things such as beautiful stone and beautiful wood. If we do we probably will succeed better than if we adopted something artifical or contrived.

Having said that, let me say that the committee's mandate was primarily to deal with windows. The recommendations in respect of the windows are very firm, and, I gather from the comments that have been made since the report was tabled and printed, favourably received. It was only incidentally that

the committee had to talk about the other elements in the chamber such as the walls, the throne area, the dais, the lighting, and so on.

Senator Smith (Colchester) alluded to a section of the report which is to be found on page 854:

> Most of the significant events of Canada's history have not been wars or revolutions or famines or plagues.

I think the honourable senator is quite right in the criticism that he makes of that sentence. The plain fact of the matter is that the words, "internal wars" should have been used. No one with any sense of Canadian history at all will denigrate the importance of the events involving armed conflict in the progress and the history of this country. From the very earliest of days down to the present time there have been significant changes in the social fabric of what is now Canada, which have resulted from armed conflict and from demonstrations of valour and of courage and from deeds written in blood. No one will say that these events, most of them having occurred offshore, and, having arisen out of offshore causes, were not events in which people who lived on the land mass of Canada have participated, or were events which have not had a tremendous effect upon our history. I do not think the Canadian people are forgetful of this, and I do not think that the removal of these pictures could leave senators or the Senate open to the charge that they do not appreciate the valour and the courage that has been shown by our people in this kind of conflict. But we have had it impressed upon us in the committee that there are other beautiful and significant and impressive memorials to the sacrifices that have been made in many wars in which Canadians have participated, and perhaps this is true particularly of the First and Second World Wars, in the Memorial Chamber in the tower of this building. This is a magnificent tribute to the soldiers, sailors, airmen, nurses and other people in other elements of the armed forces who served this country so magnificently. As well, there are monuments throughout the capital city to Canadians who participated in wars, in defence of the ideals of this country, such as the War Memorial just south of the East Block. We have in this city, too, a national war museum, and the witnesses who came before us said that these pictures might have even more significance if they were put with other memorabilia so as to commemorate in a significant and impressive way the contribution that has been made.

We have been told by these witnesses that in Parliament we should really be thinking about political and parliamentary processes and constitutional development, since it is with such development, and with economic progress and with social development, that Parliament is mainly concerned. Parliament is concerned with war, too, of course, and with preparation for war through provisions for the adequacy of the defences of this country. But Parliament need not be the memorial place for any one significant element in the continuing history of Canada.

● (1550)

Having said that, honourable senators, what I want to point out is this, that the report does not recommend that these pictures be removed forthwith. Nor does the report recommend that any significant change be made in respect of the dais or the throne area. The report does say, and what we recommend, is that there should be a theme developed for the windows in the clerestory of this chamber, that that theme should be the contribution of various ethnic peoples to Canadian society, not just the founding races as they are represented on the ceiling, but all the significant ethnic groups which constitute Canada. And when those people visit this place and when their descendants come here, whether French, English, Irish, Scots, Polish, German, Ukrainian, or what have you, they can look to the clerestory, see the symbols of their people, now Canadians, and they can say, "We are part of this land. In the halls of Parliament our people are represented. We belong; we are there." That is the symbolized proposal in the report.

The second proposal in the report is that there should be an interdepartmental committee set up to consider what other changes might have to be made to conform to the architecture of the chamber and to the changes that are going to be made, or that I hope will be made, in the windows. And what I say to Senator Smith is this, and this I think is an important recommendation of the report, that the members of this chamber at that time should have a significant voice in what is to be done. It may be that the senators at that time will say, "No, these pictures are to remain here forever." If they do, well and good. But it is the Senate—and the report makes this clear—which is the master of its precincts and of whatever is done here, and for any major change or alteration of the structure of the Senate, the senators themselves should pronounce upon it. It should not be a decision imposed by any outside group or by any interdepartmental committees, and it is recommended that the leaders on both sides of the house, whoever they may be at that time, should have a significant input into the work of any outside interdepartmental committee that might undertake this type of project.

Again I say that I hope, honourable senators, that you will not think that we were attempting to depict Canadians as milk and watery people, because internal wars and revolutions have not been the triggering element for many of the constitutional developments which have taken place in this country. It did happen in other countries. It was the American revolutionary war that set up that country; it was the Civil War that tore them apart later and resulted in constitutional change. We have not had this kind of development in Canada. The French revolution was another type of change that we were thinking of when considering the constitutional development of Canada. I think we had not sufficiently adverted to the question of how important armed conflict and the participation of Canadians in armed conflict through their history was to the development of that history. But I think if the milestones can be shown, then I think it will be apparent what kind of behaviour on the part of Canadians has led to the development of Canada.

Honourable senators, I cannot quote John McCrae or Rupert Brooke in this context, but I am so pleased to have Senator Smith do so in his. The views he has expressed shall be

incorporated with the views of other honourable senators in a compendium of all the opinions expressed in the committee, in the report and in the speeches that have been made in this chamber. They will constitute a booklet which will be placed in the hands of the interdepartmental committee and of the Senate committee which might have to deal with this problem in the future. So at least at that time it will be known what senators of today thought about this chamber and about the changes which should be made.

I am most grateful indeed for the kind comments that have been made about the report. I thank honourable senators for their interest and for their attention to it. I hope the motion now can pass and perhaps some progress can be made, particularly about the windows.

Hon. Senators: Hear, hear.

Motion agreed to and report adopted.

BUSINESS OF THE SENATE

On the motion to adjourn:

Senator Perrault: I move that the Senate do now adjourn.

Senator Grosart: Honourable senators, before the motion is put, I wonder if the Leader of the Government could indicate his assessment of the remaining business and the time span in which it might be accomplished.

Senator Perrault: Honourable senators, the business before the house is moving forward rather well, and an approximate assessment of the situation would be that we should be able to complete our deliberations by Friday evening, and perhaps we could have royal assent at that time. This is, of course, barring unforeseen circumstances, and of course no restriction will be placed in any way on the participation of any senator in any debate.

The inquiry which I advanced this afternoon on the matter of the natural gas pipeline route may determine largely the time of completion of the business before the house, because a number of senators have indicated their desire to participate in that debate.

May I suggest to honourable senators that in view of the names coming forward for participation in the pipeline discussion, perhaps an agreement can be achieved to limit speeches to approximately 15 minutes. This is a matter which I hope to be able to discuss later with the Leader of the Opposition or his deputy.

Senator Macdonald: Perhaps 10 minutes would be better.

Senator Perrault: This is a matter which I think we should discuss, Senator Grosart, if it is your wish.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1213*)

REPORT OF THE CANADIAN SECTION ON THE EIGHTEENTH MEETING OF THE CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

The Eighteenth Meeting of the Canada-United States Inter-Parliamentary Group took place in Victoria, British Columbia, May 27 to 31, 1977.

The United States delegation was led jointly by Senator William D. Hathaway (Maine) and Congressman Dante B. Fascell (Florida). In addition to the two Co-Chairmen, the delegation consisted of the following members:

Senate

Hon. Carl T. Curtis (Nebraska)
Hon. John A. Durkin (New Hampshire)
Hon. Mike Gravel (Alaska)
Hon. Patrick J. Leahy (Vermont)
Hon. Lee Metcalf (Montana)
Hon. Paul S. Sarbanes (Maryland)
Hon. Ted Stevens (Alaska)

House of Representatives

Hon. Edward P. Boland (Massachusetts)
Hon. John J. Cavanaugh (Nebraska)
Hon. James Cleveland (New Hampshire)
Hon. Sam M. Gibbons (Florida)
Hon. William F. Goodling (Pennsylvania)
Hon. James M. Hanley (New York)
Hon. Harold T. Johnson (California)
Hon. John J. LaFalce (New York)
Hon. Robert C. McEwen (New York)
Hon. Lloyd Meeds (Washington)
Hon. Larry Winn, Jr. (Kansas)

The Canadian delegation was led jointly by the Honourable Daniel Lang of the Senate and the Honourable Martin O'Connell, P.C., M.P., of the House of Commons. The Speaker of the Senate, the Honourable Renaude Lapointe accompanied the delegation in her capacity as an Honorary President of the Canadian Section.

The other members were:

Senate

Hon. Rhéal Bélisle (Ontario)
Hon. Jacques Flynn, P.C. (Quebec)
Hon. John Godfrey (Ontario)
Hon. Paul Lafond (Quebec)
Hon. Alan A. Macnaughton, P.C. (Quebec)
Hon. Josie Quart (Quebec)
Hon. George van Roggen (British Columbia)

House of Commons

Mr. Peter Bawden, M.P. (Alberta)
Mr. Herb Breau, M.P. (New Brunswick)
Miss Coline Campbell, M.P. (Nova Scotia)
Mr. Gaston Clermont, M.P. (Quebec)
Mr. Robert Daudlin, M.P. (Ontario)
Mr. Jake Epp, M.P., (Manitoba)
Mr. Stuart Leggatt, M.P. (British Columbia)
Mr. David MacDonald, M.P. (Prince Edward Island)
Mr. Heath Macquarrie, M.P. (Prince Edward Island)
Mr. Alan Martin, M.P. (Ontario)
Mr. Donald Munro, M.P. (British Columbia)
Mr. Douglas C. Neil, M.P. (Saskatchewan)
Mr. Marcel Prud'homme, M.P. (Quebec)
Mr. Gilbert Rondeau, M.P. (Quebec)
Mr. Ian Watson, M.P. (Quebec)

Summaries prepared by the Canadian Section of the discussions held in the three Committees and the closing plenary discussion are attached herewith.

Respectfully submitted,

Daniel A. Lang
Co-Chairman

Martin O'Connell
Co-Chairman

OPENING SESSION

The meetings opened with a plenary session. Senator Daniel Lang, from the chair, welcomed the American delegates and called on the Speaker of the British Columbia Legislature. Speaking on behalf of the Province of British Columbia, the Honourable Edward Smith expressed satisfaction that the Canada-United States Inter-Parliamentary Group was meeting in Victoria.

The keynote address was given by the Honourable Martin O'Connell, Co-Chairman of the Canadian delegation. He commented on recent developments in domestic Canadian affairs and on the current state of Canadian relations with the United States. His statement, which served as a reference point throughout the Committee meetings, is attached as an annex.

Senator Hathaway, Co-Chairman of the United States Section responded in a general way to the broad statement from the Canadian Co-Chairman. On the relationship of Congress to the Administration, he confirmed that Congress is no longer a rubber stamp. Congress now takes a stronger initiative in legislation and is playing a determined role in foreign affairs.

This is now possible since committees of Congress are better staffed and better informed than previously.

COMMITTEE I—ENVIRONMENTAL ISSUES

1. Coastal Pollution Issues
   (a) East coast tanker hazards, Eastport
   (b) West coast tanker problems—Puget Sound, Kitimat, the 4-prong traffic control system, Trident submarine
   (c) Beaufort sea drilling risks
   (d) Possibilities or prospects of unilateral, bilateral or multilateral regulation
2. Great Lakes' Issues
   (a) Pollution Issues—PCB's. DDT, Upper Lakes (IJC) report
   (b) Progress under Great Lakes Water Quality Aggreement
   (c) Levels, (implications of the Federal-Quebec report on the levels around Montreal)
   (d) Chicago diversion
   (e) Bilateral fishing problems
3. Trans-Boundary Pollution Issues
   (a) Garrison, Skagit, Dickey Lincoln Dam, St. John River, air pollution, Champlain-Richelieu, Flathead
4. Bilateral Implications of the 200-Mile Limit
   (a) Fisheries, hydrocarbons and the salt water boundaries
5. Seals

COASTAL POLLUTION ISSUES

(a) Eastport

The first item discussed by this committee was the proposed east coast oil refinery at Eastport, Maine. Canadian delegates emphasized the findings of a recent environmental and navigational survey which indicated that Eastport was the worst possible port site on the east coast with its extremely narrow approach through Head Harbour passage (1800' at one point), the risks of frequent fog, the dangerous currents and shoals in the area and the 60' tides in the Bay of Fundy. The region was not only an extremely rich fishing area but was important for historic, touristic and environmental reasons as well. The proposed use of 250,000 ton tankers constituted, in Canada's view, an unacceptable hazard and Canada considered itself able and prepared to impose stiff regulatory requirements on the size of the tankers coming through the passage. Such regulations might well make the Eastport operation economically impossible for the Pittston company.

An American participant pointed out that the Maine environmental authority had imposed Canadian approval as a pre-condition in allowing Pittston to proceed. He assured the meeting that the U.S. will accede if Canada says "no". The decision on the application permits now before U.S. and state regulatory agencies are expected shortly.

The U.S. spokesman raised the question of an alternative site, mentioning Machias Port, further down the coast, in particular. In the 60's when the environmental movement was very strong, a much tougher environmental commission had vetoed this site, but now in the light of the current situation it seemed feasible to reconsider Machias Port as it appeared to be less dangerous than Eastport.

(b) West Coast

In defending the plans for bringing supertankers to Puget Sound, an American spokesman underlined the need for the U.S. to get Alaska crude to the isolated refineries of the mid-west now being increasingly cut off from Canadian crude. The Alaska crude will be flowing later this year, he said. He outlined the various possibilities: Alaska crude could go to Los Angeles, to Puget Sound or to Kitimat. For various reasons, Puget Sound appeared to be the most feasible destination at the moment. From there, the oil could either be transported by a reversed Trans-Mountain pipeline to Edmonton and thence to the American mid-west or it could be transported by a pipeline entirely through the United States to these Northern Tier states. A Canadian spokesman pointed to a fourth alternative—for the oil to be transported by rail down through the Yukon and British Columbia to Cherry Point. He said that this possibility should not be dismissed as it was environmentally by far the safest and goods could be transported both ways.

A United States Congressman said that of the four existing refineries in Washington State, only one, Arco, has the capability of refining the "sour" Alaska crude at present while the three others are built for the "sweet" Canadian crude. He referred to the idea of off-loading further out at Port Angeles from whence the oil would be piped to the refineries inside. They would need to be converted to use the "sour" crude. The refineries were strenuously resisting this solution. Another complication was the Washington State legislation which prevented anything larger that a 120,000 ton tanker from coming into Puget Sound. A district court judged this law to be invalid—an unwarranted intrusion into another jurisdiction—and the case was now before the U.S. Supreme Court. The U.S. delegate said he himself thought the law probably did constitute an unwarranted intrusion as the 120,000 ton size limitation would make the operation economically unviable. This delegate also pointed out the implications of the change of governors in Washington State. A strong environmentalist governor had been replaced by a governor who had already tried to demonstrate how safe supertankers are by steering one herself through a narrow channel. He added that over $25 million was going to be spent at Cherry Point for off-loading facilities and also for sulphur processing to remove the sulphur from the heavy Alaskan crude.

Finally, this American delegate made the point that Canada, in its own interest, should recognize that the large new U.S. supertankers coming into Puget Sound were infinitely safer than some of the old vessels from a variety of registries which otherwise would have to bring oil into the area. They were also safer than the old tankers which brought oil to

Portland, Maine, for eastern Canada thereby threatening the American east coast with pollution.

Canadian delegates re-emphasized their continuing and grave fears for the environmental disasters which could result from tankers coming into Puget Sound through the narrow channels and the San Juan Islands to the Cherry Point and Anacortes refineries. It was estimated that a single spill in Puget Sound could run into clean-up and damage costs of over $100 million. While it was recognized that Port Angeles was a preferable alternative oil port, an even more preferable one would be outside the danger area at Gray's Harbour.

In discussing the Kitimat alternative, the Canadian side explained that its feasibility was under examination and a formal inquiry had been launched to determine the environmental, social and navigational aspects. Canadian policy must await this further evidence. However, considering the long winding entry channel up to Kitimat, there were almost certainly considerable dangers of oil spills. An American delegate mentioned other possibilities for dealing with Alaska crude which included bringing oil around the Horn to the Gulf of Mexico refineries or through the Panama Canal, by smaller bottoms, to east coast or Gulf refineries.

The Committee then turned to questions of contingency oil spill plans, storage and access to clean-up equipment, liability for spills, compensation for damage traceable to oil spills and traffic safety and management schemes. Both sides agreed that it was important the two countries' systems of traffic control should mesh smoothly. The various navigational aids and radar monitoring control systems on both sides were discussed. The Canadian side pointed out that Canada was spending $16 million on navigational aids including the installation of five radar stations. While there was a voluntary vessel-tracking management system in existence now, Canada would like to see it made compulsory for all traffic to all ports including those on the Strait of Juan de Fuca.

It was understood that a joint contingency oil spill plan with the United States was already in place for the area. The delegates on both sides agreed that bilateral consultations should be intensified on other aspects including increased co-operative research, a compensation fund to ensure compensation for damage from oil spills, the establishment of liability for oil spills, standards of vessel construction and crew capability and a co-ordinated mandatory traffic control system. It was the consensus of the Committee that each delegation should impart a sense of urgency to its respective government in this matter with a view to reaching an early agreement.

President Carter's recent proposals for improved regulation of tanker traffic were discussed and a United States delegate said he thought that Congress would go along with these much more stringent rules for tanker safety. As far as the efforts at multilateral regulation through the Intergovernmental Maritime Consultative Organization (IMCO) were concerned it was generally agreed that the shipowners had had far too much influence in these conferences and had mitigated attempts to get stricter regulations on the part of coastal states.

TRIDENT SUBMARINE BASE

A Canadian delegate explained that while the Canadian government did not appear to be worried by the Trident Nuclear Submarine base at Bangor, Washington, he himself had serious concerns about the project. He expressed these in terms of environmental hazards, military and strategic locational dangers and navigational problems. He raised the question of the first strike capacity of the Trident and the possibility of retaliatory raids. An American delegate replied that Trident was not a targeted base because Tridents are not nuclear attack submarines. But in their capacity for delivering a nuclear second strike from their ocean-deep havens, they were very important as a deterrent. With it the United States had added millions of square miles of ocean to the Soviet Defence Department's area of surveillance, giving the Soviets the almost impossible task of keeping track of these extremely advanced submarines. Local environmental conditions have been fully taken into account in the construction of the base. For example, the piers of the base have been specially constructed so as not to interfere with the migrating salmon. The chance of nuclear accident at the base or resulting from a collision while in transit through Juan de Fuca would be remote in the extreme, because any nuclear devices would not be in an activated state at the base or while in transit through the strait.

GREAT LAKES ISSUES

The American delegation reported that swift progress was not being made by the United States to live to its commitments under the Great Lakes Water Quality Agreement. The required funds, $18 billion, had been appropriated and the Environmental Protection Agency (EPA) was busy trying to clear projects as fast as possible. The three major problems remaining were acknowledged to be Detroit's sewage system and the industrial pollution from the Buffalo and Cleveland areas, affecting primarily Lake Erie. Under a recent pollution control measure, the EPA was not able to bring suit against such polluting authorities and had done so in at least one case.

Satisfaction was expressed by the Canadian side at the speed-up of the Great Lakes "clean-up" on the U.S. side. It was the hope that such progress would continue. Now that the required 5-year review of the Agreement was taking place it would provide both sides with an opportunity for a fresh commitment to attacking troublesome areas with strong action. A Canadian delegate said he understood that one of the reasons for frequent delay of water treatment projects on the American side was that the U.S. standards were quite rigidly prescribed and enforced resulting in legal actions and procedural delays before treatment plants could be built while the Canadian side had a more flexible discretionary power in the setting of effluent standards. It was thought that this variation was under discussion during the current bilateral review expected to be completed by October.

Industrial contaminants, especially mercury, PCBs and Mirex, were cited as posing serious health hazards to humans by polluting the fish of the Great Lakes, particularly Lake Ontario. An American delegate pointed out that he faced a problem in his district because Canada and the U.S. had not decided on similar levels for the acceptable limits of these pollutants. In some cases, such as for Mirex, the Canadian limit was less stringent than the American, but for PCBs, Canada had set a stricter standard. He hoped the competent authorities on both sides could get together to work out parallel levels for industrial pollutants in the Great Lakes.

In the discussion on levels of the Great Lakes, the serious problem of erosion in periods of high water levels was referred to as well as the IJC report on levels which had concluded that any major remedial action would involved high impractical costs. The problem of the St. Lawrence and Ottawa flows merging above Montreal was specifically mentioned and a Canadian delegate indicated that Canada and the Province of Quebec were co-operating on a plan that would provide more flexibility to the existing bottleneck above Montreal by impounding the waters of the upper Ottawa and improving the outflows through the Lachine Rapids.

Due to drier weather, it was clear there were no flooding or erosion problems on the lower lakes at present nor probably for the next two or three years. However, the Canadian delegate asked what measures the U.S. side was taking to prepare for another possible period of high water levels by land-use planning and management along the shorelines. He spoke of the need to zone, to keep people back from the shoreline, to map out "flood-use zones".

According to one United States delegate last year's Congressional legislation authorizing a demonstration project of diverting increased Lake Michigan water to flush Chicago sewage into the Mississippi system was an unexpected development to many in Congress. Money for the programme and a study of its effects on the Great Lakes had already been allocated. But he himself recognized that there were navigational and hydro concerns on both sides.

A Canadian participant replied that while Canada recognizes Lake Michigan is not a boundary water and therefore not under the treaty, Canada will almost certainly hold the United States legally responsible for loss of electric power generating capacity due to lower levels resulting in the other lakes. These losses could be great, he said. Further, he thought New York State would also sue for similar damages as their hydro capacity would be affected. Another Canadian delegate spoke of the difficulties and costs to shipping interests and referred to the IJC reference on the question. American participants concluded that in any case such a diversion would not be implemented by the United States in periods of low water as at present.

An American delegate spoke briefly on the idea of extending the navigation period in the lakes by keeping a channel open during winter months. While there were obvious advantages, he recognized certain problem areas and in particular questioned whether such a project might not seriously curtail the flow of water at the Moses-Saunders and Beauharnois dams. Certainly a careful modelling of the project would be needed before proceeding.

BEAUFORT SEA

The discussion on Canadian drilling in the Beaufort in this Committee centred on the severe environmental risks involved and whether Canada was justified in going ahead in the face of such risks. (Beaufort drilling was also raised in Committee III during the energy discussion.)

A Canadian spokesman initiated the discussion by acknowledging and detailing the risks of drilling from ships in this Arctic area. Among other aspects, he recounted the dangerous drilling conditions in the Beaufort Sea in the interim zone where the gyral action of the polar ice pack makes contact with the land-anchored annual ice. Also there was the extremely short period of available drilling time in any given summer. Canada's environmental studies of this project examined its feasibility with the worst possible conditions in mind including the possibility that a blow-out at the end of one year's drilling could not be controlled at the time of blow-out nor even the next year because of severe ice conditions entailing the possibility of a 2-year blow-out under the ice. The study had concluded that such an oil spill in the Arctic would not constitute a danger to the climate but could impose great potential damage on wildfowl, seal herds, Arctic fox and other wild species. Despite this, Canada had decided to go ahead and allow restricted drilling last year, and might well decide to go ahead this year. However, the Canadian delegate emphasized that it was a highly regulated drilling operation and a series of steps had been taken to protect against the risks. There had also been full consultation with the United States. It was pointed out that while the recent blow-out in the Norweigan North Sea oil fields occurred at a functioning, producing well, the Beaufort drillings were exploratory and more care and precautions were being taken constantly in the latter situation.

A Senator from Alaska expressed the concerns his state had over these drillings. If there were a catastrophe it would spoil the chances for everyone to drill later; an oil spill would "stain" the north in an unacceptable way; and if an oil spill caused a dangerous interruption to the food chain he foresaw a revolt in the Eskimo lands. His main emphasis, however, was that there was, as yet, no acceptable and proven technology as to how to get the oil out. This technology ought to be proven before drilling commences. Alaska had delayed any such offshore drilling from ships until 1978 or 1979. The Alaska companies require and will undoubtedly find the technology to get the oil to shore. He spoke of the problems of the pack ice turning end-over-end in huge blocks. This and scouring would sever any connections to shore. "Sub-sea completions" would appear to be necessary to recover the oil. The Senator also wondered if Canada really needed the oil so urgently that it felt compelled to drill precipitously within dangerous areas. Finally, he proposed a Joint Commission of Arctic states to discuss the problem of Beaufort drilling.

In reply a Canadian participant said he doubted that recovery techniques could or would be devised under simulated conditions as opposed to a situation where oil discoveries had actually been made and needed to be recovered. Furthermore, Canada needed to find out if oil was there. The United States side said it would assume it was there and develop the recovery technology first.

The timetable and techniques for dealing with a possible Beaufort Sea blow-out were discussed. Both sides recognized the problem of drilling relief wells when the drilling season was so short. There was a consensus of opinion that the time-frame allowed by the Canadian government for the drilling of such relief wells should be lengthened, even at the expense of the actual time allowed for drilling exploration wells.

SEALS

The Canadian side raised the question of the recent Congressional resolutions which had urged Canada to reassess its policy toward the annual seal hunt. A Canadian Senator set forth the facts of the case: that the annual quota will permit the seal herd to increase, (the 1977 quota is 170,000), that the method of killing has been scientifically judged to be humane, perhaps more humane than the killing of U.S. seals on the Pribiloff Islands; and that the annual seal hunt was an economic requirement both for the Newfoundland fishermen and for the food chain. A huge increase in the seal population would result in diminished cod (on which they feed) and therefore seal population control was necessary. The spokesman added that there was no doubt that the vociferous protest groups who had organized protests on this issue had benefitted considerably in financial terms from it. He reminded the United States side that Canada had offered the State Department to send qualified scientists to brief interested congressmen on the facts before the final vote but the offer was not taken up.

An American Congressman spoke of the difficulty of preventing such condemnatory resolutions. In this case, in the Senate at least, it had been by voice vote with only a handful of Senators present. However, he found it difficult to imagine how, even if there had been a full Senate, such an environmental "motherhood" issue would fail to pass.

GARRISON DAM

A Canadian delegate reviewed some of Canada's objections to the Garrison project and expressed satisfaction at President Carter's action in February to restrict funding and to modify the project considerably to meet Canadian concerns. Reference was made to the already completed International Joint Commission Board's report and to the forthcoming report of the IJC itself awaited in July. In addition, the Canadian spokesman mentioned the helpful action of Congressman Fascell in supporting the Canadian position particularly in regard to the Lonetree Dam and reservoir problem. The Canadian side asked what the exact situation was at present.

In reply, the American delegate said that the United States had given its assurance that the Lonetree Dam would not be proceeded with until the IJC was heard from this summer. A lawsuit by the Audubon Society was likely to hold things up further. In any case after the McClusky Dam was finished there would be no further construction until a U.S. environmental impact statement was drawn up and the project resubmitted to Congress. Another delegate stated that while the House Appropriations Committee had recommended $18 million be spent on continued work in 1978 it was recognized that this must wait the IJC report.

Despite these assurances, another United States participant warned that there was a Congressional-Presidential battle brewing on water projects, and stated "you're not out of the woods yet" in respect to Garrison. He thought the whole issue would have been managed better if the President had stayed out of it initially. An American Senator also predicted a real row, perhaps a Senate revolt, on this matter.

SKAGIT

A United States Congressman reviewed the main facts in the Skagit valley/Ross dam case: the earlier approval obtained by Seattle to raise the dam and flood 9 miles into Canada; the agreement between British Columbia and Seattle whereby Seattle agreed to pay compensation for such proposed flooding—over $1 million has already been paid; the B.C. request to rescind the earlier approval order; and the the on-and-off discussions betteen Seattle and B.C. over the past three years to try to settle the problem. This delegate suggested that the present B.C. government was more willing to negotiate than the previous government but now a new element had been added—the less understanding attitude of the new Governor of the State of Washington, who wanted to move ahead quickly and raise the dam. The U.S. participant pointed out Seattle's urgent need for increased power and suggested that there were environmental concerns whether it was generated by nuclear, coal or dam methods. Seattle was becoming impatient on this issue. One solution he suggested was that B.C. should give Seattle some of its surplus hydro—specifically by giving it to the Bonneville system and the Bonneville System would transfer the same amount to Seattle City & Light. In any event, the original contract should be honoured.

A Canadian participant stressed the opposition of people in the Lower Mainland of B.C. to the idea of flooding the valley, on environmental grounds. He said the reason for the previous B.C. government's slowness to negotiate was the need to wait to see if the Federal Power Commission would give Seattle the necessary authority to raise the dam. Canada recognized that a commitment had been given in 1967. This delegate suggested that the solution should be found in negotiations between B.C. and Seattle.

The Committee agreed that the interested parties should renew negotiations to see if a mutually satisfactory solution could be reached which would be mindful of both the Canadian environmental concerns in the Skagit valley as well as the urgent needs of the city of Seattle for additional power. It was also clear that individual Committee members on both sides

would, on their own, be free to try to move the issue forward with the interested parties.

A brief off-shoot discussion took place as to the possibility of a continental water-sharing scheme. Could Yukon waters be channelled south, one American delegate inquired. Reference was made to the need for the respective governments to identify the scope of the problem. A Canadian delegate said that, at present, political difficulties in Canada could be created by the transfer southward of water resources which would be difficult to turn off if they were subsequently needed in Canada.

DICKEY-LINCOLN

While a previous U.S. President had once cancelled the Dickey-Lincoln dam project on the upper Saint John river, an American senator said there was now renewed interest in it as a power source. Approximately $700,000 had been appropriated for an Environmental Impact Study (EIS) which should be completed at the end of the year. However, he suggested that the EIS report, even if negative, would "not have enough teeth in it" and the U.S. Corps of Engineers might just go ahead. He acknowledged the point expressed by a Canadian delegate who said that since 5,000 acres of Quebec land would be flooded permission of Canada was required.

This Canadian delegate referred to the problem of water quality in the Saint John river and she suggested that no developments should go ahead until a complete environmental assessment had been done on the effects in the whole basin. She also referred to the recent IJC report recommending a bilateral water quality agreement for the Saint John River basin.

It was generally agreed that the IJC should not wait for the results of the American EIS report for the US side but should go ahead now and examine the effects of developments on the entire basin concurrently. As an interesting sideline to this discussion, the U.S. side also explained how, in administrative terms, a rare species of snapdragon, the furbish lousewart found in the Saint John river area, could prevent the Dickey-Lincoln project from going ahead.

CHAMPLAIN-RICHELIEU

An American senator stated that an environmental study of the effects of water level changes from flood control measures on the Richelieu River was about to begin and $400,000 has already been committed. The United States position was that construction of the proposed fixed weir structure on the river should be postponed until such time as the study was completed. A Canadian participant spoke of the problems of flood damage in Quebec along the river in recent years and the need for some control measure. Various recreational and other pressure groups on both sides were making the problem more complicated and it was acknowledged that the levels of Lake Champlain was an important factor. As the final report of the IJC was due in December 1977, it was concluded that the best thing would be to await its recommendations to both governments.

FLATHEAD

An American delegate set forth the fears—particularly in Montana—that the potential development of coal deposits in the Cabin Creek area of southeastern B.C. would pollute the Flathead River, a designated "wild and scenic river" in Montana. This Congressman recognized that the Boundary Waters Act did not protect against degradation of waters and he wondered if the provisions should be tightened. He inquired if the B.C. regulations prohibited water degradation. The Canadian spokesman replied that the B.C. guidelines for coal development were quite stringent. Furthermore, there were many B.C. environmentalists who were as concerned as the Americans about this project. He pointed out that while this area had to be strip-mined to be economic, there were other rich coal deposits in the province which might have higher priority for development.

There was a brief discussion as to whether the IJC's jurisdiction should be increased and extended to include water quality and air pollution along the whole border and not merely limited, as this aspect of its jurisdiction is at present, to the Great Lakes. It was pointed out by one delegate that this might involve an amendment of the Boundary Waters Treaty which could be difficult to obtain. Delegates agreed that discussions should take place soon between both countries to determine whether and when to expand IJC jurisdiction to include water quality and air pollution.

THE 200-MILE LIMIT—BOUNDARIES ISSUES

As time was short, there was only a brief discussion of the serious fisheries jurisdiction and maritime boundary problems which had become more acute since both countries had extended to 200 miles their fisheries jurisdiction.

On the east coast, the fisheries zone boundaries dispute centered on the rich fishing grounds off Georges Bank, where the jurisdictional claims of both sides overlapped. While negotiations were continuing, a reciprocal bilateral fisheries agreement had been signed which permitted the fishermen of each country to fish off the coasts of the other during 1977. In so far as the question of the maritime boundary itself was concerned, Machias Seal Island in the Gulf of Maine appears to be a central problem. Both sides claimed possession and were in dispute as to how to draw the extension of the boundary seaward, by the median line principle as Canada maintained or by a line following the natural prolongation of U.S. territory as the United States claimed. When a Canadian delegate proposed that Canada might go to third party arbitration on the issue at the end of this year, if it were not settled, an American senator said he thought it would be wiser to try to settle it for another year before going to such arbitration.

On the west coast, the U.S. side pointed out that the fishing jurisdictional problems are complicated by the salmon rights of the Indian population and the international pattern of the salmon runs themselves. The two governments were trying to negotiate a separate salmon treaty but there was evident bad feeling on the part of the fishermen on both sides. Alaskan

fishermen were taking a good deal of Canadian-bound salmon, a U.S. delegate admitted. A United States senator suggested that perhaps a regional council including all the interested parties from the province should be formed to seek regional solutions to regional problems, instead of going to Ottawa and Washington. He explained that such a body had worked well in Alaska. For such a body, in the U.S., delegates are nominated by the states but results of negotiations have the force of federal regulations. Not all the Committee agreed with this proposal.

In respect to the maritime boundary dispute, it was concluded that both countries should use all appropriate mechanisms to find solutions as quickly as possible in accordance with the principles of international law. It was important, the delegates agreed, that neither side should take unilateral action.

DEEP SEABED MINING

Just as the meeting was drawing to a close, a Canadian delegate raised the question of deep-seabed mining and the current Law of the Sea negotiations. He pointed out that the United States appeared to be ready to go ahead this summer unilaterally and authorize applications from private sector mining interests to begin exploiting the valuable nodules on the sea bottom. But the Law of the Sea conference was still trying urgently to work out a multilateral solution reflecting the notion of the seabed as the "common heritage of mankind" and to make it subject to a kind of international management. The Canadian spokesman urged the United States not to act precipitously; by moving unilaterally now he feared they would destroy the chances of creating a new far-reaching and unique concept of sharing in the international community. The attainment of a consensus was pretty close at the present time. He feared what might happen without some international authority.

An American spokesman replied that he did not consider the United States was moving too fast. There was a sense of frustration in the United States about the Law of the Sea. There appeared to be officials who were becoming self-perpetuating professional negotiators whose main interest seemed to be to keep negotiating. This had to stop. The United States mining interests considered they were being held hostage by the Group of 77. This delegate referred to the Truman doctrine which had stated that the United States should use the deep sea resources beyond 200 miles. The present Metcalf bill in the Senate would grant such authority. Furthermore, he thought the structure of the proposed international authority to be created to manage licensing was so elaborate and top-heavy as to be out of the question. Such a mechamism would have to be kept within the United Nations machinery. Even so, he concluded that he did not believe the international regime was acceptable on Capitol Hill.

COMMITTEE II—TRADE AND ECONOMIC ISSUES

Bilateral Trade Problems

(a) Automotive trade

(b) Tourist trade

(c) Non-tariff barriers: quotas, DISC, countervailing, and Canadian regional subsidies

The St. Lawrence Seaway Tolls

Cross-Border Workers

Arab Boycott

Cuba

Developments in the Cross-Border Investment Climate

(a) Provincial jurisdiction in resource area: potash

(b) F.I.R.A.

(c) Access to U.S. capital markets for borrowing

AUTOMOTIVE TRADE

The discussion of the auto pact was opened by a Canadian participant who gave a brief summary of the operation of the pact since its inception. While it had worked to the mutual advantage of both countries there was concern on the Canadian side about the continuing deficit on auto parts. This was exacerbated by the fear that the American production of parts for small cars was increasing in the South and South-West United States where labour costs were low. The pact was not in need of a complete over-haul but could benefit from some fine tuning.

An American responded with a call for patience. The entire auto industry in North America is in difficulty from increased sales of foreign cars, unemployment problems and the effect of the energy crisis. It should be remembered that the auto pact is the largest bilateral trade agreement between industrial nations. He gave a detailed account of the negotiations and terms of the pact. A feeling persisted in the United States that the pact favoured Canada. The report of the U.S. International Trade Commission on the auto pact requested by the U.S. Senate Finance Committee found that the pact operated in favour of Canada but not to a sufficiently significant degree to require immediate re-negotiation. He was not aware of any study on the effect of the auto pact on jobs in either country, but felt that such a study was important and should precede any modification of the pact. He concluded that he did not sense a grass-roots concern about the pact in either country, and reiterated his view that while no drastic changes were required, it was important that the impact of the auto pact on employment be studied. This position was supported in various ways by other American participants who confirmed that minor tinkering with the pact could be carried on but if the pact was opened for re-negotiation the result would not be more advantageous for either side. There is a high protectionist sentiment in the U.S. now, the highest ever experienced by one participant, which would affect any re-negotiation. There is pressure on the pact from the efforts in the U.S. to try to achieve full employment. One area for adjustment might be a reconsideration of the permitted percentage for third country components.

Canadian participants acknowledged the overall benefit which Canada had received from the auto pact. While the expected parity on price to the Canadian buyer had not come about, the Canadian price which was 16 per cent higher when

the pact came into force had been reduced to a price which was now 6 per cent higher than the American price. They reiterated that there was serious concern in Canada about the parts deficit, particularly because the executive decision on models and therefore on parts is made in the boardrooms in Detroit. Canadian subsidiaries do not get the benefit of the research and development in technology in this field of manufacture. A substantial number of jobs in Canada had been lost because of the deficit on parts. There is concern that the Canadian industry share in the development and production of new models to meet the energy crisis. This concern was related to a wider one that the manufacturing industry as a whole in Canada maintain its competitive position. The North American auto industry is already behind Japan and Germany in technology. The big four auto companies must put less emphasis on world distribution and more on research and development to benefit the entire North American operation.

Finally, this discussion led to a generalized exchange on the Canadian economic situation. A Canadian stressed that Canada cannot continue to cover its deficit in trade by depending on the profit from resource development. Canadian sentiment, particularly in the West, is strongly directed toward upgrading primary processing and increasing manufacture of finished products. This sentiment is related to the national unity debate. An American participant asked if the Canadian dollar was over-valued, noting that the circumstances which led to the over-evaluation and eventual fall of the American dollar appeared to exist in Canada at the present time. There had been gentle interventions in the U.S. to stabilize the situation. A Canadian indicated that action was being taken to smooth out the effect of inflation, and other factors on the dollar by the Bank of Canada.

TOURIST TRADE

The discussion of recent changes in U.S. tax legislation limiting allowable deductions for attendance to two foreign conventions per year and its effect on the Canadian tourist industry was opened by an American participant. He sought clarification of Canadian tax regulations relating to conventions. Another American participant gave the background to the U.S. tax change. It had been initiated to prevent open abuse of the general tax concession on convention expenses particularly by professional associations who liked to travel. It was an attempt to deal with blatant tax evasion. A Canadian delegate suggested that the application of the new rules solely to foreign conventions implied that fraud only happened outside the U.S.A. Another Canadian argued that the documentation required to support a claim would inhibit planning of conventions outside the U.S. by organizations with membership in both countries. It would be assumed that Canadians would go to conventions held in the U.S. anyway. The widespread injury already felt by the Canadian tourist industry was documented in detail by other Canadian participants.

An American participant explained that documentation is a fixed requirement of the U.S. tax code and was required for claims for all business expenses. This would not necessarily influence a decision to attend a convention outside the U.S.A. It was possible that the allowable per diem expense rate had been set too low but it had been related to the amount allowed in civil service travel claims. The provisions of the legislation were reasonable in his view.

The discussion then moved to a consideration of how the unintended injury resulting from this legislation could be ameliorated. An American participant indicated that other problems in the administration of the legislation had arisen which would lead to reconsideration of it but not immediately. There was no strong support for a change, particularly because the well publicized Goldwater amendment carried an implication of special consideration being requested for warm weather junkets.

Various solutions were discussed. Several American delegates argued that it would not be acceptable to local Chambers of Commerce and other hospitality trade interests to apply the restriction also to conventions held in the U.S. The only objections raised in the U.S. to the present legislation had been from the air lines and some convention promoters. Canadian delegates were reluctant to press for exemptions solely for Canada. It was unfortunate that there had been no opportunity to draw the attention of Congress to the potential injury to Canadian tourist interests before the legislation passed.

An American participant felt that Canada had a special relationship as a neighbour of the U.S.A. and should, therefore, not be reluctant to seek an exemption. The attempt made in the Senate, through the Goldwater amendment to effect a change for Canada and other neighbours, had encouraged the lobbyists for the interests affected by the Canadian Bill C-58 to attempt to link changes they wished in the Canadian legislation to the convention tax changes. In his view, they could not be linked. Canadian participants confirmed that C-58 was now law and would not be changed. Pressure to change C-58 had been minimal until it was linked by the lobbyists to the convention tax.

Other American participants, however, argued strongly that linkage of the two bills would be made in Congress and its Committees. This reality had to be faced by Canadians. This view was reiterated when two American participants from another Committee joined in the discussion.

A Canadian delegate said that in his opinion C-58 had not been the proper vehicle to use to promote Canadian culture. A complete reassessment of Canadian policy on control of the broadcast media was required and would be undertaken by the CRTC in the near future. An American participant questioned the cultural justification for Bill C-58. He was assured by a Canadian spokesman that the intention of the restrictions on advertising in the United States contained in C-58 had been motivated by concern for Canadian cultural development. Our cultural concerns frequently did intrude on U.S. commercial interests. Another Canadian participant referred to the case before the Canadian courts dealing with the deletion of advertising from transmissions received from the U.S. by cable. The outcome of this case might help to clarify the whole issue.

In connection with the powers of the CRTC, an American participant told the Committee an application had been made by Station CJOH in Ottawa which would have the effect of removing signals from television stations in Plattsburg and Watertown N.Y. entirely from the Ottawa cable system. Station CJOH would be given exclusive rights to pick-up network broadcasts directly by way of Rochester. Canadian advertising contracts with the Plattsburg and Watertown stations would undoubtedly be cancelled. Future developments might include using microwave to relay the Rochester signal to Toronto and onward across Canada with all advertising originating in the U.S. eliminated. In his view, in this action, the CRTC was going beyond mere concern to protect Canadians from cultural penetration from the U.S.

The discussion concluded with a consideration of the suggestion that friction on the two issues of the convention tax and C-58 might be reduced if they were considered during the renegotiation of the tax treaty between the two countries. The committee agreed that delegates from each country would explore this possibility with appropriate members of their administrations.

NON-TARIFF BARRIERS

A Canadian participant introduced this topic. The development of DREE (Department of Regional Economic Expansion) was a response to the wide and unacceptable regional disparities in Canada and not to the development of DISC (Domestic International Sales Corporation) in the United States. DREE was in his view a valid attempt to move industry into areas in Canada where only primary industry existed. Many interested groups in Canada urged protection. In the field of agriculture, he cited the beef products lobby which argues that Canada should have a beef control act. The fruit and vegetable group were vocal in demanding protection of their market from seasonal dumping from the U.S. A national marketing board for eggs was another example.

An American participant commented that in his opinion the introduction of DISC had been ill-considered. In addition to Canada, the GATT also had objections to DISC. Canada and the U.S. were working together closely at the GATT Multilateral Trade Negotiations to get rid of non-tariff barriers. On DREE he considered that if the Michelin plant had been located elsewhere it could have been ignored by the U.S. which also has DREE-type legislation. DISC had increased the U.S. export trade, but trade had also increased because revaluation made the U.S. dollar more competitive. Another American participant supported DISC. He explained that DISC was conceived at a time when U.S. companies were locating an increasing number of factories outside the continental U.S.A. Through DISC a tax incentive was provided to keep manufacturing operations and therefore jobs in the U.S.

A Canadian participant turned the discussion to countervail which he said hurt Canada more than DISC because it affected Canadian efforts to decentralize industrial production. Canada has not used countervail against the U.S. In reply an American delegate noted that countervail is one of the oldest U.S. laws.

Another Canadian deplored the lack of countervail action by Canada. He had often complained to officials that no order-in-council regulations had been promulgated to enforce countervail action. Regulations were finally announced in April of this year and are much like those in the United States. When an injury is established it must be investigated by the Anti-Dumping Tribunal. In Canada the sector approach was stressed rather more than in the U.S. On GATT he acknowledged the closeness of Canada and the U.S. on a number of issues but stressed that Canada was concerned with the U.S. across-the-board action. Non-tariff barriers should also come down or they will defeat the tariff reductions won at GATT. Canada is particularly sensitive to the impact of the U.S. NTBs because there is concern that the industrial base in Canada is being eroded. This is emphasized by the demand in Western Canada that it must now be assisted to move on to the next stage of economic development. Another Canadian participant noted that there was a problem about the diversification of Canadian industry much of which was flabby because it was propped up by various forms of assistance.

American participants asked the Canadians to indicate what could be done. One suggestion from the Canadian side was that more cooperation on the development of North American markets would be helpful. For example, the cattle market should operate to a much greater extent on a north-south basis. There is pressure to carry out the secondary processing of beef in the West but the north-south market for this is affected by the 15% U.S. tariff on boxed beef.

An American delegate responded that the U.S. western states also are thwarted in their attempts to carry out secondary processing, in their case by U.S. unions which refuse to handle boxed beef in Chicago and other large cities. This, he felt would have to change because boxed beef would be the main trade of the future. He explained that the U.S. meat quota had not been aimed at Canada but primarily at the Australian export of frozen sides into the U.S.

ST. LAWRENCE SEAWAY TOLLS

A Canadian participant introduced the discussion of the proposed increase in the St. Lawrence Seaway tolls by reviewing the background to the development of the system in which 13 of the 15 locks are Canadian. He outlined the present financial difficulties which have given impetus to the proposed revision of the toll charges.

An American participant agreed that there should be periodic adjustments to the charges. He sought, and was given by the Canadian side, additional information on the recent action taken in Canada to forgive the interest on the outstanding debt. He saw two possible results if the tolls were raised unrealistically. Seaway traffic might be diverted to other modes of transport or to an all-American waterway. He referred to the recent appropriation for a feasibility study on the widening of the old Erie barge canal. There was also some

concern in the U.S. about Canadian provincial interests affecting the operation of the Seaway, especially Quebec. Another U.S. participant underscored these observations. U.S. steel mills would seek out the cheapest way to move their output. The Canadian calculations on the amount of increased revenue from tolls required to operate the system could be seriously thrown off by any diversion of traffic from the Seaway.

Canadian delegates argued that the cost of transport on alternate modes like railways would also rise. The amount of traffic lost to the Seaway for this reason was not anticipated to be great. The two-way traffic on the Seaway made diversion of traffic to other modes less likely.

An American participant concluded the discussion noting that on this issue dollars and cents, not principles were involved. An agreement on increased tolls for the 1978 season would undoubtedly be reached. He was concerned, however, about the future of the Seaway, especially with the adequacy of the Welland system to cope with future traffic. Could it and the St. Lawrence section be modified to accommodate larger ships? If so, how would this be financed? The answers would not necessarily depend on where the expanded facilities were located.

CROSS-BORDER WORKERS

The discussion on this topic centred on the long standing tradition of some employers in Maine and Vermont to employ workers from Quebec in the logging industry. In recent months, pressure has been increased by union-organized American woodsmen to discourage employers from continuing this practice. An American participant introduced the topic with the observation that when U.S. unemployment statistics rise they send shock waves through the bureaucracy. The certification process to permit workers to be employed in the U.S. has in recent years become very complex. The extensive paper-work involved makes it very difficult for workers to enter the U.S. from Canada. As employment statistics improve, the rules are less rigidly adhered to. However, even in times of unemployment U.S. workers are reluctant to move to areas where work is available. As a result, some logging and woods operations have continued to employ Canadian workers for certain skills. Another U.S. participant reviewed the current situation in more detail. He acknowledged that the situation in Maine was a U.S. problem but the solution to it was difficult. He explained some of the objections raised by American workers. Canadians are paid wages comparable to U.S. workers but provide their own equipment, the purchase of which is assisted by the provincial government. Under U.S. regulations an employer cannot require a worker to provide his own equipment. Canadians are frequently employed on a piece-work basis which increases production. U.S. workers have campaigned for employment on an hourly wage basis on the grounds that piece-work encourages carelessness. He wondered if Canada would be distressed if access to work in the U.S. woods by Canadians workers was sharply curtailed.

A Canadian participant responded that in his view, which was supported by other Canadian delegates, limiting work permits for Canadians to work in the U.S. was not likely to become an irritant to Canada-U.S. relations. He said that in any case the total numbers of cross-border workers going to the U.S. from Canada were decreasing. As both countries were reluctant to permit this activity to any extent, there were few new or young workers asking for permits.

He touched on another aspect of cross-border traffic, a localized problem in South-Western Ontario where Mexican workers in transit through the U.S. with firm contracts of employment in Canada had been refused permission to exit from the U.S. He understood the U.S. concern about possible illegal residents but when transients possessed a valid contract their travel documents should be honoured.

ARAB BOYCOTT

A United States participant reviewed the recent U.S. legislation relating to the application of the Arab boycott to U.S. commercial interests. He said that the legislation is not written in country terms, but in broad terms. While it clearly recognizes that the boycotting country has a right to initiate a direct primary boycott, it prohibits compliance with secondary and tertiary boycotts which are viewed as a direct intrusion into U.S. internal trading activities. The regulations giving force to this legislation have not yet been promulgated so the effect of the legislation would not be known for about six months. They include criminal penalties to be applied if compliance with secondary or tertiary boycotts by U.S. companies is proved.

Various Canadian participants explained that while Canada had not adopted formal legislation to deal with the Arab boycott, Canadian policy had been clearly stated by the Minister for External Affairs in October 1976. Canada also accepts primary rights to boycott but finds secondary and tertiary boycotts instigated by any country to be obnoxious. In support of this policy a directive had been issued to all officials of the Department of Industry, Trade and Commerce instructing them to withhold all departmental support for services in connection with a specific transaction by any Canadian company complying with the provisions of any boycott. (Copies of the directive were distributed to U.S. participants.) Our motivation was the same as the U.S. but it was not usual in Canada to formulate legislation to deal with this kind of issue.

Another Canadian participant stated his private view that sometimes legislation is an important way to deal with an issue. He gave examples of legislation on combines and human rights. On the Arab boycott he wondered why this had only recently become an issue. The boycott had been in effect for some time. It might be seen in a different light if the boycott was accepted as arising from a state of war. It then became an act of citizenship to prevent economic aid being given to the enemy. In his view the informal European approach to the boycott was better. The action taken by Canada and the U.S. against the boycott could destroy their positions of impartiality toward the participants in a war.

A U.S. spokesman replied that he could not accept this interpretation. The U.S. bill does not deal with the Arab-Is-

raeli situation specifically. It provided a protective shield. The sanction of law had been provided to protect the competitive position of those U.S. firms who refused to comply with the boycott.

Delegates from both countries agreed that trade with the Arab world was important to each. A U.S. participant stressed that even so no intrusion into U.S. commerce of the kind implied in the secondary and tertiary boycott activity could be allowed. It was admitted that while symbolically the U.S. had to move against the boycott there were practical difficulties arising from the trade situation in doing so. The general feeling was that the U.S. legislation would stop gross applications of the boycott. The line had been moved back a bit. One U.S. participant said he was not arguing that Canada should have gone further but he wondered if the enforcement of our policy would achieve anything.

The discussion then turned to the application of the U.S. policy to subsidiaries. It applies to all U.S. subsidiaries involved in inter-state commerce. Canadian participants asked if the U.S. law would be applied to Canadian subsidiaries of U.S. companies or would the Canadian guidelines become operational? A U.S. participant was of the opinion that U.S. parent firms would be responsible for actions of the Canadian subsidiaries. It was the view of the Canadian who concluded the discussion that after the U.S. law had been in force long enough to judge its effect, Canada might have to look at its policy again.

CUBA

The discussion of the present state of relations with Cuba began with a comparison of the impact of U.S. legislation restricting trade with Cuba on the activities of Canadian subsidiaries with the Arab boycott legislation. On Cuba, Canada took independent action. Canada did not equate recognition of Cuba with moral approval. Canada had tried to be consistent in its relations. The objective was to open doors regardless of ideologies.

Various U.S. participants indicated that the U.S. had not been upset by Canadian action. Some normalization of trade between the U.S. and Cuba should soon begin. At first it would be one way trade in agricultural items and medicines. The U.S. was in a dilemma about how to move forward in its relations with Cuba. It would take time to work out a policy. Cuban involvement in Africa would affect the direction taken. Cuba was not a high agenda item for the Carter administration. The role being played by Andrew Young on behalf of the Carter administration was explored.

A Canadian participant concluded the discussion by observing that because of the volative situation in Africa any delay in improving communication between the U.S. and Cuba would be regrettable.

DEVELOPMENTS IN THE CROSS-BORDER INVESTMENT CLIMATE

(b) Foreign Investment Review Act (FIRA)

A Canadian participant outlined the background to this legislation and described the change in regulations which was made in March of this year to speed up the processing of applications. It was stressed that Canada is still interested in receiving foreign investment. In fact there had been some resentment toward FIRA in Quebec because Quebec needs investment. Another Canadian added that FIRA was more popular in central Canada. In the west it was viewed as supportive of central Canadian industry. It was thought that the operation of FIRA had impeded the development of secondary industry in the west. As legislation, it should be reviewed.

(c) Access to U.S. capital markets for borrowing

The discussion of this topic was opened by a U.S. participant who commented that the U.S. press had recently given prominence to stories about numerous corporate transfers out of Quebec. The Canadian response was that this had been overstated in the press.

A U.S. participant thought that U.S. investment would continue to be made in Canada. For Canada the price of borrowing might be high, but U.S. investors go where they can make money. Investment, however, was the prerogative of the private sector in the U.S. Those present were perhaps not the best group to answer concerns about investment. Congress tended to be more concerned about trends towards controls like that implied in FIRA and the trend to move control of resource development to the public sector as in the example of potash in Saskatchewan.

This concluded the discussion of the agenda items but the U.S. participants moved the discussion to an assessment of the U.S.-Canada relationship in the light of events taking place in Quebec. U.S. concern about the relationship had been evidenced by the unparallelled greeting given Prime Minister Trudeau in the U.S. Congress. Canadian participants responded with a wide variety of comments reflecting the concern of all parts of Canada about national unity.

COMMITTEE III—ENERGY ISSUES AND MULTILATERAL CONCERNS

1. Energy

(a) Developments in bilateral trade, supply, price, gas, oil, coal, electricity, uranium

(b) Pipeline route alternatives—regulatory requirements and timetable

(c) Conservation programs, reserves and storage facilities

(d) Exploration developments (Beaufort, East coast, Arctic, Fundy, power)

(e) International Aspects—IEA, CIEC

2. Common Multilateral Concerns

(a) Nuclear proliferation—NPT, IAEA safeguards, Canadian safeguards, SALT, U.S. legislative proposals

(b) North South dialogue

(c) CSCE and the Belgrade meeting in June 1977; monitoring the implementation of the Final Act

(d) Southern Africa questions

Such was the preoccupation with energy relations that more than two-thirds of the meeting time of Committee III was taken up with the energy items on the agenda. The group focussed on three principal issues within the energy framework: the problems of how to transport Alaskan gas from Prudhoe Bay to the lower 48 states; how to carry Alaskan oil to the mid-West of the United States; and the risks involved in drilling for hydro carbons in the Beaufort Sea. For the rest, members of the two delegations exchanged information regarding the availability of coal in the two countries and on the potential and availability of other fuels, traditional and exotic, such as wood, peat, low-head waterpower, wind and solar energy. There was a short exchange on the potential benefits to the United States of joining with Canada to develop a strategic storage facility in the Wabana mine or in the Cape Breton Salt domes. No discussion occurred on the pipeline treaty which was to come up for discussion in the Senate the following week.

Throughout discussion of alternative routes for transporting Prud'hoe Bay gas, the starting point was the need of the United States to find a way of doing this at the earliest possible date and Canada's ultimate need for all exploitable sources of gas from the Canadian arctic regions. Although a temporary surplus of Albertan gas had developed as a result of recent discoveries within that province, a Canadian delegate warned that this was a short-term phenomenon and within less than a decade Canada would have to import some fifty per cent of its oil requirements.

GAS PIPELINE

While the debate was complicated by some internal differences within each delegation, the Canadian members were unanimous in the belief that the government was likely to approve one or other of the two proposed lines across Canada—the Arctic Gas and the ALCAN proposals. But in seeking to meet the deadline imposed on President Carter by Congress of making a recommendation by September 1, Canadian delegates stressed that several reports with substantive implications remained to be received and could significantly affect the ultimate decision. The most important of these was the National Energy Board (NEB) report due on July 1 on the viability of the two submissions for pipeline routes across Canada. The NEB could recommend approval of one or other of the two submissions or both or neither. The federal cabinet could in that event approve or reject the NEB report, but it could not without special legislation override an NEB objection to either proposal. However, the NEB could also bring down a neutral decision, leaving it to the government to make a choice between the two routes.

The Canadian side drew attention to other reports which would affect the options open to the government—the Lysyk report on the social and economic implications of the ALCAN route, the second Berger report on safeguards regarding the MacKenzie Valley route and an environmental impact report on the ALCAN route. These were all due in August.

The United States delegates were interested to hear the views of Canadian participants that there were not the same legal opportunities in Canada as existed in the United States for delaying construction on environmental grounds of a pipeline if the government decided to go ahead. Similarly it was suggested that the settlement of native claims would not cause delay and indeed might only be settled after a decision regarding a pipeline which would give urgency and a context to negotiations—the James Bay settlement being cited to make this case.

For the Canadian participants, a particular interest of the discussion lay in trying to determine whether the United States delegates and Congress itself had or was likely to have any preference as between the three proposals. The support of the Senators from Alaska for the El Paso route was made quite clear. It also seemed to be generally agreed that a recommendation in favour of the ALCAN route would gain relatively easy passage through Congress. The Alaskan members could accommodate themselves to this route, since the line would be quicker to build than a MacKenzie line and gas would be accessible to Southern Alaska. Environmental objections would be limited and it would have wide support among northern states. Congressmen were less confident of the outcome if President Carter were to join the Canadian government in recommending the Arctic Gas route. Alaskan opposition would be total and would involve strong resistance to according a right-of-way over the Arctic Wildlife Reserve on the north coast. There would, for this reason be strong opposition from environmental groups. El Paso had a well-organized lobby, and Congressmen from shipbuilding states could be expected to hold out for the jobs represented by the construction of the tanker fleets. Representatives from western states would also be sympathetic to the Alaskan charge that they were being denied their right to the use of their one-eighth share of the natural gas authorized under U.S. laws. Representatives from south-western states might also support El Paso as a way to maintain the full use of the existing gas transmission line. There was agreement that such a coalition would delay necessary Congressional approval of the Arctic Gas route, especially in the Senate, and that this might influence the President's decision. Members of the House of Representatives pointed out, however, that opinion among their membership had not yet been tested and many from populous industrial states in the East could be influenced in favour of the MacKenzie Valley route if the President's report claimed significant price advantages in its favour.

OIL PIPELINE

An Alaskan Senator spoke in favour of the application by a group to the NEB to build a pipeline to carry Alaskan oil from Kitimat to Edmonton. He drew attention to the several advantages of the line for Canada: additional revenue, maintenance of the full use of the Trans-Canada system, the satisfaction of the needs of the northern tier refineries and removing pressure

to increase deliveries to the Puget Sound refineries. Only Canadian jusrisdiction would be involved so that decision-making would be relatively uncomplicated. In responding, Canadian participants acknowledge the catalogue of possible benefits, but drew attention to the strong resistance of environmental groups to the sea route to Kitimat and mentioned that a preliminary report on the environmental implications by Dr. Thompson would not be ready until early in 1978.

BEAUFORT SEA DRILLING

(This subject was also discussed in Committee I.)

The two Senators from Alaska expressed concern over proposed drilling plans in the Beaufort Sea region. (The decision to approve drilling for the 1977 season was announced just after the meeting closed.) They feared that an accident could arouse irrestible opposition to any further drilling in the area, thereby choking off future exploration on both the Canadian and American side of the border in an area with a very high potential. They urged that permits for exploratory drilling should not be approved unless the company in question had perfected technology not only for drilling but also for bringing out any oil or gas discovered. Canadian speakers acknowledged the risk and pointed to the stringent conditions on drilling, but noted that all activity involved some risk and pointed as an example to that associated with tanker traffic in Puget Sound. They contested the argument that transportation technology had first to be perfected, noting that companies would not incur the large developmental expenses unless they had proof that oil or gas existed in exploitable volumes. Although the discussion did not fully satisfy the concerns of the Alaskan Senators, they appear to have gained new information on Canadian precautions which may have to some degree calmed their anxiety.

URANIUM

There was a short discussion of the domestic problems associated with the use of uranium to produce electrical energy, with both sides commenting that waste disposal represented a problem of increasing public concern. With regard to nuclear exports, American speakers noted the similarities between Canadian regulations and those proposed by President Carter. The Congress was divided over the advisability of the President's policy and Congressional support would be influenced by the Administration's success in persuading key potential exporters such as France from providing nuclear processing facilities to countries such as Pakistan which had not signed the Non-Proliferation Treaty. In the event the President's policy were to be endorsed by Congress, it would be important for Canada and the United States to cooperate closely in applying their respective regulations.

A United States participant gave an interesting and informative report on the progress and difficulties of the SALT negotiations and related these developments to the military balance between the USSR and the United States.

CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE)

(Congressman Fascell, Chairman of the U.S. Commission on the CSCE, joined the Committee for the discussion of this item.)

Both delegations were in agreement as to opportunities and the risks of the CSCE. The Canadian side was interested to hear the appreciation of the U.S. Congressmen that President Carter, while continuing to emphasize his concern regarding the observation of human rights in the Soviet Union, recognized that the objectives were long-term, that Soviet reactions had to be taken into account and therefore would back off to some degree. It was noted that since the Jackson-Vanik amendment and the rupture of trade negotiations with the USSR, the number of Jewish families permitted to emigrate from the USSR had actually diminished, illustrating the limits of pressure which could be applied.

The Canadian delegation were extremely interested to learn about the unique arrangements for U.S. participation in the Helsinki review process. A Helsinki Commission had been created by special law, comprising officials and Members of Congress and having an integrated staff. Members of Congress on the Commission will be part of the U.S. delegation to the Belgrade Review Conference, free to attend as and when they wish. Congressional participation in the Commission served to provide continuous coordination with the Congress of U.S. policy in a delicate area of considerable public sensitivity. It also ensured that Soviet and Eastern European negotiators had full opportunity to appreciate directly the extents of Congressional concern, thereby strengthening the hand of the entire United States delegation. Although no other country had a similar arrangement, Greece was attaching parliamentary observers to its delegation.

NORTH-SOUTH ISSUES

With time running out, discussion of this item was compressed. The fact that the Conference on International Economic Cooperation was taking place at the same time in Paris also overshadowed discussion, which focussed on the difficulty in both countries of increasing aid in a period of high unemployment and of opening up domestic markets at such a time to the manufacturers of developing countries. An American delegate suggested that the Carter Administration would be more forthcoming but that there had been no corresponding change in the attitude of Congress. This was unfortunate, he thought, because there was growing perception in the United States that the main threat to international stability lay in north-south tensions. For example, rising coffee prices were not only a function of frost in Brazil; they also reflected political instability in Africa. And oil prices changes owed much to unrest in the Middle East.

SOUTHERN AFRICAN QUESTIONS

The Committee had to conclude just as this subject was opening up. It was recognized on both sides that the issue in Southern Africa was race. Instability in Africa owed much also to the arbitrary frontiers which were a legacy of the

colonial period. An American delegate made a wide ranging presentation concerning changes in American policies and perceptions of Africa. Unfortunately, at this point, the Committee had to end its meetings.

CLOSING PLENARY

Following the presentation of reports from the three Committees given by Senator Leahy for Committee I, John LaFalce for Committee II and David MacDonald for Committee III, the closing plenary was opened to discussion from the floor. The comments which followed concentrated almost entirely on issues discussed in Committee II. A Canadian participant outlined the differences between the American regulations covering tax concessions on convention travel and Canadian regulations. He stressed that in 1976, even before the effect of the new tax took hold, income from tourism between the two countries was heavily in the U.S. favour.

An American participant replied that the convention tax issue clearly illustrated the need for an early warning system about impending legislation. This legislation which had been initiated for purely domestic tax reasons had created a mess in so far as Canada was concerned which might be difficult to straighten out. The correction of a simple problem in tax equality and tax evasion had escalated to involve the Canadian Bill C-58. Talking about the problem had created a greater problem.

A Canadian participant who acknowledged that he had not supported C-58 stressed that it would be detrimental to Canada-U.S. relations if individual items of legislation were used as bargaining chips. It would be folly to go down the road of linking various issues. The relationship between the two countries was so complex that to start linkage would have serious and unforeseen ramifications which would undoubtedly damage the relationship.

An American responded that while he hoped that linkage of issues would not be extended in the future, it was his view that Canada must understand that there was linkage now on the convention tax-Bill C-58 issue. He thought that tensions on this problem could be reduced if the Canadian and American legislation could be reconciled through on-going negotiations on a tax treaty between the two countries which might include a non-discriminatory clause. But he cautioned that the problem would not lessen and would have to be faced.

Another American participant agreed that while there had originally been no linkage of C-58 to the convention tax, it had developed from the frustration on the American side arising from the impact of C-58 and Canada's insistence that no negotiation on the Canadian legislation was possible. He called attention to the independence of the CRTC and outlined impending changes in its regulations which would cut out signals from some northern New York television stations to Canada and replace them with coverage from a single outlet in Rochester whether this was the wish of Canadian viewers or not.

The discussion was then turned by a Canadian participant to the more general topic of how to establish an on-going communication mechanism between members of the Canada-U.S. Interparliamentary Group to enable earlier consultation on difficult issues. An American spokesman suggested that each group designate certain individuals who would report to their bodies on each major issue of conflict.

In his closing remarks, the American Co-chairman on the House side, the Honourable Dante Fascell assessed the format and content of this year's meeting. He considered the substantive opening speech by the Canadian Co-chairman, the Honourable Martin O'Connell to be an important and useful innovation. It had set the tone and focussed the meeting for the major issues. Later, in the light of the Committee discussions, the closing plenary was able to assess these issues again and draw possible conclusions. Mr. Fascell spoke favourably of the inclusion of international as well as bilateral problems on the agenda.

Mr. Fascell dealt with the idea of developing an "early warning system" which had emerged from the meetings, a procedure to enable one legislative group to alert the other of a potentially damaging action by the other side's legislature. While supporting this concept strongly, Mr. Fascell warned against developing a system which would involve churning out papers which no one would read. His suggestion was that contact between legislators should be by telephone. Further, he proposed that the Embassies, particularly the Canadian Embassy in Washington which closely follows Congressional measures, should take the responsibility for both warning U.S. legislators of the potential impact and alerting the Canadian members of the Group of a burgeoning problem. The Canadian Parliamentarians would in turn pick up the phone and explain the Canadian position to their counterparts on Capitol Hill.*

Mr. Fascell referred to the challenges currently facing Canada, particularly the jurisdictional and regional tensions and the election of a separatist Quebec Government. He asked what these challenges meant to the United States. They were bound to have some impact, he said. The economic dynamics of the two countries were such that the United States would almost inevitably be involved. He concluded that while Canada was going through the difficult and delicate process of sorting things out, the United States ought to show patience and understanding in its responses from across the border. Such an attitude would in the end benefit the United States as well as Canada.

---

* In a subsequent steering committee meeting, it was agreed that in some instances, the best approach would be to invite a small delegation to visit the other legislature for direct talks.

ANNEX

NOTES FOR REMARKS
OPENING PLENARY SESSION

MARTIN O'CONNELL, M.P.
CO-CHAIRMAN, CANADIAN SECTION
CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP
18th ANNUAL MEETING

VICTORIA, B.C.
May 27-31, 1977

It is an innovation in our meetings that we begin this year with a broad statement by a member of each delegation of the domestic situation in each country and the state of the relationship between our two countries. We welcome this because it gives us an opportunity to get an overview of what is happening which we may miss if we go at once into three committees and then report back to a plenary session the findings of each particular committee. So I will try to assess our domestic situation as it may affect relationships between Canada and the United States. I will also highlight certain bilateral issues, and then comment on the adequacy of the means we as Parliamentarians and Congressmen have to consult each other prior to actions being taken which impact the other country without due consideration of the other's interests. Do we have an early warning system at our level; that is, the non-executive level—the level of Congress and Parliament?

In Canada, a number of stresses have been building up for a decade and have now come to a head simultaneaously. Changes in population growth; a dynamic economic development in the west; a relative decline and weakening of the industrial heartland in Ontario and Quebec, and a profound social revolution now some 15 years old in Quebec (the so-called quiet revolution), all of these developments have eroded the old national consensus. We have a series of severe challenges to the status quo and I suspect that we will have to make some significant changes in our federal structure and in our economy if we are to emerge with our unity confirmed. The most dramatic and therefore newsworthy of the challenges to our federation was the election last November in Quebec of a party committed to separating that province from Canada. The Parti Québécois muted its objective of separation by offering, if elected, to proceed to independence in two stages. First, it would hold a referendum on the question of separation, and secondly, only if that mandate were confirmed would it take direct steps to try to achieve independence. This device for allaying the fears of a majority of the Quebec electorate of a separation of Quebec from Canada, together with a strong and widespread resentment against the former government of the province, combined with support for independence among perhaps one-quarter of the Quebec electorate to allow the election of the Parti Québécois with a strong majority. As friends of Canada, you have an obvious and legitimate interest in what has come to be called the national unity issue in our country.

It would be comforting for me to be able to say that, if seen in its proper perspective, there is little to be concerned about in the longer view. But this is not so. Even if one admits that all federations, yours as well as ours, generate jurisdictional frictions as well as regional tensions and difficulties; and even if one concludes that Quebeckers were basically voting only for good government, or against bad government, and not in favour of separation; and even if one accepts that the great majority, not only of Quebeckers but of all Canadians, are strongly committed to national unity and, finally, even if we confirm that we have both the commitment and the flexibility to solve our problens in a way that maintains Canada as a single federal country—even if we accept all this, we are still left with the realization that we face the most fundamental crisis in our history.

That which helps make this crisis so fundamental is the simultaneous convergence of basic economic, political and cultural factors. Not only, therefore, are we in Canada bound to be preoccupied with these challenges; but also the measures we may feel obliged to take, not least to cope with the economic aspects of these problems, will likely influence relationships between our two countries. This is so because our economies are so directly related to each other in terms of trade, in terms of investment, in terms of technological dependency, and in terms of parent subsidiary relationships more pervasive than in any other country of the world. We may be led to take decisions some Americans may not like. For this reason we need a better early warning system. And I hope you will make an effort to understand the critical conditions in our country which make adjustments necessary. You may find adjustments throughout the range of our economic relations; in technology transfer, in tariffs that inhibit the further processing of primary products in the west and in central Canada to cite only two examples. You may find our adjustments for example in a range of cultural questions that arise because of our desire to reinforce a sense of national identity; for example, in measures we have taken in Canadian radio and television programming. I know that some of you have felt certain measures to be directed against the United States. This is not our intention. I can only ask you to understand that the objective of these measures is to reinforce a sense of unity and identity in our country. We work at it. And we think you believe that these are important objectives for the United States as well as for us. We do ask you, therefore, to understand that we may indeed be on the threshold of going through internal changes in our political constitution and the way our economy works more profound than have affected our country since Confederation. I know that, for our part, we will be trying to find a balance between essential accommodation of the internal pressures in the economy, in political and in cultural matters, and our desire to maintain at the same time an open market and the closest possible relationship with the United States of a kind that preserves the foundations of that relationship.

Let me now give you a few examples of problems that have been resolved in an ideal way, thus illustrating both the closeness of our association and our willingness and ability to take each other's interests into account.

Perhaps the best recent example is Canada's decision to provide additional gas supplies and energy to the United States last winter when you met an unanticipated and severe cold spell. This decision was not bargained against some other objective or some other issue. It was not linked. We did not treat our gas as a "bargaining chip" to use a term employed a couple of times in a recent Senate debate. It was the appropriate thing to do and was dealt with on its own merits and in its own context.

Of a different order, we in Canada have been pleased indeed with the manner in which the United States is dealing with the Garrison Diversion Project in North Dakota. This was a project that Canadians feared would have damaging ecological effects in Manitoba. You took our concerns into account on their merits, and in their own setting. You did not link them into a multi-issue deal in which one objective was dealt off against another.

One can point to former irritants that now are fading into the background as understanding emerges of the objectives sought and of the manner of operating a new policy. For example, I believe that our Foreign Investment Review Act has ceased to cause you concern. Is it now true also that misunderstanding that arose when we felt obliged to cut back oil are subsiding? You no doubt perceive that Canada took reasonable measures to protect its own legitimate interests in an energy crisis and at a time when we realized our reserves were rapidly diminishing and were very much smaller than they were thought to be only a few years ago. We observe the strenuous efforts you are making to conserve energy supplies, and we believe that you are acting in your best interests and that both of us do so in ways that avoid taking advantage of each other's predicament.

These are examples of a rational discipline exercised in each country as it translates domestic pressures and interests into policies that can profoundly affect the other. A rational discipline of this kind is based necessarily on close communications and a willingness, indeed a desire, to take into account the interests and needs of the other, and to do this with each issue viewed in its own context. It is based on mutual trust.

I fell that is the spirit in which we begin our three days of meetings. Consider for a moment a few agenda items. There is the intricate question of establishing boundaries on the oceans where our respective extended jurisdictions will meet for the first time as the result of decisions taken by our two countries to declare a 200-mile economic zone outward from our shores. This entails much negotiating, government to government, and much understanding on the part of Parliamentarians and Congressmen. There is the question of raising the tolls on the St. Lawrence Seaway, a matter we deem urgent though we recognize your different attitudes and needs. There is the question of protecting the environment, both in the air and in the water, and the problems we believe we may encounter with an oil tanker route from Alaska to the northern States. On your part, we know you have serious concerns about Canadian drilling in the Beaufort Sea and we each have concerns about the potential pollution or flooding that may be caused in the many rivers that cross our borders; the Flathead River, the Skagit and the Richelieu, to mention a few.

If I were to highlight a current and even urgent issue which may be a friction issue, though hopefully not, I would choose the problem of bringing your oil and gas from the Arctic to southern markets. Your requirements do enter into our decisions and their timing. For our part, we ask you to recognize that the exploitation of oil and gas in Canada's far north and in Alaska has substantially different social and economic implications. For example, you have found enormous quantities of oil and gas in Alaska and believe that there are equally large fields not yet identified. By contrast, the total amount of gas discovered and proven in Canada's Mackenzie Delta is small. It amounts to less than the discovery of new gas in each of the last three years in Alberta alone. Nor have we found oil in commercially viable quantities in the Mackenzie Delta. Accordingly, with the currently high rates of discovery of gas in Alberta we have, in Canada's temperate zone, at least 25 years of gas supply at current rates of consumption, even if we maintain our present level of exports to the United States. Yet we do want to give full consideration to your needs, to get your oil and gas to your markets, possibly overland through Canada.

Another difference relates to the situation regarding native claims inthe north; you have settled but we have not. The Canadian public is sensitive to native claims. It wants justice done here, not only with respect to land claims but also with respect to the social as well as environmental and ecological impacts of a massive industrial project like a pipeline. And finally, the north, because it is so large in relation to southern Canada plays, I venture to say, a more central part in Canadian politics than I presume Alaska may do in the United States. The time of our north has come.

All this is to say that our perception of the urgency of piping our arctic gas southward is different from yours. At the same time, and I reiterate, as a good neighbour we cannot fail to be concerned about your urgent requirements. Prime Minister Trudeau has assured President Carter that we will try to make our decision within the time frame laid down by Congress so that your President can take that decision into account when he makes his decision. But this is not going to be easy for us. We await our National Energy Board report two months

hence and have just now received the report of the Berger Commission recommending a ten-year moratorium before a Mackenzie Valley pipeline would be built, if at all. It will not be easy. The impact of what we decide to do will have major significance for the whole of our country.

I think it is fair to state that in general our relations at the highest levels have not been better for over a decade. Our Prime Minister and your new President have met both in Washington and at the recent summit conference in London. They apparently hit it off well together and each has made it clear that he attaches personal importance to maintaining good relations. President Carter has been continuing the good work undertaken by President Ford. To improve even further the excellent relationships between our two governments or administrations, we ourselves have just established in our external affairs department a new bureau to deal exclusively with Canada and United States relations not only with respect to bilateral questions but also with respect to world problems.

But there is also Congress with its own initiatives in legislation and its strong role in foreign affairs, answering to its constituency in a way that, because of our different parliamentary system, we do not. You may, for example, go along with your Administration or you may not go along with it. Our Parliament does go along or if it can't, we have an election and we get a new administration and a new Parliament that will work together. I raise this because I think we ought to put on the table a question I feel is worth raising in the context of the relationship between our two countries as it may be influenced by Congress acting on its own with or without initiatives by the Administration.

It is more difficult for us to characterize Congress' perception of Canada than is the case when we consider your administration perception of Canada. I say this without wanting in the least to give offence. Let me ask, is it fair to say that there is not the same ongoing commitment—is it possible, indeed, to have the same operational commitment, on the part of Congress, to the development of good relations with Canada as is maintained by United States administrations? If this is so, is it so, in part, because Congress by its very nature finds it difficult to develop a unified policy? I think in Parliament we would find it very difficult to do so. Each of you must respond to the pressures within his own district or state, and it is usually, one presumes, only when problems arise in one part or another of the country in relation to Canada that you find yourself pressed to take a position.

Let me illustrate with two recent issues involving Congress which seem typical of the process to which I refer. One was the unanimous resolution to the two Houses of Congress condemning the practice of harvesting baby seal pelts in Canada; and the other concerns the decision of Congress to modify the tax regulations regarding the treatment of convention expenses. This latter decision was probably taken without much thought of its impact in Canada. Yet by mid-April of this year, we calculated that it had already cost us $24 million in cancelled U.S. convention business. Multiply this by three, which is the normal calculation of other dollars spent by delegates, and you have a $75 million loss in the first quarter. The estimated loss for the whole year is between $100 and $200 million and may be greater because many of these associations are North American in their membership and Canadians find it important to attend whether they are held in Canada or in the United States. So they will continue to attend the conventions, but now they will be held in the United States, and this at a time when the balance of spending by tourists is already some one half billion dollars in your favour.

This is one aspect of the question I am raising; that is, the difficulty of consultation when the action taken is Congressional action. We do not seem to have appropriate mechanisms equivalent in some way to those that we have when the decisions are taken by our respective administrations.

Having once taken your decision on conventions, it becomes difficult to reverse it or to make an exception for Canada. So, when Canadian authorities raise the issue, it is suggested that we have to pay for some exceptions by making some change in one of our laws or regulations to which you find objection. For the moment, some United States leaders seem to have fixed on a Canadian law concerning the treatment of advertising expenses for U.S. broadcasting stations which have in the past profited from selling advertising in Canada. It is suggested that both are tax measures and that they may therefore be compared, although otherwise they have nothing in common.

Let me suggest that this is a bargaining game that neither of us can win. For two countries with so many relationships, there is no end to the linkages which could be made. We have always felt that each issue should be examined on its own merits and that we have enough respect and trust in each other to be able to do this. That in fact seems to be the normal course we do take when resolving issues between us. This, then, is the second aspect of the question I wanted to raise: that is, not viewing each issue solely in its own context but moving it into a context where it is related to other issues and thus where difficulties spill over into each other and indeed cause problems across the whole spectrum of our relationship. We say that we do not wish to link issues one to the other and we therefore hope that we will be able to encourage means of prior discussion with respect to Congressional action so that these closely entwined connections will not be unduly bruised because of the way our respective systems operate.

In summary, I am sure we agree that there are many matters which cannot be left exclusively to our two administra-

tions or executives. Many of the issues which affect our relationship are determined by Congress. We hope that our discussions during the next three days will help both delegations to see our specific problems in the larger context. I hope that on Monday afternoon we will revert again to the broader picture and discuss among ourselves how the issues that we have examined in each of the three working committees relate to the larger question of relations between our two countries. Perhaps discussions will lead us to modify the picture we have of the relationship. Perhaps our discussions of the things that we share will help us gain a better perspective of the problems which divide us and thus help us resolve them in a just way.

THE SENATE

Thursday, August 4, 1977

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

Prayers.

PARLIAMENT BUILDINGS

GREETING TO VISITORS—QUESTION OF PRIVILEGE

Senator Lafond: Honourable senators, I wonder if I might be permitted to raise a question of privilege which affects the Senate as a whole.

As honourable senators have noticed, we are in the middle of the tourist season. Thousands of visitors come to these buildings every day. The greeting to those visitors as they enter the centre door, according to an article in last night's Ottawa *Citizen*—and the article quotes the greeting—is as follows:

> Ladies and gentlemen, on behalf of the Prime Minister and the elected members of the House of Commons, I would like to welcome you to the Canadian Parliament Building.

If that is the prescribed form of greeting, I suggest it tends to misrepresent the nature of the Parliament of Canada and the true nature of the occupancy of these buildings. I do not know what the remedy is, but I thought that the attention of the Senate should be drawn to this matter.

Senator Perrault: Honourable senators, it seems to me that Senator Lafond has done us all a service by drawing this matter to our attention. I shall immediately make appropriate inquiries with respect to the significant points he has raised.

Senator Grosart: I wonder if the Leader of the Government is apprised of the recital given by the guides when they conduct Canadian and other visitors through Parliament. Some of the recital that is given to them is not always, in my view, correct in terms of the constitutional position of the two houses of Parliament. I would suggest that the Leader of the Government might insist, or perhaps that Her Honour the Speaker might insist, that we see the recital that is given to these guides. I might also suggest that some of them could take a lesson in voice control because I have heard them from the fourth floor.

Senator Perrault: Honourable senators, a few months ago contact was made with the Honourable the Speaker of the other place with respect to the content of certain of the descriptions given by a number of the guides. It was hoped at that time that the presentations could be improved with respect to the Senate. But if any senator is able to cite instances of misinformation dispensed by those given the responsibility of providing guidance for visitors to the building, I would appreciate receiving that information, and again I will take the matter up with the appropriate authorities.

Senator Grosart: Honourable senators, my suggestion goes beyond that, if I may say so, and that is that any statement made, at least in this part of the Centre Block, about the function of the Senate should be cleared in advance, perhaps by Her Honour the Speaker.

DOCUMENTS TABLED

Senator Perrault tabled:

> Copy of Proceedings of the Royal Society of Canada, 1976, together with a copy of the 1976-77 Calendar and a copy of the Report of Council containing the financial statements of the Society for the year ended February 28, 1977, and the auditors' report thereon, pursuant to section 9 of An Act to incorporate the Royal Society of Canada, Chapter 46, Statutes of Canada, 1883.
>
> Capital Budget of the Crown Assets Disposal Corporation for the financial year ending March 31, 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-1986, dated July 14, 1977, approving same.

● (1410)

CRIMINAL LAW AMENDMENT BILL, 1977

REPORT OF COMMITTEE

Senator Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act, and had directed that the bill be reported without amendment.

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

Senator McIlraith: With leave, now.

Senator Flynn: Would it not be more appropriate to put it on the Orders of the Day to come after the third readings that are already expected? In other words, it would come as an order of the day later this day.

Senator McIlraith moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

IMMIGRATION BILL, 1976

REPORT OF COMMITTEE

Senator van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, reported that the committee had considered Bill C-24, respecting immigration to Canada, and presented the following report:

Wednesday, August 3, 1977

The Standing Senate Committee on Foreign Affairs to which was referred Bill C-24, intituled: "An Act respecting immigration to Canada," has, in obedience to the Order of Reference of Tuesday, August 2, 1977, examined the said bill and now reports the same without amendment.

The committee, however, expresses its deep concern relative to the continuing legislative practice of delegating to the Governor in Council such substantive powers to make regulations as those contained in paragraphs 115(1)(a), (b) and (c) of the bill without a provision that regulations of this kind be not only laid before, but approved by, Parliament before coming into force.

Respectfully submitted,
George C. van Roggen,
Chairman.

Senator Grosart: Explain.

Senator van Roggen: Honourable senators, if I might be permitted just a short note of explanation on the concern expressed in the report, I might say that the committee found the bill on the whole to be an excellent piece of draftsmanship, which I mention because it cannot be said of all bills that have come to us in recent months.

Senator Flynn: I have doubts about this one also.

Senator van Roggen: I am speaking about the draftsmanship only.

The provisions on regulations in this bill are contained in clause 115, and extensive provision is made for regulations. Some members of the committee were concerned that the particular items subject to regulation contained in subclauses (a), (b) and (c) were very broad and substantive. That point was raised in the other place as well. What was done there was a step in a direction which undoubtedly some members of the committee would like to see Parliament going in, but it was only a partial step. That step was the addition of subclause (3) which states that:

> (3) No regulation made under paragraph (1)(a), (b) or (c) shall come into force until thirty days after it has been published in the *Canada Gazette*, and the text of such regulation shall be laid before Parliament as soon as practicable.

The committee felt that the further step should be taken of moving toward the British procedure whereby it is not only laid before Parliament but approved by Parliament, and this is the reason for the recommendation, the hope being that, by a suggestion such as this and a slow method of pressure, we can bring our government to the point where they will start following the English practice.

Senator Grosart: I wonder if I could ask the chairman of the committee to read the paragraphs involved, and to indicate the effect of the broad powers which would be given to the minister.

Senator van Roggen: I would be happy to read the paragraphs. I do not know that I am the ultimate authority on what the paragraphs would mean or how they would be interpreted, but I will read them to you. The clause reads:

> 115.(1) The Governor in Council may make regulations
>
> (a) providing for the establishment and application of selection standards based on such factors as family relationships, education, language, skill, occupational experience and other personal attributes and attainments, together with demographic considerations and labour market conditions in Canada, for the purpose of determining whether or not an immigrant will be able to become successfully established in Canada;
>
> (b) prescribing classes of persons whose applications for landing may be sponsored by Canadian citizens and prescribing classes of persons whose applications for landing may be sponsored by permanent residents;
>
> (c) exempting members of the family class from any of the requirements of the regulations and prescribing, in substitution for such regulations, special regulations for the purpose of determining the ability and willingness of persons who sponsor applications for landing to assist such members in becoming successfully established in Canada;

I might add that it is difficult really to consider those paragraphs without considering the objectives contained in clause 3 of the bill.

Senator Godfrey: Honourable senators, it might be appropriate at this time if I said a few words on this subject. I was a member of the joint immigration committee and we toured the country. One of the main problems we had to consider was the question of nominated relatives. At the present time 66 per cent of people coming into Canada as immigrants come in under the category of sponsored and nominated relatives.

After a great deal of consideration the committee came to the conclusion, with only one dissenting vote, that the nominated relative class should be eliminated. If one had a nominated relative, under the old rules the nominated relative got as many as 30 points out of the 50 points that were required.

The committee recognized that it was a certain advantage for people who had close relatives in Canada; it was easier for them to integrate when they came here; they could be accommodated for some time; they could be told what was the form; and they could be given help in other ways. So, in place of the nominated relative class the committee proposed that 10 points be given to certain close relatives outside the immediate family.

The bill was drafted on that basis. Then, when the bill was presented, due to pressures from various people, the cabinet announced that by regulation they would overrule the recommendation of the committee, which was made on a vote of about 20 to one, and that they were going to go back and reinstitute the nominated relative class the way it was under the present regulations.

This is the very point that Senator van Roggen is referring to. It comes under paragraph (b). That is what happened. The bill was drafted on certain bases because of the fact that the nominated relative class was going to be eliminated; and the committee recommended, and the government, quite rightly, I think, agreed, that the immediate family class should be extended to include, for example, parents of any age. They have now gone back and changed their mind by regulation, but they still left in the revision of the bill itself the provision about parents, which was put in there because the nominated class was to be eliminated.

● (1420)

This continuation of the nominated class is going to be a very serious problem in the future, particularly when we restrict the total number of immigrants coming into Canada. The effect is going to be that probably far more than 66 per cent of the people who get into this country from now on will be nominated relatives and will tend to go to the place where their nominating relatives are, and that is where they are not needed and where previous immigrants have gone, namely, to Montreal, Toronto and Vancouver. We will therefore not get immigrants spread into the places where they are needed, out in the west, in certain communities. There is not reunification of a family where the nominating relative is settled in Toronto, and a new immigrant who is a nominated relative goes out west, where he might be needed, for example, in Thompson, Manitoba, where, as was pointed out to the committee, they have a large turnover of labour.

I am not a member of Senator van Roggen's committee, but I do want to support the *caveat* that was put into this report.

The Hon. the Speaker: When shall this bill be read a third time?

Senator Riley moved, with leave, that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

NATIONAL FINANCE

STANDING SENATE COMMITTEE—ADDITION TO COMMITTEE MEMBERSHIP

Senator Petten moved, with leave of the Senate and notwithstanding rule 45(1)(i):

> That the name of the Honourable Senator Steuart be added to the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

ADJOURNMENT

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, August 5, 1977, at 10 o'clock in the forenoon.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO SIT DURING ADJOURNMENT OF THE SENATE

Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit during adjournments of the Senate.

Motion agreed to.

REVENUE CANADA

REMOVAL OF OFFICES FROM SAINT JOHN, NEW BRUNSWICK—QUESTION

Senator Riley: Honourable senators, I should like to direct a question to the Leader of the Government.

Is it the intention of Revenue Canada to move its offices, or any part of its offices, away from the city of Saint John, New Brunswick? If so:

(a) Why?

(b) Where will these offices be moved to?

(c) How many employees will be affected?

I consider this question to be of an urgent nature, and I would hope that the Leader of the Government will be in a position to give an answer as expeditiously as he answered Senator Molson's question the other day.

Senator Perrault: While this question is more properly one which I think should be answered in written form, because of the lateness of the session, and the urgency of the question, I shall endeavour to obtain the requested statistical information tomorrow.

Senator Flynn: If not, send him a letter.

NORTHERN AFFAIRS

POLICY REPORT—QUESTION ANSWERED

Senator Perrault: Honourable senators, on Tuesday, August 2, the Honourable Senator Austin asked if the government would make available this week its report on northern policy which, as he said, had been promised for the last several months.

I can inform honourable senators that the Prime Minister, yesterday, released a document with respect to this matter—a document entitled "Special Government Representative for Constitutional Development in the Northwest Territories." In

conjunction with the release of this document, the press communiqué says:

> The Prime Minister announced today the appointment of the Hon. Charles M. Drury as Special Representative for Constitutional Development in the Northwest Territories. Mr. Drury will report to the Prime Minister on wide-ranging consultations to be carried out with leaders of the Territorial Government, northern communities and native groups on measures to extend and improve representative and responsive government in the Territories.

The detailed terms of reference, together with a government background paper "Political Development in the Northwest Territories," were attached to the press release made by the Prime Minister yesterday. I understand that copies of these documents are available for honourable senators, but if it is the wish of the house to have material incorporated in today's *Hansard* that request will be met. It is whatever Senator Austin and other honourable senators may wish.

Senator Austin: Honourable senators, I would wish this, inasmuch as it would make this very important political document about the development of the political system in the Northwest Territories more readily accessible to honourable senators and to a number of other people.

I should like to ask the Government Leader one supplementary question, and I thank him for providing the documents to me just before 2 o'clock today. Does the government seriously intend to establish—

Senator Flynn: "Seriously"?

Senator Austin: —some sort of political residency test in the Northwest Territories before Canadians who move there will be able to exercise their political franchise?

Senator Flynn: Are you suggesting the government is not always serious?

Senator Perrault: Honourable senators, I have no information to indicate that the government is moving in that direction.

Senator Flynn: It is serious.

The Hon. the Speaker: Is it agreed, honourable senators, that these documents be printed to today's *Hansard*?

Hon. Senators: Agreed.

(*For text of documents, see appendix, p. 1257.*)

ACQUISITION OR RENOVATION OF HOMES

GOVERNMENT ASSISTANCE FOR SINGLE PERSONS—QUESTION

Senator Grosart: I would ask the Leader of the Government if he thinks it is possible to have available, before the recess, the answer to a question I asked on Monday about availability of government assistance to single persons with respect to the acquisition or renovation of housing. It is rather an important question to many single persons who are anxious to know what rights they may have, and if their rights are at the moment as restrictive as appears to be the general opinion.

Senator Perrault: Honourable senators, efforts will be made to provide that information before we recess for the summer.

May I say at this time that it will be the intention, barring unforeseen circumstances, to have royal assent at 12.45 tomorrow afternoon. The business of the Senate has been moving along rather well and the co-operation of all members of the Senate in the process has been gratifying.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Senator Langlois: Honourable senators, before the Orders of the Day are called, at the request of the Deputy Chairman of the Standing Senate Committee on Transport and Communications, I wish to inform the members of that committee that a meeting will be called this afternoon at around 5 o'clock. Members will be informed by telephone of the exact time and place of the meeting.

• (1430)

EMPLOYMENT AND IMMIGRATION REORGANIZATION BILL

THIRD READING

Senator Hicks moved the third reading of Bill C-27, to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

Motion agreed to and bill read third time and passed, on division.

CANADIAN WHEAT BOARD ACT WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—THIRD READING

Senator Olson moved the third reading of Bill C-34, to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

Hon. Jacques Flynn: Honourable senators—

Senator Greene: Hear, hear.

Senator Flynn: I am happy that Senator Greene applauds me. I was sure he'd appreciate my delaying the passing of this bill for a few minutes.

The situation created yesterday by the refusal to accept a nearly unanimous report of the Standing Senate Committee on Agriculture, recommending that the bill be not proceeded with further, leaves me rather uneasy. The committee came to the conclusion that the bill was not necessary. I think that is the essence of the report. By refusing to accept the report, the Senate in fact said, "We maintain that the bill should be passed." But the Senate does not know at this time, as third

reading is moved, what the committee would have done, if it had known what the Senate's reaction would be to such a recommendation. Would it have suggested amendments to modify the bill, or would it have said, "If you insist that the bill be enacted, it should be enacted in the form in which it was referred to us"? That is why I was disappointed that the motion by Senator Hays was not accepted. I grant you the context was not the same. The Senate had not yet rejected the committee's recommendation.

We are now in a situation in which we do not know what the committee would have done had the bill been returned to it after the refusal of the Senate to accept the committee's recommendation that the bill should not be proceeded with further. Normally the situation in a case such as that should have been to return the bill to the committee with the request that it be reported with or without amendment. That is the question that was put, in fact, to the committee by the decision of the house yesterday afternoon, but we do not have the answer; we do not know how they feel. I will not move that we should do that, as I know full well the disposition of the house in this respect. Yesterday's vote was too close for the government's comfort; the minister in charge of the Wheat Board came too close to being disastrously humiliated. Government supporters would not risk—

Senator Greene: I rise on a point of order.

Senator Flynn: I'll be very interested to hear your point of order.

Senator Greene: Honourable senators, I believe it is contrary to parliamentary practice to comment upon the result of a vote that has already been taken in the Senate.

Senator Asselin: An old story.

Senator Greene: With respect to my honourable and learned friend, I would point out that this is a violation of parliamentary practice.

Senator Flynn: I do not know if Madam Speaker wishes to rule on this point, but I am certainly entitled to interpret the decision of the Senate. If I am not, then I wonder what in fact we can do here. If that is a technical objection raised by Senator Greene, I think he should say it is merely a technical objection. I have no objection to listening to what he has to say.

Senator Greene: Honourable senators, I do not look upon it as a technical objection; it is a very sound rule, evolved through constitutional parliamentary practice to give an end to something. If a vote could be commented upon and reviewed *ad infinitum*, no parliamentary proceeding would ever come to an end. Therefore, Parliament, both at Westminster and here, has come to the very salutary constitutional practice that once a vote is taken that is the end of the matter. It is to give a definitive conclusion to something. It is not a technical matter; it is very important that there be a way of ending debate. The vote is the way of ending it and, with respect to my honourable friend, that should be the end of it.

Senator Flynn: Suppose I were to move that the bill be not now read a third time but be referred back to the committee, do you seriously suggest I would be abusing the rules of this house in so doing? Do you for a moment suggest that?

Senator Greene: Yes, I do.

Senator Flynn: Come on; be serious. It is all very well to intervene with these petty little objections, but I ask you: Can I or can't I move that the bill be referred back to the committee? I most certainly can, and that is what I was discussing, whether or not I should do so. I decided against doing so because it is quite obvious that the Senate, after what it did yesterday, would do the same thing again. I am not criticizing what the Senate did; I am saying that it did that and it would likely be stubborn enough to do the same thing again.

Senator Marchand: Logical enough.

Senator Flynn: Logical enough only in that particular Liberal meaning Senator Marchand would give to the word "logical". So, I say to you that on a future occasion such as this, in my opinion, we should consider whether it would not be better to return a bill to committee in order to ascertain whether the committee would have reported it with or without amendment. As it is, we don't know what the committee would have done. But we have faith in the good sense of the majority here, the kind of faith that is forced upon us, and, as a result, will allow the bill to pass.

Hon. Senators: Hear, hear.

Senator Perrault: It would be contrary to my nature, honourable senators, to engage in disputation at this time.

Senator Flynn: I don't know about that.

Senator Perrault: However, I do not think the suggestion is well founded that somehow there is an unreasonable effort to force through any bill.

Senator Flynn: No, of course not.

Senator Perrault: I appreciate your reassurance on that point. I would like to remind honourable senators of the current work which is going forward in the Transport Committee to improve a bill which appears to need improving in some respects.

Senator Flynn: Pardon me?

Senator Perrault: In my opinion this procedure has the Senate operating at its very best—proposing a number of changes which should be made in a proposed measure before it is enacted into law.

● (1440)

Senator Asselin: What about Bill C-9?

Senator Perrault: I want to conclude by saying that there is no suggestion here that there has been any attempt to force through legislation which is, essentially, unsound. Evidence of this is to be found in the work of the eminent members of the Transport and Communications Committee who have been working so diligently to improve a bill over the past number of weeks.

Senator Flynn: The whip will surely support you in your remarks that there has been no pressure.

Motion agreed to and bill read third time and passed.

CRIMINAL LAW AMENDMENT BILL, 1977

THIRD READING

Senator McIlraith moved the third reading of Bill C-51, to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

Hon. Ann Elizabeth Bell: Honourable senators, I wonder if I might be permitted to say a few words before the question is put. At the outset, I want to associate myself with the remarks of the sponsor of the bill, Senator McIlraith. I thought he did an excellent job in outlining the principle of the bill.

Some Hon. Senators: Hear, hear.

Senator Bell: The drafting of the bill must have been frightfully difficult. As the Leader of the Opposition pointed out, it is an omnibus bill. Its principle, if there is a principle in an omnibus bill, is the tightening of our criminal procedures, which is something which is very much wanted in Canada at this time.

I am sure that the minister would be the first to agree that this bill will not result in firearms being kept out of the hands of the criminal element. However, it will at least reduce the accessibility of firearms—something with which the majority of Canadians will be in agreement.

I should like to commend the minister responsible for this bill for his efforts in guiding this difficult piece of legislation through Parliament. It is not the first time he has performed this type of difficult task for the people of Canada. One can think right away of the imaginative and courageous bills he has presented in the past, such as our excellent packaging and labelling legislation, his imaginative housing and urban development programs, and so forth, and now Bill C-51.

I do not make these remarks simply because he is a fellow British Columbian. It is not partisanship on my part. I simply felt that the excellent work of the Honourable Stanley Ronald Basford should be brought to the attention of the Senate before we adjourn for the balance of the summer.

Hon. Jacques Flynn: Honourable senators, I cannot allow the record to stand with only praise of this bill. I do not mind hearing praise of the minister responsible. I can understand Senator Bell's wanting to praise a fellow British Columbian; there is no doubt that he has done a good job. I think he did a good job in committee yesterday. However, he did not dissipate all my doubts concerning many of the provisions in this bill.

It was proven in committee yesterday that the interim report of the Legal and Constitutional Affairs Committee on Bill C-83, the predecessor bill, tabled in the Senate on May 13, 1976, was almost entirely disregarded. That report recommended that provisions concerning the regulation of long guns—and I am not now speaking of prohibited weapons—be taken out of the Criminal Code and put into a separate statute. That recommendation was ignored on the ground that to remove those provisions from the Criminal Code would be to put in doubt the competence of Parliament in that area. I don't buy that.

I am also uneasy about the provisions concerning wiretaps. Wiretap authorizations are granted for a period of 60 days, but can be renewed indefinitely. In addition, the subject of the wiretap need not be advised until three years after the end of the wiretapping. Theoretically, the period from the date of the initial authorization to the date on which the subject is advised of the wiretap could be as long as five years.

We had evidence in committee yesterday that one wiretap lasted for a period of 15 months. Under Bill C-51, the subject of that wiretap wouldn't have to be advised for three years from the end of the wiretap. The committee, in its interim report on Bill C-83, recommended that a judge be given the power to grant one extension not exceeding 90 days and that two judges be required to consent to any additional extensions. That recommendation was also disregarded.

Another point raised by the committee—and this is perhaps minor in practice but important in principle—was that a person deemed to be a dangerous offender would have his indeterminate sentence reviewed after three years, whereas an individual sentenced to a term of imprisonment of 15 years but not found to be a dangerous offender would have his sentence reviewed only after five years. In other words, a person convicted of rape and sentenced to 15 years but not declared a dangerous offender would have his sentence reviewed only after five years, whereas were he to have been declared a dangerous offender his sentence would be reviewed after three years, and every two years thereafter. In any event, this may not be too important. We were told in committee yesterday that, generally speaking, sentences rarely exceed 10 years. The committee drew this anomaly to the minister's attention, but nothing was done about it.

On the whole, I have an aversion to omnibus bills, and I am still uneasy about many of the provisions in this particular bill. That notwithstanding, I have no doubt that it will pass, but on division.

Motion agreed to and bill read third time and passed, on division.

• (1450)

IMMIGRATION BILL, 1976

MOTION FOR THIRD READING—MOTION IN AMENDMENT NEGATIVED

Senator Riley moved the third reading of Bill C-24, respecting immigration to Canada.

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

Senator Flynn: Honourable senators, it will not surprise you that I rise to add a few words on this bill also. After all, we on this side gave the Senate and the government the opportunity

to have these bills referred very quickly to committees so that those committees could do what was possible under the circumstances. I want particularly to praise the Foreign Affairs Committee for having devoted long hours to studying this bill in depth. It is an important piece of legislation, and it must have been tiring to do what the committee did. It finished very late last night.

But, I rise particularly because I am interested in the rider to this report. The committee reports the bill without amendment, and then adds:

> The committee, however, expresses its deep concern relative to the continuing legislative practice of delegating to the Governor-in-Council such substantive powers to make regulations as those contained in paragraphs 115(1)(a), (b) and (c) of the bill without a provision that regulations of this kind be not only laid before, but approved by, Parliament before coming into force.

That brings back memories of the report on Bill C-9 concerning the James Bay agreement. I am quite sure honourable senators will remember that we had the same kind of report on that bill. It presents the Senate with the same question: when a committee believes that something should be done, why does it not do it rather than make a simple recommendation? Why does the committee not have the fortitude to act as it believes it should? Senator Perrault assures us that no pressure is exercised upon his followers, that any amendment the Senate wants to adopt will be seriously considered by the government. But I remain convinced that the practice is being established in this place that no amendment or no contrary report will pass unless the government has indicated, if not explicitly then at least implicitly, that it is willing to accept it.

Senator Perrault: The Maritime Code?

Senator Flynn: Yes, you have accepted that the Maritime Code be amended. But it is quite obvious that this will in no way hurt the government; amending that bill will help the government. I am quite willing to discuss the Maritime Code if you want to change the subject. But this is not the same problem at all. The Maritime Code will be amended because the government wants it amended. It has no choice, really. The bill is that defective.

But, I repeat that it is quite clear that the Senate will not be allowed, nor will a committee of the Senate be allowed, to amend legislation or to submit a report which is contrary to the wishes of the government. If there is any indication that this is about to happen, the government forces will be mobilized right away. The whip will go to work and a compromise will be sought. And that compromise will usually be the kind of thing that we have in this report, not an amendment but a recommendation, a pious hope, no more. And that is all the majority in this place is allowed to do, honourable senators.

But if the members of the committee believe what they say in this report, then they should be prepared to accept an amendment along these lines, and I plan to test their conviction by moving, seconded by Senator Grosart, that the bill be not now read the third time, but that it be amended by striking out subclause 115(3) on page 68 and substituting therefor the following:

> (3) Any regulation made under the provisions of paragraph 1(*a*) (*b*) (*c*) of this section shall be laid before Parliament within 15 days or, if Parliament is not then sitting, within 15 days after it reconvenes, and such regulation shall be subject to the affirmative resolution of Parliament and shall not come into force until 30 days after it has been published in the *Canada Gazette*.

I have had some copies of this motion prepared for distribution, if anyone is interested. The Leader of the Government does not appear to be interested, nor does the deputy leader.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Riley, seconded by the Honourable Senator Rizzuto, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Grosart, that the bill be not now read a third time, but that it be amended by striking out subclause 115(3) on page 68 and substituting therefor the following:

> (3) Any regulation made under the provisions of paragraph 1 (*a*) (*b*) (*c*) of this section shall be laid before Parliament within 15 days or, if Parliament is not then sitting, within 15 days after it reconvenes, and such regulation shall be subject to the affirmative resolution of Parliament and shall not come into force until 30 days after it has been published in the *Canada Gazette*.

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

Hon. George C. van Roggen: Honourable senators, the Honourable Leader of the Opposition used what I took to be rather strong language in referring to committee hearings, including my own committee's on this particular bill, when he described them as not being allowed to do certain things by the Leader of the Government. If I did not have such a high personal regard for the Leader of the Opposition I would resent those remarks. However, since I do hold him in high regard personally, I will not say that I resent them; I will simply say that I reject them completely.

I might just say that I was not in this chamber on Tuesday evening when this bill was referred to my committee, because I was attending the meeting of the Standing Senate Committee on Transport and Communications, which I had been doing since 9.30 that morning, and by 10 o'clock that evening we had not proposed amendments there that had been agreed to by the Leader of the Government. We had put forward amendments and attacked that bill, because it needed so much improvement that amendments were necessary; and there was no agreement that the government would accept them. Indeed, that committee acted in a responsible, proper fashion, without any direction from the Leader of the Government.

● (1500)

The very next morning I took this particular bill, which was referred to my committee, and we started at 9.30 in the morning and we finished at 11 o'clock last night. During that

whole day I never once spoke to or saw either the whip or the Leader of the Government; neither did any member of the committee, as far as I am concerned. So I resent—or rather, I will revert to what I said before: I reject the suggestion that any pressure, of any nature whatever, was brought to bear on that committee relative to this being put in as a recommendation rather than as an amendment.

Senator Flynn: I will accept your word, but only if you assure me that you intend to support the amendment.

Senator van Roggen: That I have not the slightest intention of doing. If we had wanted to amend it we would have brought this in by way of an amendment rather than as a recommendation, and we would have done so in the committee yesterday. But we decided, as a unanimous decision of the committee, that we would bring it in by way of recommendation, and that was considered by the members of the committee the proper thing to do. I certainly support the committee in that.

Hon. George I. Smith: Honourable senators, I should like to make a brief reference to one or two of the things said by the Honourable Senator van Roggen in reference to the Transport and Communications Committee and the Maritime Code bill, Bill C-41, with which that committee has been struggling for quite some time.

I want to say to him that there is absolutely no comparison between that terrible piece of draftsmanship and any ordinary bill. Anybody who spent the first few hours in that committee knew at once that it was a dreadful piece of proposed legislation that could not possibly be accepted by any responsible body as something that after examination could be passed in the form in which it first came before us. To say, therefore, that this is a good example of where people are free to act according to their consciences does not make a very good impression on me, because I think the only possible thing anyone with a conscience could do with that bill is exactly what we are doing with it.

There was no chance to argue whether it was good, bad or indifferent. Even the distinguished gentleman delegated, as I understand it, by the Minister of Transport, or his deputy minister, to take chief responsibility for the bill before the committee submitted over a dozen amendments himself before we got well started with him.

I think Senator van Roggen is also assuming more than has as yet happened, because we do not know whether any of those amendments, even those submitted by the distinguished gentleman in question, will be accepted. As I understand the work of the committee, it now has something like 130 amendments before it, none of which has been passed upon, not even those presented by the government. So I think he chose a rather poor example indeed.

Senator Flynn: Indeed!

Senator van Roggen: I was pointing out the difference between a good bill and a bad bill. This was a good bill we dealt with yesterday, and on balance we want to pass it.

Senator Flynn: Why criticize it, then?

Senator Smith (Colchester): The honourable senator allows his enthusiasm for his defence to overcome his good judgment, because he knows that if that bill was a good bill the recommendation attached to it would never have been attached to it. He would not have brought himself to say, "This is wrong, and we recommend that it be changed." He knows very well that he does not approve of that piece of legislation.

After all, you do not have to take my word for that, or the word of the Leader of the Opposition. There is the report which Senator van Roggen presented hardly more than an hour ago. So I say he has chosen a poor example indeed to buttress his allegation that honourable senators always do as they please around here.

Senator Walker: Hear, hear.

Senator Smith (Colchester): I suppose the fact that he could not find a better one, that he had to resort to such a feeble one, indicates how little defence he really had.

Senator Walker: Hear, hear.

Senator Smith (Colchester): I therefore wish to support the amendment moved by the Leader of the Opposition and to say that it merits the most careful and sympathetic consideration by all honourable senators.

Hon. Allister Grosart: Honourable senators, I also rise, I need hardly say, to support the amendment moved by the Leader of the Opposition and seconded by myself. I will confine my remarks to the substance of the amendment. Its purpose is obviously to make this a better bill. The problem that arises in connection with clause 115 is that, in effect, it negatives all the good intentions of the bill.

In this bill we have clause 3 dealing with the objectives of Canadian immigration policy. That is the title of Part I. We were told over and over again in committee that this was a unique approach by the Canadian government to state its broad humanitarian principles in respect of immigration into Canada. I questioned its effect, its legal effect, and the committee was told by the representative of the department that, if there was any conflict between these high-sounding objectives and a specific provision in the bill, the specific provision would prevail. That means that in any conflict relating to any matter arising under the great discretionary power given to the minister under clause 115 all the pious statements of the government in clause 3 are washed out; they have no meaning.

I would point out that part of the discretion that is given to the minister in the regulations is to prescribe classes of immigrants and to set up application standards on the basis of several things, including language. Here, in a country where we are so involved with the rights of people to speak a language, an official language of their own country, we are now giving the minister the power under clause 115 to bar somebody because the minister does not like the language he speaks. In case there is any question about that, I will read it:

> The Governor in Council may make regulations
>
> (a) providing for the establishment and application of selection standards based on such factors as family rela-

> tionships, education, language, skill, occupational experience and other personal attributes—

This means that if he does not like the colour of a prospective immigrant's hair that is a personal attribute; and so is the colour of a person's skin.

I say the committee was surely right in saying that it deplored this clause. Why did the committee decide not to make an amendment? I am a member of that committee, but at the particular time this decision was made unfortunately I was in another committee or I would certainly have insisted, so far as I am concerned, that this be brought in as an amendment. I would have insisted because that is the position I have taken in respect to all such decisions of committees since I have been in this chamber.

An eminent researcher is at the present time preparing a thesis on the Senate of Canada. This person, in discussing with me the work of the Senate, said, "I get the impression that the Senate is afraid of its own shadow." I replied, "I am not sure whether it is our own shadow. We are certainly afraid; there is no question of that. We are afraid to amend legislation."

• (1510)

In discussion I was prompted to wonder why. I still do not know why. What would happen if the Senate amended the bill as, in effect, recommended by the committee? If it supported the objection by amending the bill, what would happen? The bill would go back to the House of Commons. I have no doubt myself, or very little doubt, that the government would accept this amendment and it would pass the House of Commons in due course.

Senator Flynn: Quickly.

Senator Grosart: I think quickly. What is it that we are afraid of? Over and over again we seem to shy away from amending a bill because it would disrupt temporarily the legislative process.

On the positive side, as I have said before, and repeat, there is nothing that will improve the image of the Senate more than for it to become active in actually amending bills, of not shying away from it, of not being afraid, as we so often are, of our own shadow. We have had several instances of this in this session, and several quite recently, and they have been referred to in the discussion so far.

I support the proposition put forward by the Leader of the Opposition for this and other reasons. It is noticeable that in the committee's addendum to its report it expresses "deep concern," not merely about this specific but about the "continuing legislative practice" of delegating to the Governor in Council the special substantive powers to make regulations.

I presume that the committee really meant to say such powers to make substantive regulations, because that is the essential principle. Any power given is substantive because it is power in substance. The point is that these are substantive regulations that the government is empowered to make—so substantive that they can destroy the whole bill. Yet the committee, for various reasons, said it showed "deep concern," but not enough concern to amend the bill.

I think this is a classic case of the Senate—and some of its committees, because it has become the practice in committee—always to be looking over its shoulder and to be constantly afraid of its own shadow. I do not expect this is the time when there will be a turnaround in the attitude we seem to take, but I see some hope, perhaps, in the closeness of the vote we had the other day, and I find myself continually complimenting those senators who do not vote merely for or against the government or for or against the opposition. Senator Macdonald voted against the majority of his colleagues yesterday, and we on this side applaud him for it. I myself have found only one opportunity, in my years here, to vote against the majority of my colleagues in the opposition, but no doubt occasions will arise.

Senator Perrault: You have had plenty of opportunities.

Senator Grosart: The Leader of the Government says that I have had plenty of opportunities. I can only say he has given his own colleagues plenty of opportunities to take the same attitude. The motion put by the Leader of the Opposition does point to the essential fact that if we in this chamber do not make amendments, we are downgrading the work of the chamber, we are passing our responsibilities to committees and allowing committees, in effect, to take us off the hook by making pious suggestions with no clout at all to them. When this Senate starts to regain the respect of the public and Parliament, that will be the time when it starts to actually amend bills, when it is the consensus of the Senate that they should be amended, and I need hardly say that there have been many occasions when the obvious consensus has been that a bill should be amended; but honourable senators have not voted that way for their own reasons. However, I repeat that the turnaround in the image of this chamber will come when we actually start to amend bills and send them back to the House of Commons.

Senator McIlraith: Would the honourable senator permit a question—

Senator Grosart: Of course.

Senator McIlraith: —in clarification of the motion before the house? The motion indicates that any regulation made under the provisions of the clause in question shall be laid before Parliament. The following is the wording:

> —and such regulation shall be subject to the affirmative resolution of Parliament and shall not come into force until 30 days after it has been published in the *Canada Gazette*.

The limitation on this coming into force seems merely to be the 30 days after publication of the regulation. The thrust of the senator's remarks was criticism of the power being taken to the Governor in Council, that it should be replaced by something to bring it under the control of Parliament.

Will the Deputy Leader of the Opposition explain how this resolution, as drafted—I am asking him a narrow technical point of drafting—will bring the power to make regulations under the control of Parliament? It merely says that the regulations "shall be subject to the affirmative resolution of

Parliament." It does not provide that they not come into force unless they have the affirmative resolution of Parliament. It is a rather narrow drafting point that I am raising.

Senator Grosart: It could be changed, but I would suggest to Senator McIlraith that as it stands it does exactly what it is intended to do. If it is "subject to the affirmative," that obviously means that it is "subject." If there is no affirmation, it does not come into force. It says:

and shall not come into force until 30 days after it—

The "it" obviously refers to the affirmation. Read that way, the motion makes it very clear that without the affirmation by Parliament—not just the House of Commons or the Senate—unless it is affirmed, it dies. It is subject to affirmation.

Senator McIlraith: It is somewhat similar to the draftsmanship that was under criticism this afternoon. I hope the honourable senator will take a look at the draftsmanship on another occasion.

Senator Flynn: If Senator McIlraith is in favour of the principle involved, we could arrange to correct the amendment, if he so wishes. If that is his only objection, it could be met very easily.

Hon. Eugene A. Forsey: Honourable senators, after what I said about this bill on second reading, no one will be surprised that I rise to support strongly the amendment moved by the honourable the Leader of the Opposition. Indeed I had seriously considered moving such an amendment myself, but I was so doubtful whether any other honourable senator would share what my old friend Arthur Meighen used to call "my lust of combat" on this subject that I was inclined to think that I should have to content myself with saying "on division" when third reading was moved.

I rise now merely to say that while I appreciate the action of the committee in adding this recommendation—I am not a member of the committee; I was present when the matter was discussed, and I expressed approval of the recommendation, of course—while I do appreciate and value the recommendation, I frankly do not think it is enough. I think the Honourable the Deputy Leader of the Opposition said there was no clout to it.

I agree with the view that the amendment should be passed, that it is absolutely essential to the proper functioning of parliamentary government and absolutely essential to proper functioning of the Senate that it should be done.

● (1520)

Hon. Royce Frith: Honourable senators, speaking to the amendment, I have just two brief points.

First, let me say that I was present at the committee meeting last night, and as I understood what led to the addendum to the report, there seems now to be some confusion between the suggestion or recommendation and paragraphs (a), (b), and (c). The iniquity or fault that the recommendation is aimed at is not paragraphs (a), (b) and (c), because the evidence given to the committee was that those paragraphs in fact represent a step forward. They set up at least some standards, whereas the present act has none at all. The present act leaves the whole question to the caprice of anyone who wants to apply it. The objection, therefore, was not to the existence of the standards. There is no particular iniquity in paragraphs (a), (b) and (c). The problem was, as I understood it, that they are so important that the committee was gravely concerned about the fact that they could be subject to regulation without further approval of Parliament.

My second point is this. If I have understood properly what I have heard said in favour of the recommendation, I do not understand how there is ever going to be room for a committee to make recommendations short of an amendment, without being accused, to use the honourable leader's words, of not having the fortitude to go so far as to make an amendment. In other words, every time a committee considers the question of an amendment or a recommendation—such as I saw this committee consider last night—and debates the question and comes to the conclusion that there is no case for an amendment, but rather for a suggestion, as the chairman of the committee has said, to urge the government to keep advancing towards what is contained in subclause (3)—since subclause (3) itself does represent an advance, though not a sufficient advance, as Senator Forsey said, in his judgment, towards the kind of objectives he is talking about—if such a committee is always going to be accused of not having the fortitude to make an amendment it might as a consequence not even decide to make a recommendation, telling itself that if it does, for sure, somebody is going to say that the government tells us everything we must do, that we have no independence, that we do not make any judgments ourselves, that the Senate is afraid of its own shadow, and all these other accusations that, for the same reasons as are advanced here, can be advanced everywhere, every time a committee fails to make an amendment, or falls short of making an amendment, for reasons that it thinks are sound.

The principle that I have to vote against with regard to this amendment is contained in the words that have been used to support it, namely, that we should have an amendment because there was some lack of fortitude displayed in falling short of making an amendment.

From what I saw from my participation in the committee last night, it was not a matter of that at all. It was a matter of taking a decision that was considered the best thing to do. Committees should have the opportunity to feel that they are not always going to be criticized for not having independence of thought simply because they do not go to the full length of making an amendment in every case.

Hon. Charles McElman: Honourable senators, the Honourable Senator Frith has covered most of the points I had proposed to deal with, but there are a couple of others.

Reference has been made to the work of the Standing Senate Committee on Transport and Communications on the Maritime Code bill. The statement was made in this connection by the Honourable Senator Smith (Colchester) that no responsible body, after having looked at it, would pass such a bill in its present form. I would remind the honourable senator

that such a bill did pass another body; it passed the House of Commons.

Senator Grosart: He said "a responsible body".

Senator Flynn: What difference does it make?

Senator McElman: You are making my point very effectively. It did pass another body.

Senator Flynn: Sure it did. By accident.

Senator McElman: I think the work that has been done in the Transport Committee has been exceedingly good. I think it will continue to do a good job with that bill, and I think it is showing not only its own independence now, but, I hope, will show the independence of this body very shortly, or, at least, when we meet again in the fall. I therefore see no reflection upon that committee.

I see no basis for suggesting that there is a reflection on this committee for what it did last evening, either. I was present last evening. We sat well into the night; it was well after the hour of 10 when we finished our work. I did not see any signs of irresponsibility. There was excellent discussion of the proposal that has come forward today as an addendum to the report, and there was no submission of an amendment. There was discussion of it, but in the end it was decided that as a reasonable compromise, at this stage of the session—

Senator Flynn: "Compromise"?

Senator McElman: That is my word. A reasonable compromise was reached, at this stage of the session. This is not the first time a compromise has been reached within a political group, I am sure, including this Parliament, this house and the committees of this chamber. There was unanimous agreement on the part of the committee members to that compromise.

The party represented by the gentlemen opposite and the Honourable Leader of the Opposition, the mover of this amendment, was there represented by a very able and honourable gentleman.

Senator Flynn: Quite so.

Senator McElman: I hope I am not being unfair on this matter. I do not know what others were doing last evening, but to the best of my knowledge there was only one committee meeting last evening when our committee met, and the mover of this amendment, and the group that he represents, have more than one member on that committee.

Senator Grosart: Perhaps, on a point of privilege, I should point out, because of the suggestion that the absence of other members from this group in that committee was inexcusable—and that appears to be the suggestion, because there was only one present at the meeting—that there are many other activities which require the presence of representatives of this group; not merely one meeting of this committee. There are other committee meetings going on, of which he is apparently unaware. I know of other committees being attended at that time by members of this group, and at least one member who is a member of that committee.

Senator McElman: You are speaking of committees of this house, are you, sir?

Senator Grosart: I am speaking of committees of Parliament.

Senator Riley: At 11 o'clock at night?

Senator Grosart: No. From 8 o'clock on.

An Hon. Senator: A caucus meeting?

Senator Grosart: It was not a caucus; it was a committee.

Senator McElman: You are drawing inferences, obviously in high dudgeon, that I did not make. I stated a fact. The fact is that one of your members was present.

Senator Grosart: Yes.

Senator McElman: The fact is that that committee numbers among its members not only one member of your group. Now, is there something wrong with my drawing those facts to your attention? If there is, I would like to hear about it. However, I drew no inference from those facts. I stated those facts.

Senator Grosart: For what purpose?

Senator Flynn: If there is no inference, for what purpose do you state them?

Senator McElman: I have stated two facts.

Senator Flynn: For what purpose?

Senator McElman: You are drawing your own conclusions.

Senator Flynn: I will draw my own conclusions with regard to your purpose.

Senator McElman: That's fine.

Senator Perrault: Now, don't get political.

Senator Flynn: Did you hear what your Leader said? He said to me, "Don't get political." I'd like to know what he thinks you're doing.

Senator McElman: If I have offended you by the recitation of these two facts, then I withdraw anything I said that would be offensive to you.

Are you through at the moment? If you are, I will continue and say that it is my personal view, having been here for several years now, that a great deal of progress is being made in the committees of this house, and in the house itself. There were times when unnecessarily the whip was out, and not only on this side. The Honourable Senator Grosart has referred to the fact that he has not found many opportunities. I frankly do not recall one when he did not vote with his group.

● (1530)

Senator Grosart: I said there was one.

Senator McElman: I beg your pardon?

Senator Grosart: I said there was one.

Senator McElman: Oh, do you have a record of it, sir? I would like to know of it.

Senator Walker: Don't be so petty. We are trying to wind up this session. Now you are a small, little fellow.

Senator Greene: Aren't we all?

Senator McElman: If you and I are to start trading insults again, I can only say to you that from my minimal height I look down on you.

Senator Walker: Nice work, sonny boy.

Senator McElman: That is as far as I wish to go with the resurrection of our usual level of debate.

Senator Walker: Well, sit down, will you? Don't be so petty.

Senator McElman: No, no, I shall not sit down. I did not initiate this debate, and I did not reflect upon this committee. As a member of the committee that did sit last evening, that worked very hard and produced, I think, a reasonable report, I use the word of the chairman—and I will go further—I resent the reflection upon the committee. I support the committee report. I think it is a step in the right direction. I think it brings to the attention of those responsible in another place that the time is approaching when they will have to pull up their traces a bit. This is not the first indication. It is one of many. There will be more. I think the Senate is starting to meet its obligations quite well.

I will oppose the amendment.

[*Translation*]

Hon. Martial Asselin: Honourable senators, as I was a member of the Senate Committee on Foreign Affairs which considered Bill C-24, I think it is my duty to say a few words following what has been said and the amendment proposed by Leader of the Opposition.

It is true that the committee did considerable work considering Bill C-24, clause by clause, with a view to clarifying certain provisions which we thought posed difficulties of interpretation. I was the first last night when we discussed clause 115 to raise the point that is now before this house. I did so because it was not a new argument. On several occasions, in this house and in the other place the principle was raised that Parliament is the ultimate authority, the ultimate tribunal. Parliament must accept the regulations passed by the Governor in Council whose purpose is often to determine in a text of law certain freedoms to be denied to certain individuals.

So I put forward that principle last night that Parliament must absolutely have something to say about the regulations passed by the Governor in Council. I concerned myself particularly with giving example to show that certain regulations passed by the Governor in Council often have a tendency to change the spirit of the legislation passed by Parliament. It was logical, absolutely normal, that the regulations proposed by the Governor in Council be approved by Parliament and that Parliament have an opportunity to discuss them, to pass them again, since Parliament had already passed legislation, and those regulations deal with that legislation.

Senator Frith and Senator McElman submitted that no formal amendment was put forward. This is quite true. No formal amendment was proposed, for the reasons given by Senator McElman. Other committee members felt the session was coming to an end. The bill had been before our committee for the whole day. We had been considering it seriously. We felt that although there was no amendment, there should be a recommendation by committee members that from now on, when accepting regulations under some statute, the government should submit those regulations to Parliament for subsequent approval. This was a principle to be established. It is also my feeling that if you read the committee proceedings you will note the statement by me to committee members, that since the session is nearing its end, a formal amendment should not be put forward, but all committee members supported a recommendation such as that put forward by the chairman.

But when we are faced this afternoon with a formal amendment similar in substance to what was discussed last night, and consistent with the views expressed by committee members on the very principle involved this afternoon, and although we did not decide last evening to recommend an amendment for the reasons I have just explained but rather to make a recommendation, as we were in support of the principle in committee, we could not oppose a formal amendment that would be introduced on third reading.

For this reason I feel I am not breaking away from committee discussions since such a formal amendment has been introduced along the lines we were discussing in committee last night. Once a member in the house decides to put forward such a formal amendment, I feel I am released from the understanding reached last night in committee. I feel that I can in good faith support the formal amendment now before this house, and so I shall.

● (1540)

[*English*]

Senator Flynn: Honourable senators, I will not detain you long, but I must reply to a few of the things that have been said about the amendment.

Senator Grosart has indicated that the regulations are not of a general type; they affect the legislation in a very special and particular way. That is why we refer only to certain paragraphs of the clause dealing with the regulatory powers of the Governor in Council.

Senator Frith said that because I criticized the fact that the committee did not go far enough, in future no committee will be able to make a simple recommendation. I think that is a rather simplistic argument. There are cases when it is practically—not politically; I said practically—impossible to make amendments, and then a committee can make recommendations. There are occasions, for example, when a committee is reporting on a given question or on the subject matter of a bill, when it can, in fact, make only recommendations, and should do so. Here the recommendation is about a very specific amendment, and the problem is one of politics, not of drafting.

Senator McElman implied that I criticized the committee. I did not criticize the committee for the work it did. I criticized the conclusion to which it came. I was very careful to say that

I had great admiration for the fact that the committee had sat long hours and dealt very thoroughly with this bill. I criticized the committee because, after having done all this good work, it did not follow through to the next logical step and amend the bill. That is the point.

Senator McElman also seemed to imply that because only one member of the opposition was present for the committee's study of this bill, we are, therefore, not entitled to criticize the report or to draw the conclusion that I draw in proposing my amendment. I suggest that that is totally unfair. Because of our small numbers on this side, we, at times, can't have more than one senator attend a committee sitting. Senator Asselin agreed to represent us in this case and was present throughout the deliberations. Members on your side, Senator McElman, should never have the temerity to imply criticism of the absence from committee of any member of the official opposition.

Some Hon. Senators: Hear, hear.

Senator Flynn: A comparison has been made between the work on this bill and the work of the Standing Senate Committee on Transport and Communications on the Maritime Code. Senator Smith (Colchester) has replied very well to that argument. No one in the Transport Committee can tell me that the government was not happy with the fact that we were revamping that bill. Sure, that bill went through the other place, but what difference does that make? They make plenty of mistakes over there; we know that here. But there is no comparison at all between the work of the Transport Committee on the bill dealing with the Maritime Code and what happened with this bill. Surely you are not saying that because the government was pleased with the work we were doing in the Transport Committee it stands to reason it would accept with equal pleasure an amendment to this bill. If so, good. I'll expect you all to vote for the amendment.

I say that the conclusion of the committee is based, not on its work—it did very good work—but only on a political consideration. If you are in favour of the recommendation you must, of necessity, be in favour of the principle embodied in the amendment. You cannot get away from it. Because the committee did not go as far as I suggest it should have done is no reason to say, "I'm against the amendment." Senator Asselin put that very well when he said, "If I am in favour of the recommendation I should certainly be in favour of a step that would implement the recommendation."

I will add only this. If the Leader of the Government, after consultation with the minister responsible in the other place, were to say, "All right, we accept this amendment," I am quite sure that the House of Commons would approve it in five minutes. The essence of the amendment was approved by the opposition in the other place, and with the support of the government it would take five minutes tomorrow, or tonight, for them to concur in this proposed amendment. That is all there is to it. If you believe in it, why don't you do it? It is not so difficult. Just move a small step further. If it is insulting for me to tell you that, then I will never be able to criticize you again without insulting you. But I'll learn to live with that.

Senator van Roggen: It depends on the size of the step, I suppose.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those who are in favour please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1600)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Grosart
Beaubien	Macdonald
Cameron	Phillips
Flynn	Smith (Colchester)
Forsey	Walker—11.
Godfrey	

NAYS

THE HONOURABLE SENATORS

Austin	Langlois
Bell	McElman
Bosa	McGrand
Bourget	McIlraith
Burchill	McNamara
Connolly (Ottawa West)	Molgat
Cook	Neiman
Cottreau	Norrie
Denis	Olson
Eudes	Perrault
Fournier (de Lanaudière)	Petten
Fournier	Riley
(Restigouche-Gloucester)	Rizzuto
Frith	Robichaud
Giguère	Smith (Queens-Shelburne)
Greene	Steuart
Inman	van Roggen
Lafond	Williams—36.
Lamontagne	

The Hon. the Speaker: I declare the motion in amendment lost.

Shall the main motion carry?

Senator Bosa: Honourable senators, I made a recommendation in committee yesterday that the word "multiculturalism" be included in the objectives of the immigration bill. I am not 100 per cent sure as to why the word was left out of the objectives, but I hope it does not indicate a dilution of the concept of multiculturalism in this country.

I was somewhat assured by the remarks of the minister in committee yesterday when he said that the omission was not intended to emasculate the concept of multiculturalism. While I am not entirely satisfied with what has been said on the matter, I accept his word that the omission does not change government policy on multiculturalism.

Motion agreed to and bill read third time and passed.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

On the motion to adjourn:

Senator Perrault: Honourable senators, I move that the Senate do now adjourn.

Senator Bourget: Honourable senators, before the question is put, I should like to remind members of the Transport and Communications Committee that there will be a short meeting of the committee at approximately 5 o'clock this evening. I will inform members by telephone as to the precise time and place of the meeting. It should only be about 10 or 15 minutes in duration.

The Senate adjourned until tomorrow at 10 a.m.

APPENDIX

(*See p. 1246*)

NORTHERN AFFAIRS

SPECIAL GOVERNMENT REPRESENTATIVE FOR CONSTITUTIONAL DEVELOPMENT IN THE NORTHWEST TERRITORIES

Terms of Reference

The Special Representative for Constitutional Development in the Northwest Territories shall be appointed by the Prime Minister and be authorized:

i) to conduct a systematic consultation with recognized leaders of the Territorial Government, northern communities and native groups about specific measures for modifying and improving the existing structures, institutions and systems of government in the Northwest Territories, with a view to extending representative, responsive and effective government to all parts of the Territories and at the same time accommodating the legitimate interests of all groups in northern society, beginning with those of the Indian, Inuit and Métis;

ii) to seek consensus among the various groups consulted about specific proposals and measures that could be implemented progressively through legislative amendment of Federal and Territorial laws, as well as through administrative action as required;

iii) to coordinate these activities with those taking place concurrently on land claims put forward by northern native groups and with any discussions at the official level about administrative adjustments in the relationships and functions of government in the Northwest Territories;

iv) to keep the Territorial Government and other interested parties fully informed about the progress of the consultations;

v) to consult as required with the Ad Hoc Committee of Cabinet on Constitutional Development in the North, through its chairman the Minister of Indian Affairs and Northern Development;

vi) to report from time to time to the Prime Minister on all these matters with recommendations for action by the Federal Government.

2. In no way restricting the generality of the foregoing, the Special Representative is authorized to include on his agenda for consultation the following specific subjects:

i) possible division of the Northwest Territories an the basis of functional factors, including economic, sociocultural, and other relevant factors, but excluding political divisions and political structures based solely on distinctions of race;

ii) phased restructuring of political institutions in the Northwest Territories to achieve a greater degree of responsible government, including but not limited to consideration of the composition and jurisdiction of the Territorial Council, the composition and role of the Executive Committee, the continuing responsibilities and role of the Commissioner, the future relationship with the Federal Government, and reserved powers of the Minister and Governor-in-Council;

iii) transfer and delegation of Federal responsibilities and programs to the Territorial Governments;

iv) devolution of responsibilities, powers and functions from the Territorial Government to communities, with a community option of creating regional institutions for specific purposes;

v) statutory and other safeguards for protecting native interests, including language, cultural and traditional pursuits;

vi) arrangements for promoting native participation in government at various levels, including residence requirements, constituency boundaries, a municipal ward system, representation on subsidiary bodies and in the public service;

vii) the political role if any of native institutions for economic development deriving from claims settlements;

viii) continuing Federal ownership and management of non-renewable resources, with sharing of resource revenues;

ix) decentralization of surface land use and management procedures with institutionalized arrangements for jointly-planned economic development;

x) appropriate financial arrangements to support the foregoing.

3. The Special Representative will be assisted by an advisory group seconded from the Federal and Territorial Governments together with any other expert consultants he may require from time to time.

4. The Special Representative shall be responsible for the effective conduct of the consultation and to this end is authorized:

i) to establish a headquarters in the Northwest Territories;

ii) to convene meetings in various communities in the Northwest Territories with local leaders and other participants he may wish to invite;
iii) to enter into contracts with expert consultants as required;
iv) to employ administrative support staff;
v) to manage funds provided to the Inquiry

on terms and conditions to be approved by the Treasury Board.

5. Departments and agencies of both the Federal and Territorial Governments shall be required on request to provide information, advice and other assistance to the Special Representative.

6. The Special Representative shall complete his consultations and related activities expeditiously so that decisions relating to constitutional development in Northwest Territories may be taken by the Government at the earliest possible date.

POLITICAL DEVELOPMENT IN THE NORTHWEST TERRITORIES

In the past few years constitutional issues have assumed increasing importance in the Yukon and Northwest Territories, as the Territorial Governments evolved and the various native groups formulated their land claims. This statement is concerned primarily with the situation in the Northwest Territories and begins with the recognition that for historical and other reasons the situations in the two Territories are sufficiently different to warrant some variation of treatment. Nevertheless, many of the main factors and forces are in play in both Territories and may call for similar if not identical responses, if satisfactory solutions are to be worked out with the people principally concerned. Some of the implications for the Yukon are suggested later in the statement.

Most of the pressures and tension prevalent in the Northwest Territories today derive from three major factors:

—The general demand for a greater degree of self-government whether at Territorial or community level;

—the determination of the native peoples, Indian, Inuit and Métis, to get recognition and power largely through the settlement of their land claims;

—the urgent need for direction and pacing in the development of the economy in all parts of the Northwest Territories, long dominated by the vagaries and fluctuations of non-renewable resource operations.

These three factors have been very much in play during the rather lengthy period of proceedings leading to a pipeline decision in the North. They are producing disruptive forces, they interact among themselves and they continue to bear heavily on the whole question of how the Northwest Territories will evolve politically in the next decade or so.

The Territorial Government, led by the now fully elected Council, are looking for broader jurisdiction, a greater authority and more effective control of all aspects of northern living. These aims are reflected at the community level where municipality, hamlet and settlement councils are increasingly asserting themselves. At the same time the native associations, in particular the Indian Brotherhood of the Northwest Territories and the Inuit Tapirisat of Canada, have been working: to loosen the authority of the Territorial Government and Council; to influence political development at community level; and to achieve political power, cultural recognition and economic strength for native groups as a whole, mainly through land claims which the Federal Government has since 1973 undertaken to settle through negotiation.

In essence, most of these assertions of political aim and aspiration are recognized by the Government as being legitimate and timely. The Carrothers Commission of 1966, whose recommendations were instrumental in starting the movement toward Territorial self-government, called for a further review in ten years and in effect this is now underway. However, the issues today are aggravated and confused by a tendency on the part of political leaders on all sides in the Northwest Territories to express their objectives in extreme terms. Extreme utterances have served to harden positions, to drive the racial groups farther apart and to create a potential for confrontation that for the small population widely scattered across the Northwest Territories can only be destructive.

The Federal Government has full constitutional responsibility for political development in the Northwest Territories. It is committed to certain policy courses which for some time have had a direct bearing on that responsibility among them:

—The adoption in December 1970 of national objectives for the North that included furthering the evolution of self-government;

—the emphasis and priority in the northern policy statement of March 1972 on fulfilling the needs of all northern peoples;

—the commitment in the Indian/Inuit claims policy statement of August 1973 to negotiate comprehensive claims settlements with various claimant groups in the Yukon and Northwest Territories;

—the increasing involvement of local communities and other groups in the decision-making process as regards major resource development, signified since 1974 by the appointment and proceedings of the Berger Commission of Inquiry;

—the emphasis since 1975 in Indian and Inuit policy on promoting and safeguarding the identity of these native people within Canadian society and in achieving an improved relationship with them through a cooperative approach to policy and program development.

The Government has concluded that the time has come to take further major steps in the direction of enabling all northerners to govern themselves in ways of their own choosing. It is central to this conclusion that the native peoples of the North should participate effectively in this political evolution and at the same time be assured that their rights and interests, individually and collectively, will be protected and taken into account. The Government is determined to dis-

charge its responsibility in these matters with a flexibility and openness of mind, and a willingness to consider constructive changes and innovations.

Political development will be achieved through a full, frank and systematic consultation with recognized leaders of the Territorial Government, northern communities and native groups about specific proposals and measures for modifying and improving the existing structures, relationships and institutions of government in the Northwest Territories. To conduct this consultation the Government has appointed as its Special Representative, Mr. Drury, who will begin his work in the Northwest Territories by the end of the summer. This statement, which is not intended to prescribe solutions at this stage, provides a framework of policy guidance within which the proposed political consultation can get underway.

Non-Renewable Resource Development

National interest dictates that the Federal Government maintain its ownership and control of the potentially significant non-renewable resources in the Northwest Territories. In its brief, "Priorities for the North", the Territorial Council referred to the transfer of powers over all surface and sub-surface land resources, although in preliminary consultations this point was not pressed as an immediate goal. The land claims of the various native groups in the Territories also seek to bring about participation of predominantly native communities in resource development, particularly as it relates to land use. The Government assumes that negotiated settlements of these claims would include forms of compensation and institutions which would enable the native groups to play a part in economic development and benefit from it, while following their own traditional pursuits to the extent that they may wish to do so.

Both the Territorial Council and native claimant groups are looking for some sharing of revenues the Federal Government derives from the development of non-renewable resources. The Government has accepted in principle that such revenue-sharing should occur, as the result of claims settlements and through government-to-government agreements. This is seen as a further means of providing both the native groups and the Territorial Government with sources of continuing support as they move to take charge of their own affairs in respective fields of responsibility.

In view of the energy and other resource requirements that are now recognized as becoming increasingly urgent in future, the Government wishes to maintain some momentum in the exploration and development of northern non-renewable resources. The need to know about Canada's frontier reserves is an important element in the Government's energy and resources policies. The Government is also committed to ensuring effective protection of the northern environment and of otherwise taking fully into account the concerns of northern peoples about the regional impacts of resource activity.

Government mechanisms and working arrangements for consulting all northern organizations and groups directly affected by such activity, and directly concerned with land use and resource conservation, will be strengthened and improved in all areas of the Northwest Territories.

At the same time, the Government contemplates that the ownership and control of renewable resources and of some lands will be transferred to the Territorial Government*, on the one hand, and under claims settlements to northern native groups, on the other. This implies that, if the Federal Government continues to control non-renewable resources, a workable system of planning, coordination and cooperation will be essential, if the economic development of the Northwest Territories is to proceed in a rational and coherent way. One of the fundamental causes of uncertainty and anxiety about the future of the Territories stems from the absence of an integrated strategy for economic development which of necessity must take into account variations of condition and need in the various regions of the Northwest Territories. The Federal Government is prepared to work closely with the Territorial Government and the native claimant groups in devising institutions and joint working arrangements for planning and carrying out such a strategy. The precarious nature of the Territorial economy demands no less.

Protection of Native Rights and Interests

From a variety of sources the Government is aware that the Indian, Inuit and Métis groups in the Northwest Territories are looking for legal provisions and political safeguards that will continue to protect their rights and interests no matter what changes may take place in future in the composition of the population; in the responsibilities, powers and functions of the Territorial Government; and in the shape and functioning of the Territorial economy. The native peoples are particularly concerned about their languages and other cultural aspects; their lands and traditional pursuits of hunting, fishing and trapping; their participation in subsidiary bodies of government concerned with such key questions as education, game management, surface land use, conservation and environmental protection. In claims proposals, they have also raised the question of political control and of residence requirements for political purposes.

This whole question of safeguarding the rights and interests of minorities in various parts of the Northwest Territories is not easy to answer but it is one that clearly needs to be given full weight in claims negotiations and in any political consultations about constitutional development.

Because of the complexity of the current demographic distribution and the possibility that the composition of the Territorial population may change substantially, it seems desirable that any legislation proposed for establishing legal rights and political safeguards should strike a fine balance between minority and majority rights.

* Throughout the text, any reference to "Territorial Government" in the future should be read as including the possibility of more than one such government in case the Northwest Territories may be divided.

Among measures that could be considered in the course of consultations about possible inclusions in legislation, presumably the Northwest Territories Act, are the following:

—Establish at Territorial level an advisory commission or council on native affairs whose advice would be required for all decisions of the Territorial Government and all legislation of the Council directly affecting the rights and interests of the native peoples, according to a list prescribed by law.

—Establish that Indians, Inuit and Métis would have proportionate representation on all major subsidiary boards, committees and commissions of the Territorial Government responsible for surface land use, conservation and environmental protection, inland waters, game management, education and cultural pursuits.

—Establish a set of reserved powers conferred on the Commissioner or the Minister in relation to northern native matters.

—Establish for the mixed communities over a certain population (perhaps 1,000) a ward system for civic elections.

—Establish electoral boundaries that reflect the community of interest in various regions, e.g. rural municipalities could have a lower ratio representation in the Territorial Council than the urban municipalities.

As for residence requirements, the Government fully recognizes the concern expressed by native peoples that their rights and benefits, achieved through claims settlements, which might depend on Territorial legislation for fulfilment, should not be done away with or diluted as a result of some new surge of white population into the Northwest Territories. Quite apart from the special interests of the native groups, moreover, are the quite special conditions that exist in frontier society and should be taken into account in deciding how to move on constitutional issues. It is equally important for native and non-native members of such a society that there be some stability in the political situation at Territorial and local levels. Accordingly, while the Government is not prepared to consider the lengthy periods put forward in native claims (10 to 15 years residence), it is willing to consult with northern leaders about instituting some degree of residence requirement for specified political purposes.

Division and Devolution in the Northwest Territories

The land claims in the Northwest Territories of the Indian Brotherhood and of the Inuit Tapirisat (particularly in its most recent restatement) call for the creation of new separate territories, each with a government having a direct relationship with the Federal Government. The boundaries for each would be drawn along lines that encompassed the areas in which the preponderence of Dene and Inuit populations reside respectively. Political control would rest in the hands of the dominant majority in each Territory. The advocates of these positions, which are not developed much beyond a broad line of principle, argue that the Indian and Inuit peoples need territorial jurisdiction, with wide responsibilities, powers and functions in order to survive as distinct cultural groups within Canada.

As already indicated in this paper (under Protection of Native Rights and Interests) the Federal Government is committed firmly to a policy of supporting the concept of continuing Indian and Inuit identity within Canadian society. It is part of this policy that the requirements for sustaining identity are to be worked out jointly with representatives of the Indian and Inuit peoples involved. It is assumed, in the North as well as in southern Canada where Indian reserves are established, that local autonomy is central to the concept of continuing Indian/Inuit identity and status. Other elements include the preservation and promotion of Indian/Inuit languages and other cultural interests; the continuation of hunting, fishing and trapping rights; Indian/Inuit control of education within their communities; encouragement of their economic development; the general strengthening of Indian/Inuit communities through housing and other infrastructure programs; training in managerial and other skills; the delegation of authority and transfer of resources from government to Indian/Inuit communities.

This whole line of policy and program development finds a parallel in the Government's approach to the settlement of comprehensive land claims, wherever they arise in Canada. Packages of settlement proposals are assembled, elaborated and implemented through processes of negotiation with the various claims groups and with variations to take account of the local situation in each case. This approach to land claims is being followed for all native claims in the Yukon and Northwest Territories.

In the Northwest Territories, the initial position put forward by the Indian Brotherhood and the Inuit Tapirisat ranges well beyond the policy the Federal Government is prepared to follow. As has been indicated, the Government has no wish to see the cohesion of ethnic communities undermined: quite the reverse. In the North, as in the South, the Government supports cultural diversity as a necessary characteristic of Canada. However, political structure is something quite different. Legislative authority and governmental jurisdiction are not allocated in Canada on grounds that differentiate between the people on the basis of race. Authority is assigned to legislatures that are representative of all the people within any area on a basis of complete equality. Jurisdiction is placed in the hands of governments that are responsible, directly or indirectly, to the people—again, without regard to race. These are principles that the Government considers it essential to maintain for any political regime or governmental structure in the Northwest Territories.

Accordingly, unless the Indian and Inuit claimants are seeking the establishment of reserves under the Indian Act, as in the South, the Government does not favour the creation in the North of new political divisions, with boundaries and governmental structures based essentially on distinctions of race and involving a direct relationship with the Federal Government.

A case can be made for dividing the Northwest Territories, mainly becase of its size and widespread regional differences

along functional lines that might run generally North and South. Such division would take into account common interests such as distinctions of language, culture and way of life; economic needs and opportunities; transportation and communication facilities; potential resource revenues. In this way, for instance, the Eastern and Central Arctic area might be divided from the Mackenzie Valley and Delta area along a line determined after full consultation. Among other variants could be that of dividing the predominantly mainland, inhabited areas from the larger uninhabited Arctic Island area, with the latter forming a third, essentially Federal territory for resource exploration and development. The Government is prepared to see such possibilities explored in appropriate political consultations. Division along these lines could go some distance toward meeting the wishes of some of the Inuit and Indians for a territory of their own, although a territory along the lines of the one mentioned for the Eastern area would not be exclusively Inuit any more than one along the lines mentioned for the Mackenzie would be exclusively Indian. These two groups, nevertheless, would form a sizeable proportion of the population in each of the new territories, enabling them to exert a strong influence on government through the democratic process both at territorial and community level.

To move farther in the direction the native groups are looking, representative government in the Northwest Territories (whether divided or not) could be heavily decentralized primarily to the local communities, where in many places the native peoples will continue to be the clear majority. These communities would have an option of establishing regional institutions, which in effect would be an amalgamation of community effort to further Indian and Inuit group interests in such matters as education, land use control, game management and renewable resource development. These are interests distinct from community-level needs such as housing, sanitation, social services and recreation. Already in the Baffin Island and Keewatin regions, community leaders have been proposing regional bodies and the Territorial Government is actively encouraging them, through its policies of decentralization and devolution.

Such amalgamation of native group interests in regional institutions might be desired by all the predominantly Indian and Inuit communities, which in effect are rural municipalities with special interests arising across large land areas. A further requirement in the Mackenzie Valley would be to take fully into account the local wishes of Indian bands as regards the role their band leaders might have in community government and regional institutions. For the cities and towns, the urban municipalities with mixed populations, regional institutions would probably not be viewed as a desirable option.

Devolution would require some realignment of powers and functions between the Territorial and local levels of government. The Territorial Government might continue to exercise broad but defined powers of a policy, finance and regulatory nature, performing in particular a supervisory role in relation to the municipal system which would include urban municipalities (cities and towns) and rural municipalities (hamlets and settlements) and any forms of regional government that might be set up. The responsibilities, powers and functions of the municipalities themselves would also be defined. Such definitions could be the subject of statutory provisions or formal agreements sanctioned by statute.

Responsible Government

In furtherance of the objective of achieving self-government in the North, the Government since 1970 has adopted legislative and administrative changes for both the Yukon and Northwest Territories, in effect enlarging the Territorial Councils, strengthening the Executive Committees by adding elected members of Council, and transferring further jurisdiction and authority to the Territorial Governments. The Territorial Councils have expressed a desire to move to provincehood as the next step but, while pressure for provincial status is mounting, it does not have whole-hearted support in either Territory, certainly not from native groups, who see it as a threat to their special identity and political position. The native leadership is understandably more concerned at the present time about establishing a firm political base for the native peoples and in working out accommodations with non-native interests, mainly through claims processes.

In recognition of the legitimate aspirations and desire of all residents of the Northwest Territories to take charge of their own affairs, the Federal Government is prepared, in addition to other measures already mentioned in this statement, to engage in consultations about the following steps relating to a phased extension of responsible government:

—the restructuring of political institutions and powers, including but not limited to the composition and jurisdiction of the Territorial Council, the composition and role of the Executive Committee, the continuing responsibilities and role of the Commissioner, and reserved powers of the Minister and Governor-in-Council;

—the transfer and delegation of Federal responsibilities and programs to the Territorial Government;

—the devolution of responsibilities, powers and functions from the Territorial Government to communities with the suggested community option for creating regional institutions.

The pace of developments along these lines is likely to vary from territory to territory, if a decision were taken to divide the Northwest Territories as suggested earlier; and from region to region in any event, depending on the capacity of the communities concerned to absorb change. If such division did occur, it would add a different dimension to such questions as enlarging the Territorial Councils and Executive Committee, transferring jurisdiction and programs, adjusting the mandate and role of the Commissioner. As well, devolution to communities could produce its own set of variables affecting the structure, responsibilities and functions of government at Territorial level.

There is an assumption in some quarters in the Northwest Territories that responsible government could and should lead eventually to provincial status, just as the western provinces evolved from the original Northwest Territories. In the light of the factors outlined in this Statement, the Federal Government believes that other possibilities are worth exploring. One alternative would be a Regional Municipality-type government, under which very substantial powers would be vested in the communities comprising the various regions.

The likelihood is that for a long time to come the northern territories, however they are organized politically, will require substantial financial assistance from the Federal Government to meet budgetary deficits. Financial requirements are bound to be the subject of annual consultation and negotiation between the Federal and Territorial levels of government as the process of political evolution unfolds, probably because of it as well. In addition, if the efforts to achieve local and regional autonomy are to succeed, there will have to be financial negotiations between the territorial and community levels of government. In sum, the whole process of phased change in the direction of responsible government will require carefully balanced arrangements to ensure that financial resources follow the devolution of responsibilities, powers and functions to the decentralized levels of government.

Process of Political Consultation

Early in 1977 the Council of the Northwest Territories asked for a special Commission of Inquiry under their auspices, to consult with communities and other interested groups in the Northwest Territories about constitutional developments. To accommodate this kind of approach the Government has decided to appoint its Special Representative to conduct the systematic consultation this statement has been discussing. The objective of this action-oriented consultation is to extend representative, responsive and effective government to all parts of the Northwest Territories and at the same time accommodate the legitimate interests of all recognized groups in northern society, beginning with those of the Indian, Inuit and Métis peoples.

The Special Representative will seek to arrive at agreement or consensus among the various groups consulted about specific proposals and measures that can be implemented progressively through legislative and administrative action. The Special Representative will coordinate his activities with those taking place concurrently in relation to the land claims put forward by northern native groups and also with any discussions at official level about administrative adjustments in the roles and relationships among the three levels of government operating in the Northwest Territories.

The Special Representative will report from time to time to the Prime Minister on all these matters with recommendations for action by the Federal Government. These reports will be considered by an ad hoc committee of Ministers under the chairmanship of the Minister of Indian Affairs and Northern Development.

The Special Representative will be assisted by an advisory group composed of seconded Federal and Territorial officials, together with any other experts and consultants he may require. He will arrange to hold meetings with the northern leaders concerned in various parts of the Northwest Territories. As appropriate Territorial Councillors representing constituencies in which consultations are taking place, will be invited to participate. The Territorial Government will be fully involved throughout the process.

The Special Representative is authorized to set up headquarters in the Northwest Territories and to employ staff for administrative support. Departments and agencies of both the Federal and Territorial Governments are being asked to provide information, advice and other assistance to the Special Representative. As well he will have for consideration various proposals and position papers which have been submitted to the Minister of Indian Affairs and Northern Development from the Territorial Council, the Territorial Government, community councils and the native associations in the Northwest Territories.

The Government is aware that the positions put forward in this statement do not satisfy all the submissions and claims presented in the past year or so from interested parties in the Northwest Territories. The statement is guidance for a process that is expected to continue for a lengthy period of time which will largely be determined by the progress made. The issues and attitudes involved are such that quick solutions are neither possible nor desirable.

Enough has been said in the statement to sustain the Government's view that whatever approaches are made in either the Yukon or Northwest Territories, they should be carefully timed and paced with an emphasis on flexibility, sensitivity and workability. The Special Representative, in the course of the political consultation, and other Federal representatives engaged in claims negotiations, must have sufficient room to manoeuvre freely, in order to consider the wide range of proposals expected to emerge from Territorial, community and native groups. An ongoing capacity for change in the face of a rapidly evolving situation must be assumed.

The Situation in the Yukon Territory

For a number of reasons the approach to constitutional development in the Yukon is being considered separately from the one followed in the Northwest Territories. To begin with the Yukon has a longer history of Territorial self-government and quasi-independence. The population balance and distribution, the economy, the municipal structure, and facilities for transportation and communications are all different. The land claims situation, which involves the Council for Yukon Indians (representing the Indian and Métis people of the Yukon), the Federal and Territorial Governments, is rather different and farther advanced than any claims in the Northwest Territories at the present time.

The question of dividing the Yukon does not arise but most of the other major issues, basically between the native and

non-native segments of the population, are similar in each Territory. This suggests that the principles, responses and measures discussed in this statement on political development in the Northwest Territories would have some relevance and application in the Yukon.

In the Yukon the process for political consultation on constitutional issues has not been fully worked out. In preliminary discussions, the Territorial Council has asked for the appointment of a Special Representative. It has also put forward certain proposals, including recommendations of April 20, 1977 from its Standing Committee on Constitutional Development; and a proposed replacement for the Yukon Act dated June 5, 1977, involving the establishment of provincial government.

At the same time consideration of the Indian land claim is continuing in a cooperative planning process that involves representatives of the Federal Government, the Territorial Government and the Council for Yukon Indians. All Yukoners are being kept informed about this process, through the publication of jointly-agreed position papers, as they emerge. On July 15 the Planning Council released a paper containing a proposed settlement model.

Although claims discussions of necessity do touch on constitutional questions, there may be a need of a different approach for resolving the fundamental issues of political development in the Yukon. After further consultations with the parties concerned in the Territory, the Government will be deciding whether and when a Special Representative would be appointed for the Yukon, together with his terms of reference.

THE SENATE

Friday, August 5, 1977

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of Order in Council P.C. 1977-1951, dated July 7, 1977, amending Schedule I to the Canada Grain Act, effective August 1, 1977, pursuant to section 15(6) of the said Act, Chapter 7, Statutes of Canada, 1970-71-72.

Copies of the Interim Report of the Environmental Assessment Panel on the Alaska Highway Pipeline, dated July 27, 1977, to the Minister of Fisheries and the Environment (Mr. H. M. Hill, Chairman).

Copies of document entitled "Alaska Highway Pipeline Inquiry", dated July 29, 1977 (Mr. Kenneth M. Lysyk, Chairman), issued by the Minister of Indian Affairs and Northern Development.

Copies of Discussion Paper entitled "A Canadian Transportation Accident Investigation Commission", dated August 4, 1977, issued by the Minister of Transport.

Copies of document entitled "MacKenzie Valley Pipeline Inquiry, Synopsis of Volume Two", dated July 27, 1977 (The Honourable Mr. Justice Thomas R. Berger, Commissioner), issued by the Minister of Indian Affairs and Northern Development.

Copies of Order in Council P.C. 1977-2066, dated July 21, 1977, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Copies of contracts between the Government of Canada and the municipality of The Pas, Manitoba (*English Text*), and the municipality of Neguac, New Brunswick (*French Text*), for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, Chapter R-9, R.S.C., 1970.

Copies of document entitled "Response of the Solicitor General to the Parliamentary Sub-committee Report on the Penitentiary System in Canada", dated August 5, 1977.

SCIENCE POLICY

COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE VOLUME 4 OF REPORT ON CANADIAN GOVERMENT AND OTHER EXPENDITURES ON SCIENTIFIC ACTIVITIES

Senator Lamontagne moved, with leave of the Senate and notwithstanding rule 45(1)(i):

That the Special Committee of the Senate on Science Policy be authorized to publish and distribute Volume 4 of its Report on Canadian Government and other expenditures on scientific activities and matters related thereto, as soon as it becomes available, even though the Senate may not then be sitting.

Motion agreed to.

ATTORNEY GENERAL

POSSIBLE CHANGE OF SITE OF STAFF COLLEGE—QUESTION

Senator Olson: Honourable senators, I should like to ask the Leader of the Government if he could find out whether the Attorney General intends to move his staff college from Edmonton, Alberta, to Saskatoon, Saskatchewan. If that is true, perhaps the leader could also inform the Attorney General that that college is functioning very well in Edmonton and could try to discourage him from making that move.

Senator Perrault: Honourable senator, I shall certainly make an inquiry with respect to the possible removal of the staff college to another Canadian site. However, I do not believe it is my responsibility to convey the opinion expressed in the second part of the honourable senator's observation, in view of the divergent opinions which exist in this chamber with respect to the desirability of Saskatoon certain sites in comparison with other sites.

REVENUE CANADA

REMOVAL OF OFFICES FROM SAINT JOHN, NEW BRUNSWICK—ANSWER DEFERRED UNTIL LATER THIS DAY

Senator Perrault: Honourable senators, yesterday Senator Riley sought certain information with respect to Revenue Canada. I am informed that that information is on its way to the Senate, and therefore I will seek leave later this day to provide the information he requested, since this is quite likely the last day before the recess during which it will be possible to give the answer.

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, I should like to take this opportunity to say that because of two matters of some

substantial public importance which have arisen in recent hours, it may be necessary to delay royal assent until 4.45 this afternoon. An endeavour will be made to have royal assent earlier than that, but I would ask honourable senators, if they are in a position to do so, to remain here this afternoon in order to be here for royal assent and for certain other information which may be available as the hours progress during the day.

FOREIGN AFFAIRS

LOANS TO FOREIGN COUNTRIES—QUESTION

Senator Desruisseaux: Honourable senators, on June 13 last I asked the Leader of the Government a question pertaining to the amounts of money owed to us by foreign countries, and I asked for the particulars of the reasons for those debts. As a partial answer I was told that the agency CIDA was involved. I was given to understand later by the Leader of the Government that there might be further information forthcoming. I am a little surprised at the delay that has occurred, because, after all, we should know what is owed us by other countries. I realize that my question covered a number of years and that it could take some time to provide the information, but I now ask the government when I can expect to receive that information. Might it be in the fall?

• (1010)

Senator Perrault: Honourable senators, I shall initiate an immediate inquiry with respect to the status of that further reply which was suggested might be possible. That shall be done today.

ACQUISITION OR RENOVATION OF HOMES

GOVERNMENT ASSISTANCE FOR SINGLE PERSONS—QUESTION ANSWERED

Senator Perrault: Honourable senators, I have just received another document containing information sought by the Honourable Senator Grosart. That information has just been handed to me. It concerns his question of August 1 regarding the status of single persons in respect to obtaining government assistance for the acquisition or renovation of homes.

I am advised as follows by Central Mortgage and Housing Corporation:

The National Housing Loans Regulations provide that, in the sale or leasing of any house or any unit in a multiple family dwelling constructed with the aid of a loan made by an approved lender under the National Housing Act, the borrower will not discriminate against any person by reason of race, colour, religion, national origin, sex or marital status: regulation 57B.

The one exception to this regulation arises in the Assisted Home Ownership Program where, to meet the objectives of the program, at least two persons must occupy the housing unit. I quote:

> Loans under Section 34.15 of the NHA shall be made in respect of family housing units occupied by not less than two persons; and contributions under Section 34.16 of the NHA shall be made in respect of family housing units occupied by not less than two persons, one of which is an adult and the other a dependent child of that adult. (Regulation 97.3)

Senator Grosart: I thank the honourable Leader of the Government for his reply. Nevertheless, I am not clear yet as to the status, because it seemed to me that the information he gave was that under a home assistance program the assistance would not be given unless the space to be occupied was occupied by more than one person. Would that still exclude a single person?

Senator Perrault: It would not seem to exclude a single person. It appears to relate more to numbers than to status.

Senator Grosart: He would have to live with someone.

Senator Perrault: I shall make an additional inquiry on that point. Certainly, on the basis of the information provided by Central Mortgage and Housing Corporation, that kind of delineation appears not to be made.

TRANSPORTATION

POSSIBILITY OF STRIKE BY AIR TRAFFIC CONTROLLERS—QUESTION

Senator Buckwold: Honourable senators, I direct a question to the Leader of the Government with respect to the possibility of an air traffic controllers' strike. A news release has indicated that it may be necessary to recall Parliament to legislate the controllers back to work should they go on strike. Does the leader have any comment to make on this subject? One of the reasons for my asking the question is to draw the attention of the government to the report of the Special Joint Committee of the Senate and of the House of Commons on Employer-Employee Relations in the Public Service, of which I had the honour of being joint chairman, and which reported some months ago.

One of the recommendations of that committee was that when Parliament has been dissolved—this does not apply here because Parliament is not dissolved at the moment—the Governor in Council should be empowered to suspend the right to strike whenever, in his opinion, a strike is opposed to the public interest.

That recommendation might be considered not only when Parliament has been dissolved but also when Parliament is not in session. I draw that to the attention of the leader. Perhaps he might have some comment to make.

Senator Perrault: Honourable senators will recall that a few moments ago I referred to two matters of some urgency which had arisen in recent hours which may delay the matter of royal assent. The question of the air traffic controllers' dispute is one of those matters which may require the urgent attention of Parliament. As yet, I am unable to say what may or may not have to be done, but I think it would be irresponsible for either

house of Parliament to adjourn for the summer recess until our responsibility to the public has been met, regardless of the direction of any possible action or the time involved.

BEATING RETREAT

MILITARY CEREMONY ON PARLIAMENT HILL

Senator Smith (Colchester): Honourable senators, before the Orders of the Day are proceeded with, I should like to make a brief comment on a ceremony that took place on Parliament Hill last night. I had the opportunity, as I have no doubt other honourable senators did, of witnessing on the grounds in front of the Parliament Buildings the ancient military ceremony of Beating Retreat. I should like to express, publicly and in a formal sense, my compliments to the members of our armed forces who took part in that ceremony. I have participated in many such ceremonies myself, and have observed many more. I cannot recall, however, ever having seen it carried out more satisfactorily or with more precision than it was last night.

I should like those who took part in it—the Governor General's Foot Guards from Ottawa, the Canadian Grenadier Guards from Montreal, the Naden band from Victoria, the Princess Patricia's Canadian Light Infantry band from Calgary, and the Pipes and Drums of the 2nd Battalion of the Royal Canadian Regiment from Gagetown, New Brunswick—to know that their efforts were watched by many hundreds and were deeply appreciated. They deserve high commendation for their excellence.

I should like also to associate myself with the words of the Minister of National Defence in the notice which he caused to be sent round, which are as follows:

> Ceremonies in themselves do not make us love our country more but they do help us express our devotion.

I add my hope that it will be found possible, in time to come, to have this ceremony repeated, not only here but in other parts of Canada as well.

Senator Perrault: I know that all honourable senators who witnessed the splendid ceremony of Beating Retreat last night will wish to associate themselves with the sentiments expressed so eloquently by our colleague, the Honourable Senator Smith (Colchester).

MACKENZIE VALLEY PIPELINE INQUIRY

IMPLICATIONS ARISING FROM BERGER COMMISSION REPORT—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Manning, P.C., calling the attention of the Senate to certain implications for Canada arising from the Berger Commission Report.—(*Honourable Senator van Roggen*).

Senator van Roggen: Honourable senators, I will be speaking later this morning on Senator Perrault's inquiry calling the attention of the Senate to the construction of a natural gas pipeline, and anything I would say now would simply supplement what I will have to say at that time. The order that presently stands in my name can be terminated, or it may be stood.

Senator Grosart: Or removed from the order paper if no one else wishes to speak.

The Hon. the Speaker: As no other senator wishes to speak on this subject, this inquiry is considered as having been debated.

[*Later:*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, may I be permitted to interrupt this debate in order to inform the Senate of the following communication from Government House:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

August 5, 1977

Madam,

I have the honour to inform you that the Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 5th day of August, at 4.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
D. C. McKinnon
Comptroller of the Household

The Honourable
The Speaker of the Senate,
Ottawa.

● (1020)

ENERGY

CONSIDERATION OF CONSTRUCTION OF A NATURAL GAS PIPELINE FROM WESTERN ARCTIC TO SOUTHERN CANADA AND CONTINENTAL UNITED STATES—DEBATE ADJOURNED

Hon. Raymond J. Perrault rose pursuant to notice of Wednesday, August 3, 1977:

> That he will call the attention of the Senate to the question of the construction of a natural gas pipeline from the western Arctic to southern Canada and continental United States.

He said: Honourable senators, I am going to be very brief in my comments on this subject. Today we will debate an issue which will have a long-lasting impact on future energy policies of the North American continent. The question of whether to allow or to disallow a northern pipeline, and the route of such a pipeline or such a method of transporting natural gas from the northern areas, is one which will touch the lives of not only this generation but of generations to come, and will very much touch upon the lives of all Canadians, and particularly those Canadians who live in the northern part of our country.

Because of the wide range of possibilities and problems generated by the various pipeline proposals, the government has made every effort to ensure that all pertinent voices are heard before any decision is made. No decision has yet been made by the government, and the views of those with knowledge, experience and ideas are being sought very earnestly at this point by the government.

Honourable senators, we have had the report on the proposed Mackenzie Valley pipeline from Justice Berger. Kenneth Lysyk, Dean of Law at the University of British Columbia, this week reported the findings of the royal commission charged to consider a Yukon natural gas pipeline. Today, both in the other place and in this chamber, other voices are going to be heard.

As I stated, no decision has yet been made. This is how it should be. There are a number of senators whose first-hand knowledge of the northern areas of this country are of extreme importance to any pipeline debate. There are other senators with extensive knowledge in economics and business. There are members of this chamber with extensive background knowledge of the country and of the legal aspects of any such proposed pipeline. There are senators here with a knowledge of the probable impact of such a pipeline on the environment, on the ecology and on agriculture. All of these views and these opinions are of extreme importance to the government.

I can assure honourable senators that I will listen closely to the debate today and that I will convey the views of those in this chamber to my cabinet colleagues when we meet to consider this crucial question. Tentatively, such cabinet meetings are being scheduled over this weekend. I want to emphasize that no firm deadline has been established for the taking of any such decision by the government. It is too important a matter for the government to state arbitrarily that it will make a decision by 5 o'clock tomorrow afternoon so that its members can leave for some sort of summer recess. In my view, it would be very wrong to establish in advance any firm deadline of that kind. In the interests of this country it is important that the decision to proceed, whenever it is taken, be a good one. So, reports that somehow a firm, specific deadline has been set for a cabinet decision are not accurate. The question of the pipeline will be discussed thoroughly, probably this weekend, but beyond this there is, additionally, the position and attitude of the United States to be considered.

Honourable senators, having stated my desire to make sure that all members of cabinet are fully aware of the views held by members of this chamber, I will resume my place to listen to the debate.

Hon. Allister Grosart: Honourable senators, the Leader of the Government has set a good example in saying that his statement would be brief. I will follow his example, as I know there are other senators who wish to participate, who are much more knowledgeable in this field than I, particularly on the specific subject before us, which is, first of all, the decision whether a pipeline should be built, and secondly, what route it should take and into whose hands should be entrusted the construction of that pipeline.

● (1030)

Honourable senators will recall another pipeline debate that took place a good many years ago, in 1956. This is not the same kind of pipeline debate. There are differences, the main difference, of course, being that at this time we do not have before us the government decision. In 1956 the government decision was before Parliament, a somewhat impatient decision, the result, of course, causing some difficulty for the government at that time.

However, there are some similarities, particularly in timing. We all know that a general election is reasonably imminent at this time, and on that former, famous occasion a general election was about as similarly imminent. The result of the election on that former occasion was one which now gives all members of the group on this side at least, and perhaps others, some hope, for which they may be pardoned, that the result will be the same following the present pipeline debate. I refer, of course, to the fact that on the previous occasion there was a change of government.

Senator Perrault: We remember.

Senator Grosart: As I say, the main difference is that we do not have a statement of government policy or intention before us at this time. Another major difference is that at the present time we have far more information about the consequences, economic, social and otherwise, of any pipeline constructed in this area. The government, I think, has learned a lesson. Perhaps all parliamentarians have learnt a lesson from that last experience. The studies, surprisingly enough, it seems to me, reach more or less a general consensus. I think this is one of the happiest features of the present situation, that we are not faced with widely conflicting differences of opinion on the major issues between the many studies, the three mentioned by the Leader of the Government and the study he tabled earlier today.

Another major difference, which is worth noting, is the emphasis in the present discussions on the environmental aspects of a pipeline, and also the effect on Indian land claims. Those who recall the earlier debate, in 1956, will, I think, agree with me that those matters were scarcely raised at that time. Perhaps this indicates a growing sophistication in our national policies, when now we are greatly concerned with the environmental effects of any pipeline and, particularly, with the effect on any existing Indian claims that there may be. Indeed, from my reading of the studies that have been made, it

seems to me that almost the major reason for the preference given to one particular suggested pipeline, the AlCan line, is that it would have less effect on Indian land claims, at least in quantity, if not in quality.

However, although there seems to be this rather surprisingly general degree of consensus on the matter, it is not all plain sailing, even assuming that the government decision follows what appears to be the consensus and particularly in the matter of Indian claims. Many warnings now have been given that this may continue to be the greatest problem facing the start and conclusion of the construction of this line. Honourable senators will, perhaps, be interested in a comment that has been made by the President of the National Indian Brotherhood. In view of the debate held here quite recently with respect to certain other Indian claims, it might be interesting to know that the president of the brotherhood, Noel V. Starblanket, is quoted in a publication with which senators will be familiar, the *National Indian*, to this effect:

> The Energy Board's Alaska Highway Route is not a bad idea but puts the Land Claims of the Yukon Indians in jeopardy. They could be stampeded—

Honourable senators will be interested in this:

> —into as bad a solution as the James Bay Agreement.

I make no further comment on that, except to say that there did seem to be general feeling among senators that the James Bay Agreement did from the point of view of the Indians appear to be a good one. Obviously, there may be differences of opinion among the Indians and Inuit with respect to that. The importance attached to the debate continues to indicate, in my opinion, the very great dependence of Canada which exists after many years as a nation on the export of our primary resources products. We are inclined to say very often that we are now one of the great industrial nations. There is some basis for that claim but on the other hand there are factors which indicate that we are far from being an industrial nation in the sense of other western nations, particularly those who are members of the OECD.

Of our imports, approximately 50 per cent of the total is made up of industrial machinery and equipment and motor vehicles of various kinds. Fifty per cent of our total imports remain in this area, in which one would think an industrial nation would certainly be in a position to meet its own requirements. On the other hand, we are largely dependent on the export of our primary resources for the maintenance of our economy at the levels at which we like to see it.

This is an important debate and I on behalf of this group welcome the initiative of the Leader of the Government in placing this inquiry on the order paper. I have no doubt that the debate which now follows will add a good deal to the information, opinion and expertise on which the government will shortly make this very important major decision.

Hon. Jack Austin: Honourable senators, I, too, appreciate the fact that this debate is being held. I believe that the moment is an important one for Canada.

I would ask your indulgence in allowing me to provide to honourable senators, and to those who will be reviewing our debates, an overview of the background which has brought us in Canada to this particular decision-making time.

Honourable senators, the United States is seeking a means of transporting natural gas reserves found in Alaska to its domestic market in the continental United States. Two alternatives are being considered by the U.S. government and its agencies, including Congress, one of which is a route combining a pipeline in Alaska running from their Arctic North Slope discoveries to the Port of Valdez on the Pacific Ocean, with tanker carriage of liquified natural gas to ports on the U.S. west coast, and perhaps even some east coast U.S. ports. That particular route is known as the El Paso proposal, after the U.S. company sponsoring it.

The second alternative is to transport natural gas in its discovered and produced form via one of the longest, if not the longest, single natural gas pipeline in the world. That particular alternative requires the agreement of Canada inasmuch as such a pipeline would necessarily have to cross our country. Indeed, it would cross Continental Canada almost in all of its length from north to south. In the United States, this proposal is known as the Canadian option. Either of these alternatives, each costing in the range of $10 billion U.S., would amount to the greatest single physical and financial undertaking ever.

The imminence of natural gas and other energy shortages in the United States and the enormous cost of their present and proposed imports of foreign energy supplies have resulted in a firm determination to have Alaska oil and natural gas reserves available to U.S. consumers at the earliest practical time. The first oil tanker is in passage from Valdez, Alaska, to Cherry Point, Washington, at this very moment. The residents of my province of British Columbia are very worried about the potential of a major oil spill disaster, something which could cause many millions of dollars in damage to Canada, including irreparable environmental and ecological damage. Dealing properly with this hazard is an item of unfinished business in our relations with the United States, so far as I am concerned.

Still, we must all understand the urgency of U.S. needs. Their oil and natural gas reserves to production have been declining steadily since before the energy crisis of 1973-74. When I became Deputy Minister of Energy, Mines and Resources in May 1970, the U.S. oil import bill amounted to approximately $3 billion, with imports representing about 14 per cent of U.S. domestic supply. Today, the oil import bill is close to $40 billion, and nearly one-half of U.S. oil consumption is imported, mainly from the Middle East. Naturally, I take no responsibility for this, nor for the price of uranium in the United States.

By 1985, without any change in the present energy consumption habits of that country, the oil import bill could be as much as $90 billion, and the U.S. would be even more vulnerable to a supply interruption such as it suffered through political action in 1973-74. None of us should have any doubt that the most powerful nation in the world, and one in whose prosperity Canada has a very large investment, will take

whatever measures it must take in the use and consumption of energy to defend its military power and its economic well-being.

In reflection of their need, the U.S. Congress passed into law some three years ago the Alaska Natural Gas Transportation Act, and it was signed by President Ford. In short, it requires the President of the United States to decide and announce by September 1, 1977, which is less than one month from now, the transportation means by which Alaska natural gas will reach U.S. consumers. President Carter can, under certain circumstances, delay his decision by 90 days but, bearing in mind the urgency of the U.S. situation, in general, and the industrial and community disruption caused by the severity of last winter in many parts of the United States, President Carter has made it clear that he wishes to make his decision by September 1 and wishes to know the general Canadian position on pipeline access through Canada by that time. The question now imminently before the Canadian people is whether and on what terms to allow a Canadian pipeline corridor for the transportation of Alaskan natural gas to the main markets of the United States. To deal with this question and the question of the availability of Canada's own western Arctic supplies, the Government of Canada has commissioned studies since 1970 costing in excess of $40 million, and applicants and interveners before various agencies and commissions of the federal government have reputedly spent more than $175 million. These studies have ranged over every imaginable issue of economics, environment, energy supply and demand, the social and political impact and many others. Still every Canadian is aware of the imperfection of our knowledge as we reach this time of decision. Nothing in Canada has been more studied and yet needs to be studied more.

● (1040)

Canadians have had eminent benefit from the opinions, conclusions and recommendations resulting from all of this work. While the United States was interested in a possible pipeline corridor through Canada, it remained to Canadians to choose between two different routes which were expressed by applications before the National Energy Board. The first in time was by Canadian Arctic Gas Pipeline Limited of Toronto who proposed that the corridor be drawn from the north slope of Alaska, east along the Arctic coast to the Mackenzie Delta and then southward along the Mackenzie Valley into Alberta. Their studies over five years are said to have cost $130 million, and were funded mainly by United States gas companies but also by several Canadian companies. The CAGPL route was chosen so that the pipeline could pick up Canadian gas reserves in the Mackenzie Delta for Canadian consumers as well as transporting United States natural gas. In combination it seemed to the applicants that the unit cost to all consumers would thus be cheaper and Arctic gas would be available at the earliest possible time.

The second proposal before the National Energy Board was made by Foothills Pipe Lines (Yukon) Limited of Calgary who are mainly sponsored at this time by the Alberta Gas Trunk Lines Limited and Westcoast Transmission Company in Canada, although it appears likely that many of the previous U.S. backers of CAGPL will want to join their team. The route proposed by Foothills, called the AlCan route, would go south in Alaska to Fairbanks and then generally follow the Alaska highway through the Yukon and into British Columbia and Alberta. While the AlCan route was to be devoted to Alaska natural gas, the notion existed that the Mackenzie Delta gas could be connected to the main line somewhere in the Yukon and taken off again in Alberta for eastern Canadian consumption.

It is well known that in May of this year Mr. Justice Berger recommended against the CAGPL route on environmental and social grounds. He believes the Canadian Arctic slope between Alaska and the Mackenzie Delta is too sensitive environmentally to construct and operate a pipeline. To allow for the settlement of land claims and the political development of the native populations of the Northwest Territories, he recommended a 10-year moratorium on construction of the Mackenzie Valley portion of the line. He thought the alternative AlCan route could be approved at an earlier time.

On July 4, 1977, the National Energy Board recommended to the Government of Canada that the Mackenzie route should not be proceeded with on the basis of environmental, social and native claims problems, and also on the basis of inadequate Canadian natural gas reserves at this time in the Mackenzie Delta. They have proposed to the government that the AlCan route be chosen, if a land corridor is to be offered to the United States at all. In such case the National Energy Board would like the route in the Yukon to swing northward so as to reduce the cost of an eventual connection to the Mackenzie Delta for Canadian natural gas when economic reserves are shown to be available. A study by the Department of the Environment released on July 27, 1977, found that there were no absolute environmental barriers to the AlCan route and recommended that certain further assessments be taken. Finally, on August 2 last, the Lysyk Inquiry made its report approving a Yukon pipeline route subject to a four-year delay of construction to August 1, 1981, to permit settlement of native claims and the completion of other necessary studies.

Honourable senators will appreciate that each of these studies contains material of much complexity and importance on many significant issues relating to the pipeline question. This debate allows time to deal only with what I think is essential in weighing the facts and the appropriate choices which appear from those facts.

One item to my mind clearly essential is to recognize and acknowledge the immense public service which has been done for Canada by the applicants and interveners, by the National Energy Board and by the other agencies involved. Behind them stand thousands of scientists, professionals, advisors of every kind, witnesses and participants who have figured in some way in bringing us to this point in the debate. It is a magnificent effort by Canadians in the processes of a free democratic society and is something to be proud of.

In the sense that the process we have been engaged in, there are no losers but there are those who are necessarily disappointed in the outcome of the recommendations. I should like to say to Bill Wilder, Vern Horte, John Yarnell and many others of the CAGPL group that they deserve great thanks and recognition for the work they have done. Collectively, they are as fine a team as could have been put together for such a great national undertaking. I hope their talents will not be lost to the work which lies ahead. I express the same recognition of Bob Blair, Bob Pierce, Reg Gibbs and others in the Foothills group whose concept of the AlCan route has been recommended to the government and to the Canadian people and now awaits decision. They may very well have charge of one of the greatest Canadian undertakings ever.

Now we have reached a decision-making time and, as the last step, Parliament is making its views known to the people and to the Government of Canada. Here are some of my thoughts about the present and future course of action.

The Mackenzie route began as one of great promise for Canada but it ran into two subsequently emerging facts which I think were decisive in sidelining it at this particular time. The first fact was that the promise of reserve discoveries in the Mackenzie Delta was not fulfilled. Instead of achieving reserves of between 12 trillion and 15 trillion cubic feet of gas, less than six trillion cubic feet of gas has been found, and there is at the moment no economic way of removing those particular reserves. Much more needs to be found. Unfortunately for the Mackenzie route but fortunately for Canadians, the second fact is that in Alberta, and to a lesser extent in British Columbia, very substantial new reserves of natural gas have been added to our supplies in the last three years. Those reserves discoveries have been largely incentived by government policies which have increased the price of energy and the cash flow available to industry to carry out exploration. It is thus apparent that the need for a Mackenzie Valley pipeline to carry gas to service Canadians in southern Canada is not yet. We have, as I said, the reserves in Alberta to look after us for at least 15 to 20 years into the future. Those facts together with the opposition of the native community to a Mackenzie Valley pipeline at this time, opposition based on native claims, on social and environmental impact, and opposition based on a concept of their political development, have, I believe, led to a decision by the Canadian people to turn away from the Mackenzie Valley pipeline. I think the natives in the Northwest Territories should understand that the people of southern Canada, indeed the people of all of Canada, have listened to their views and have taken them into account, and I am sure that history will show that.

What has therefore come to our main attention is the AlCan route which is not a route that would assist Canada, in my view, in any important way in making our western Arctic gas resources available to southern Canadians. It is essentially a service route for United States needs. It is a service route to bring United States natural gas to the main markets of the continental United States. On balance, however, I submit to you that there are good reasons why Canada should consider favourably the opening of negotiations with the purpose of offering that particular pipeline route to the United States. In the first place, whether neighbours are individuals or nations, they should always assist one another in solving the problems that at one time or another come to beset us. We have this duty to the United States as they have to us. Being good neighbours is not only enlightening but also practical. Each can benefit from assisting the other. We share many values in our ways of life, and the United States in its military and economic power is an important country to Canada, both in our security and in our progress. In a direct way Canadians stand to benefit substantially from the building of that particular pipeline. Econometric studies show that the resultant investment of about $4½ billion to $5 billion in the Canadian economy in the next five to six years would substantially help in dealing with the problem of unemployment and would be a great psychological boost to the business community in this country.

● (1050)

While it is my view, honourable senators, that Canada should look favourably upon the principle of assisting in the construction of an AlCan line for the United States, the real question in my mind is not whether to build such a pipeline but on what terms. Whatever those terms, they will be exceedingly difficult to negotiate.

I have had several experiences in negotiating with the United States, and they are tough and they are inclined to have their own view, if at all possible. But I do believe that, if we stick to reasoned arguments and fair arguments and we have the courage to stick to those arguments, we in Canada will have a fair arrangement with the United States.

The government is really between the devil and the deep blue sea in taking a decision to negotiate with the United States. If it appears to negotiate for too little, the Canadian people will reject the pipeline with very important consequences for the government and for this country and for our relations with the United States. If we are too tough, we may lose the pipeline with the same important consequences. It is a question, as we saw with respect to the Columbia River Treaty, of not being able to satisfy your critics very well, but having to wait until history judges the effect of what you have done.

We do, however, have the ability to gauge the larger terms of reference on which we might allow this pipeline to proceed. That ability is occasioned by the costing process of the El Paso route, which is the alternative. We can take a look at that particular cost. We do know what the United States will have to pay, if the Canadian alternative is not acceptable to them.

I think Canada is entitled to be paid in accordance with the value of the services it provides to the United States and the benefits which the United States receives from receipt of Alaska natural gas. I believe that, if the AlCan route and the El Paso route are of approximately equivalent cost, the United States will see it to their advantage to adopt the AlCan route, provided they feel secure in that investment and secure in the throughput allowances. If all costs and other things were

equal, I think the United States would prefer to have its natural gas in the midwest where its demand is greatest and would prefer not to make its extensive shipping lines subject to military intervention. I think it would not prefer to construct new continental pipelines across the United States.

I feel also that Canada can make available to the United States an arrangement, which should be at no great cost to us, and which would perform a large service in alleviating the present energy crisis in the northern part of the United States. The service I propose is one of swapping existing reserves of natural gas in Alberta for reserves that are to be produced in Alaska in the 1980s.

We can put those reserves into the United States in the next two or three years—and certainly in the next four years—at a time when, under the recommendation of the Lysyk Commission, the AlCan pipeline would only be commencing construction. If that swap arrangement could be effected, we would have all the time necessary to complete studies and to complete negotiations with respect to native claims without any undue pressure on either side.

This is the way we could obtain a fair and equitable agreement with the United States. Early swapping of existing Canadian reserves is a carrot we should be dangling in front of the United States early in our negotiations.

Honourable senators, I want to mention for a moment the important problems of high cost and security of supply of energy which exist in our maritime provinces. I do not think the government should ignore or discontinue its research into the possibility of extending a gas pipeline from Montreal to Halifax. We need reserves to fill it. We hope to have western Arctic reserves to put into our system. We do not have them yet. Additional exploration in the western Arctic is necessary to see if we can develop those reserves. We need to urge additional exploration in the eastern Arctic to see if gas reserves can be made available to Montreal and the maritimes, either by pipeline or by LNG ships. The Canadian government should be alert to the development of our Arctic potential and should keep in mind the desirability of supplying natural gas to maritime Canada. That part of our country continues to have real problems with respect to supply interruptions and the continuing rise in the price of international oil.

May I remind you that we already have extensive relations with the United States in terms of pipelines crossing our respective countries. I asked a question in the Senate earlier this week with respect to the present standing of a treaty that has been negotiated recently between Canada and the United States to provide for existing and future pipeline operations linking our respective countries. I understand that the United States Senate has ratified that treaty this week. Unfortunately, Senator Perrault has not been able to reply, and I did want to ask him what executive or parliamentary action was proposed for that particular treaty in Canada.

I wish to make it clear to those Canadians who have an anti-American bias, or at least who do not care or think clearly about our relations with the United States, that there are three important pipeline connections that service Canada and cross the United States. One is the Portland Oil Pipeline which runs from Portland, Maine, to Montreal and brings to Montreal and Quebec much of their international oil supplies. The continuing smooth functioning of that pipeline is important to the economy of Canada. Another is an oil pipeline called the Interprovincial Pipeline, which loops south of the Great Lakes from Edmonton and brings its oil to Sarnia, Toronto and Montreal. That is a vital arterial link for Canadian energy supplies. The third is, of course, the Trans-Canada Gas Pipeline which also has a loop south of the Great Lakes.

In addition, for those with a sense of grudge or an arbitrary attitude towards the United States, let me remind you that the Province of Ontario is quite dependent on United States thermal and metallurgical coal. Ontario obtains about one-third of its electrical energy from coal sources in the United States. There is no source of Canadian coal that can compete in price with that particular coal. The steel industry in Ontario is dependent on metallurgical coal from the United States.

Honourable senators, in conclusion, I say that Canada, at least in principle, must look with favour on the offer to the United States of the possibility of an AlCan route across Canada.

I think the Canadian government must be cautious indeed not to appear committed until it knows clearly what the essential terms and conditions of that arrangement will be. All honourable senators are aware that that agreement, if, when and as it is entered into, must be, and must appear to be, a fair and reasonable agreement in the interests of Canada. If it does not appear to be such, the Canadian people will reject it. But honourable senators also know that an agreement, if it is to last and is to provide the benefits which can flow from a more substantial relationship between our two countries, must be fair and reasonable to both sides. I hope that is the spirit in which we will negotiate with the United States.

Senator Cameron: Honourable senators, in view of the importance of this subject in its economic, ecological, and other aspects, I wonder if the Leader of the Government has given any consideration to the possibility that, with the use of an aircraft of the Department of National Defence, members of Parliament who wished to could fly up to the pipeline and view for themselves the actual area involved. This would enable them to become much better informed as to what is really involved in this tremendous economic undertaking.

• (1100)

A number of senators have intimated to me that they would be quite prepared to pay their own living expenses provided transportation was supplied. As I said, a National Defence aircraft could be used for this purpose, provided arrangements were made in time.

Has the Leader of the Government considered this idea? If not, would he consider it and let us know what the reaction of the authorities would be to such a proposal?

Hon. Paul Henry Lucier: Honourable senators, I am sure you are all thoroughly confused by all the reports, studies,

inquiries and news stories you have been bombarded with in the past several months concerning a possible pipeline route for bringing natural gas from Alaska to the lower 48 states. Senators can probably appreciate how the people of the north feel by now. We have been the subject of numerous studies, inquiries and discussions, which have left us with the distinct feeling that if we could charge fees for being studied we would be rich enough to build our own pipeline by now.

To quote Robert Service: "Strange things are done in the land of the midnight sun," and I am sure history will show that this was the case in the choice of a route to bring gas down from Alaska.

Canadian Arctic Gas have spent in excess of $140 million preparing an application for construction of a pipeline down the Mackenzie Valley, and they withdrew their application two weeks before a decision was to be made on a pipeline route.

Before the Alaska Highway route was being considered seriously, Elijah Smith, a 65-year old Indian, who was chairman of the Council for Yukon Indians at the time, told the Canadian Arctic Gas consortium, through the Berger Inquiry, over a year ago, that the only feasible route for a pipeline was down the Alaska Highway. He also suggested to them how it could be done with the native people of the Yukon participating in the pipeline construction and operation. It was probably the best piece of advice they received for their $140 million, and Elijah never charged them a cent for it.

Chapter two, as the story goes, to quote John Bennett, chief of El Paso, has Mr. Bob Blair, President of Foothills, "drafting the Alaska Highway project proposal on the back of an envelope" and presenting it to the National Energy Board in August of 1976. On May 9, 1977, the Berger report recommended that no pipeline be built down the Mackenzie Valley for 10 years. On that day, Mr. Blair's envelope became very valuable. The National Energy Board report also said "no" to the Mackenzie Valley route while accepting Foothills' proposal of the Alaska Highway route. The board did, however, advocate realignment through Dawson to bring Delta gas down the Dempster Highway, even though Foothills had made no provision for bringing Delta gas into their system. At this point, Mr. Blair's envelope was worth about $10 billion.

The next development was the tabling of the Lysyk report, which recommends, among other things, a four-year delay in pipeline construction. I would hope that this would not jeopardize our bargaining position with the Americans.

This delay concerns me at this time. I hope that there is a good reason for a delay if one has to be asked for. Something else in the report which concerns me is that after hearing from all native groups in the Yukon that they did not want a pipeline under any circumstances until their claims were settled and implemented, which could mean seven to 10 years, the report recommends that a $50 million trust fund be set up by the federal government for the Indians of the Yukon.

The Indians have never asked anyone for $50 million. In fact, it is my understanding that they are negotiating for much more than that, and they have always taken the position that land and not money was their primary concern. If, in the national interest, a pipeline is to be built before Indian land claims are settled, the Indian people of the Yukon should be permitted to negotiate their position, and should not be "bought off" with a sum of money, regardless of the amount.

I am not suggesting that I agree or disagree with the $50 million, and I am not suggesting that the pipeline should be delayed for seven to 10 years. All I am saying is that I feel that if the native people of the Yukon are going to be considered seriously in this, they should not just be told, "Here is $50 million; now go and do your negotiating somewhere else." I think that is something for them and the government to be negotiating.

I should also like to comment on the Heritage fund suggested in the Lysyk report. The idea of a fund is a good one, although I am not sure that $200 million is a realistic figure. That is something that will also have to be negotiated at the time. It is also my opinion that it would have to be administered locally—that is, in the Yukon by Yukoners. We have experts in the Yukon who could deal with such a Heritage fund.

I should also like to make the point at this time that if roughly $200 million is to be administered by a government body, there is a formula which has been worked out to the effect that it takes X number of people to deal with such an amount of money, and we would require 1,500 people to deal with the Heritage fund, which would create more of an impact on the Yukon than the pipeline.

We have always said that there must be some lasting benefit for the people of the Yukon if a pipeline is to go through the Yukon. One way of obtaining such benefits could be the electrification of the pipeline. We have great hydro potential in the Yukon, but, as you know, development is very expensive and a guaranteed base load must be obtained before a hydro development is built.

The compressors and pumps required to operate a pipeline could be powered by electricity instead of gas, at rates equal to the gas delivered at the point in the United States. We would also be using a renewable resource to replace a non-renewable resource, which is of prime importance. It would also help the future development of the Yukon by supplying power for other development.

I think this is a very important phase that we should be looking at, and I think the pipeline people would certainly be agreeable to this type of project. This is something that should be negotiated before a pipeline is agreed to. To suggest that we wait until after the pipeline is in is just not good business, because I am sure that they will take the easiest route after the pipeline is in. If we are going to have electrification of that pipeline, it should be negotiated before the pipeline agreements are signed.

The implications of the impact of a pipeline through the Yukon are very frightening to those of us who live there. We know that our lives will be changed by a pipeline and that things will never really be the same. We live in the north

because we enjoy the life style the Yukon offers, and it is difficult to relinguish even a small corner of our territory to anyone. However, if it is found to be in the national interest to do so, I am sure a pipeline can be built in the Yukon. We ask that great care be taken, especially during the construction and post-construction periods, to guard against social, environmental and economic disruption.

Much of our future energy requirements will have to come from the north, be it the Mackenzie Delta, the Arctic Islands of wherever. Since this is the first pipeline to be built from the Arctic to southern markets—and I am sure there will be others—I hope we take great care and set a tough precedent for others to follow.

In conclusion, honourable senators, I should like to say that the reports which have come from the pipeline applications, especially the Lysyk report in our case—Dean Kenneth Lysyk, along with Edith Bohmer and Willard Phelps, both Yukon natives—and the Berger report, will be, in my opinion, of great benefit to the development of Canada, especially the north of Canada, in years to come.

I am not talking about just pipelines here. I am talking about the whole development of the north. These two groups went into the north country and they sat for hours listening to the opinions of the people. They listened and paid attention to what the people said. I could read the Lysyk report right now and I could tie in everything that is in that report to some person. I know that he went there and listened to the people in the north. That has never been done before. They should all be given a very sincere vote of thanks for having done a fantastic job. The Berger Inquiry and the Lysyk Inquiry have done a fantastic job, and their reports will be of great value to the Government of Canada and to the people of Canada in terms of our future development.

● (1110)

Hon. Norman McL. Paterson: Honourable senators, today our dollar is worth 93 cents in the United States. It is at a discount. When you begin to think about this pipeline, which is going to run into billions and billions of dollars, one hardly knows how much money will have to be transferred from American into Canadian funds. It has been said that the Canadian dollar will probably run as high as 20 cents above par, which would really be a disaster for Canada. This may not happen for a year or two, because there will not be too much money spent right away; but when the material and equipment have to be paid for, and wages paid, and food carted up to the north, it will result in a tremendous exchange in money. A lot of careful consideration should be given to the question of trying to keep the Canadian dollar from going too high and getting us into trouble.

Hon. George van Roggen: Honourable senators, Senator Smith (Colchester) started to rise as I did, but he kindly waved me ahead.

Senator Smith, I would be very happy to wait if you wish to go first.

Senator Smith (Colchester): Please proceed, senator.

Senator van Roggen: Honourable senators, before coming to the remarks I wish to make relative to the pipeline, I should like first of all to say something in partial response to the very important question just raised by Senator Paterson, and which I know has been of concern to a great number of people in Canada, namely, that the economic impact of this huge project may be adverse to us in that it will drive our dollar too high, make our exports too dear, and make our imports too cheap.

As I understand it, however, Senator Paterson, quite a thorough study has been done on this subject. I know of one or two senior people in investment circles in Canada who were involved in that study, and they think that the pipeline project can be concluded without having the serious effects on our dollar that you have just indicated. We can only hope that they are correct.

I will certainly not take up your time, honourable senators, with repeating the excellent review given by Senator Austin of the history of the development of the pipeline, in its study stages, that has brought us to this point. I should like, however, to make this observation, that my reason for adjourning the inquiry launched last June 15 by Senator Manning—which I did not then return to, because I had heard that this debate would be taking place—was not to disagree with the general thrust of Senator Manning's excellent speech, but to point out to honourable senators that he was, if I may use the word, guilty of something that some of us in my part of the country have found to be all too prevalent in recent months. When I say this, I have in mind Senator Manning's reference to "*the* pipeline," as though the Mackenzie Valley pipeline was the only game in town. Some of us who have been supporting the AlCan concept for the better part of a year found that one of the greatest difficulties facing us was to have it taken seriously. It is now, of course, being taken very seriously. Things have changed very quickly, and in this respect it is significant to remember that Senator Manning's speech was delivered only six weeks ago. The reasons that many of us had for supporting the AlCan proposal have been borne out by the various reports, both on ecological and economic grounds.

It is the Lysyk report that I wish to deal with first for a few moments, if I may, although Senator Lucier has already done so, and much more effectively than I can. While I lived in the Yukon for a number of years, I hate to think how long ago that was. I do feel, however, that Senator Lucier is absolutely correct when he says that the proposed four-year delay, which is really only a two-year delay, since there would be two years of engineering before this project could get under way anyway, might well be sufficient to throw the decision in the United States in favour of El Paso, which in my view would be very tragic for the United States and for Canada. The United States, however, is in urgent need, and I do not think this delay is in the best interests of Canada, nor do I think it is necessary. In fact, my personal view is that the Indian claims could be settled just as equitably while the pipeline is under construction as before construction. The claims are not of such a nature that the pipeline is really going to do violence to any Indian lands. The pipeline, basically, is going to run along

highways that are already in existence, and even if the diversion through Dawson City takes place, much of that too will be along existing highways.

The heritage fund bothers me, honourable senators. If you are going to give that sort of money to the Yukon for having this pipeline run down the Alaska Highway—which, in my view, will cause little permanent disruption, although it will cause a lot of temporary disruption during the construction period—what about the small communities in northern British Columbia which will be equally adversely affected by the pipeline passing through that part of the Alaska Highway? What about the communities in Alberta, or southern Saskatchewan, or, for that matter, Alaska, each of which will bear several hundred miles of this pipeline? Are they all to have heritage funds established? Are all of these funds to be front-loaded into the cost of this project before there is any cash flow from it? If you start down the road, you may well put a sufficient burden on this project to close that gap that Senator Austin was referring between the cost benefit of the AlCan route and the cost benefit of the El Paso route. While very tough and difficult negotiations are to go on between Canada and the United States, we do not have the United States in supplication on its knees on our doorstep saying, "Please let us have this pipeline!"

I would like to deal with two things: the benefit of this pipeline to Canada, and the benefit of it to the United States—because there is a benefit to both which is very substantial, in my judgment. One thing I would take exception to in what Senator Austin had to say—although only as to its interpretation—was his statement that the AlCan route was only—I think that was his expression—a service set up to serve American needs with regard to bringing their gas down to the United States. This kind of statement tends to leave the average Canadian—and this has been said many times by the media—with the impression that we are simply permitting our country, somehow, to be violated at no benefit to ourselves so that we can serve our friends in the United States. Let me just point out that the construction of this fantastic enterprise, mostly in Canada, over a period of years, will be a magnificent spur to our lagging Canadian economy. The applicant that won this very strenuous gamble of the last several months, namely, the AlCan people, is a consortium 90 per cent Canadian owned, as you will see if you go to the equity positions behind the participants. I might say that the Arctic Gas people, with their Mackenzie Valley proposal, were, in equity terms, about 90 per cent American owned, which was one of the reasons I was a staunch supporter of the AlCan group.

The AlCan design will be using pipe manufactured in Canada, whereas the other group would not have used nearly as high a percentage of pipe manufactured in Canada, and so there will be a great spur to Canadian industry during the construction period.

One thing which is almost never mentioned, however, and which I think is extremely important, is that the throughput charges, in perpetuity into the future, will be approximately $500 million a year, every year, and this will be in addition to any money required for the servicing of the debt of the line. That $500 million I refer to will come from charges we will make in Canada, legitimately, for the operation of the pumping stations and other services for the operation of the line each year.

• (1120)

With an imbalance of payments such as we have at the moment in our world balance, let alone with the United States, half a billion dollars a year off that imbalance is not to be sneezed at. It is a very large and important factor for Canadians to keep in mind. I do not want to harp back too many years, but I certainly do not want to see us fumble this one away as we fumbled the oil pipeline away. As a west coaster who does not like to see all those tankers coming into our narrow waters, I would much rather have seen an oil pipeline built down this same route ten years ago, rather than the present Alyeska line and the tankers we now have.

Those are some of the advantages to Canada in financial terms. There is, of course, another great advantage to Canada which would be completely lost if the Americans went El Paso, and that is we would then be denied a simple method of getting our present reserves of gas out of the Mackenzie Delta. If those reserves could be vastly increased in either the Mackenzie, the shallow Beaufort or the deep Beaufort Sea—if you can design a method of getting that ashore—fine, we may be able to build our own pipeline down the Foothills route and down the Mackenzie ten years from now, or at a later date. If, however, we do not find more gas in the western Arctic and are confined to only the five or six trillion cubic feet we now have in the Mackenzie Delta, which is not a large amount in total terms, then the Dempster connection, or a solution of that nature, is the only manner in which we will be able economically to bring out such a small quantity of gas. That will be foreclosed to us entirely if the AlCan line is not built and the Americans go El Paso. The Dempster is not something that we must decide on immediately. This is another advantage of El Paso over the Arctic gas route. The Canadian decision does not need to be made on our Arctic gas for at least 15 years maybe longer. By that time we will know what we have in the Beaufort, we will have done more exploration in the Arctic islands, and we will decide then whether we want to come down the Polar route, whether we want to come down the Foothills route, whether we want to take some out by LNG tankers or whether we want to come down the Dempster. These are all options to us, and Canada, because of this requirement of the United States for an immediate decision, should not allow itself to be forced into on immediate decision that it does not have to make at this time. This is another reason why I was on AlCan supporter.

Now, so much for the benefits to Canada. You might say, "Golly, what do our negotiators go down to the United States with under those circumstances? We have no choice but to bend to their terms in building this line." That is not at all the case. Various arguments take place as to the cost differential of El Paso. The El Paso people themselves acknowledge 25 or 30 cents per mcf. The Foothills people say 95 cents. Let us use

50 cents for quick and easy calculation. When you start talking about two billion cubic feet a day through this line—the initial capacity will be 1.2 billion, I think it is, and it can go up to a total capacity of 2.9 billion, but let us say a couple of billion as being the figure by the first five years—at an average of 50 cents, quickly, it would be $300 million or $400 million a year. Would I not be very close, Senator Lucier? That is $300 million or $400 million a year loaded on to the cost of that gas to American consumers, over and above the cost of bringing it down the Alaska Highway. That is a lot of money. They will not be paying that once: they will be paying that every year for as long as the El Paso route operates; and they will be paying it in ever-increasing inflated dollars because the El Paso route, because of the operation of the liquefaction plants, the tankers and the regasification plants, has an ongoing inflated cost factor for each year of operation, whereas a pipeline, once built and in the ground, does not continue to have escalated costs, so that on the pipeline they have a fixed cost in today's dollars for 20 or 25 years into the future, whereas in the El Paso route they have non-fixed costs, escalating with inflation, for 20 years into the future. The El Paso route would cost them a great deal of money. But it would do more than that. It would put Canada in a position where we would have to look very closely at our ability to, number one, honour—and I hope we always will, if we can—our present export contracts to the United States because we would not have the benefit of being able to hook into our Arctic gas by the Dempster connection; it would be foreclosed to us. We would certainly no longer be in a position to make generous gestures to the United States, such as we did last winter during their energy crisis, by giving them extra gas, and we would certainly not be able to consider a swapping arrangement—referred to by Senator Austin—to fulfill their needs for the next three or four years, until they have the El Paso route in operation. If they go AlCan, we, of course, can readily supply additional gas to them from Alberta reserves, over and above our present commitments, during this four or five year construction period, until they can get their own gas, on the basis that they will give us back—not dollars, but gas. That swapping deal would be out for them in the case of El Paso.

We have lots of cards to play. This line is not just a service to the United States that we sort of regretfully will permit them to have across our country. It is of inestimable, huge value to the Canadian economy and to our balance of payments on an ongoing basis into the future. By the same token, it would be very detrimental, in my judgment, for the United States to go the El Paso route for the reasons I have mentioned, so there are good bargaining chips on both sides of the border to enable the negotiators to arrive at a fair and proper contract between the two countries for the construction of the AlCan route. Certainly, those will be difficult negotiations, but I would like to echo Senator Austin's remarks that no deal in business or between governments is good if it is one-sided. A deal must be fair and profitable to both sides, if it is to last and be worthwhile. I am sure this can be arrived at between our respective governments, if people who are inclined to take extreme positions on one side or the other do not dominate the field. I am quite satisfied that the Carter administration and the Government of Canada, led by the Prime Minister, will approach this negotiation in a spirit that will see it brought to a successful conclusion. I would only hope that the heavy lobbying of the El Paso group in Congress does not disrupt that satisfactory conclusion.

I would simply like to close on this note, that if we arrive at a satisfactory agreement with the United States on the AlCan route, I think you will see open—and I do not go to the extreme of saying a new era—a new phase in Canada-U.S. relations, which many perceive to have gone through a difficult period in the last ten years. I think this will lead us into a new phase of improved, satisfactory and excellent relations, where we can go hand in hand in this magnificent development; whereas, if the United States, either through our obduracy or their own miscalculation, goes the El Paso route, I can see a souring in the relationship between Canada and the United States for many years to come.

Hon. Senators: Hear, hear.

Senator Walker: May I ask either Senator van Roggen or Senator Austin a question, just so the record will be complete? Arctic Gas was a very substantial company that had aspired to take its place in this development. Could we have on the record why Arctic Gas was turned down? I do not think very much has been said about that.

Senator van Roggen: Well, as I have already indicated, I am a prejudiced person to ask that question of, because I have been an advocate of the AlCan route for the better part of a year. I will give you my views, and then I can be corrected by Senator Austin, who I think was more favourable to the Arctic Gas proposal.

My principal concerns about the Arctic Gas proposal were these—and I am sorry that I am not prepared to make a speech on the subject; I will just have to gather my thoughts.

• (1130)

First, you are building in much more difficult terrain, where the technology and chances of overrun are much greater than building a line with known technology down the Alaska Highway with the existing infrastructure. Therefore, the cost overruns might be much greater. Secondly, the equity behind the consortium was mostly American, as opposed to the AlCan route which was mostly Canadian, as I have just mentioned. Thirdly, we did not need that gas out of the Mackenzie Delta at this time. It is frontier gas; it is twice as expensive as Alberta gas. Why pay the cost of starting to consume that expensive Canadian gas at this time when we can continue to enjoy the consumption of cheaper gas, particularly in eastern Canada, for the next ten or fifteen years? We do not need that gas down at this time. It seems that we were being forced into a decision simply because of an American requirement for a decision on that route at this time.

The remaining concern I had was this, which was brought out in evidence before the National Energy Board even if it is not an official request of government. It was clear in cross-

examination concerning the Arctic Gas proposal that they would be requiring, in fact, I think there is a letter indicating it on file with Mr. Macdonald, a guarantee of the taxpayers of Canada of overrun charges and interruptions on the Mackenzie line, not only during construction but for the duration of the life of the line. That guarantee being asked to be given to a large consortium, including such poor little companies as Exxon, Gulf, Shell and CPR, would have required legislation in Parliament and would, in my view, have created a riot. It would have made the 1956 pipeline debate look like a children's picnic, and Senator Grosart might well have had his wish.

Those were some of my reasons for opposing it. I thought it was politically undoable and not in Canada's best interests. When the Berger report came down I then knew it was undoable, and I do not think there was any use in looking at it after that because, if you couple it with those other arguments, I do not think you had anything that Parliament would put up with.

You can now ask Senator Austin for the rebuttal to that.

Senator Walker: I should like to hear Senator Austin's views, because he, too, has studied this. I think it would be better to have it on the record, for then we will have a clear picture.

Senator Austin: The technical answer is that the Arctic Gas application was not turned down. As you know, the National Energy Board makes a recommendation to the government. It recommended against that route. The government did not take a decision and the application was withdrawn before the government had an opportunity to consider the National Energy Board recommendation.

The reasons given by Senator van Roggen have played a role, particularly reasons related to native claims and to the environmental condition of the Canadian Western Arctic slope; that is the portion between the Prudhoe Bay discovery and the Mackenzie Delta. However, I think it is clear that the Mackenzie route, on a purely economic basis, was a better route for gas consumers in Canada and the United States than the AlCan route will be. It offered the opportunity to combine both Canadian and Alaskan gas in one pipeline, and thereby reduce somewhat the unit costs of carrying that gas.

What, however, has happened is that political and social conditions played a very large and, I think, appropriate role in the decision of the National Energy Board. In particular, associated with the inadequacy of the reserves in the delta therefore failing to make an economic case for those Canadian reserves, and the substantial discovery of reserves in Alberta, the Mackenzie route failed to gain the favourable case that it was looking for from the Canadian people.

Senator Walker: Thank you very much.

Hon. Paul Desruisseaux: Honourable senators, I want to thank Senator Smith (Colchester) for allowing me to speak now. He rose a while ago and should really speak before me. However, he has graciously permitted me to make my speech now, which will not be long.

There is little to be added to what has been said about the pipeline issue, and the short time allowed to us on this issue is probably bothersome. However, as a Canadian I am concerned about the repeated warnings by our technical authorities that major gas and oil shortages will occur in the next few years, and I, for one, naturally strongly resist any of the Berger and Lysyk recommendations because of that.

I am not one of those who believe the pipeline now being talked about, which will service the whole North America continent at the time of the forecast crisis of major oil and gas shortages in the next four or five years, should be delayed for ten years, as suggested in the first part of the Berger report because of possible disturbance or accidents affecting the ecology, when this country can properly legislate on its route and impose appropriate guidelines and conditions.

The Berger report appeared to me to have been one-sided and weak. It does not seem to take into account the coming major continental oil and gas shortages, the economic development of the northwestern territories of Canada, eastern Canada's urgent need of energy for its industries and its winter heating needs.

The Berger report is full of enlightened compassion and environmental concern, and Mr. Justice Berger must be praised for it. However, the report took little or no account of the urgent fuel needs, of the crisis that left us no alternative, of the harsh background of Canada's faltering economy, of the rising unemployment and the present stagnant investment situation in Canada. It totally ignored our obligations to reduce a deep deficit in our dealings with the United States, which country is in dire need of fuel.

● (1140)

The situation never was and is not, as some have said in some quarters, "a growth-mad southern Canada eagerly prepared to rape the north for economic gains." Last year Canada's deficit was over $4.3 billion. This had to be met by borrowings abroad while our dollar was about at par with the United States dollar. With the United States dollar now at a 5 per cent premium we need a stimulated economy to fill the gap. At this time the suggested pipeline would provide that much needed stimulation. It would, indeed, bring advantages and benefits to our economy not confined to the areas of construction of the pipeline, but extending to the other parts of Canada. Were the pipeline built as suggested by the National Energy Board, with proper guidelines and conditions, there would be yet other benefits to Canadians, in the form of the transportation of natural gas for Canadian use, and it would add appreciably to the employment of Canadians.

The Berger report does not appear to be a balanced document. It seems to have omitted a comprehensible study of how to develop essential pipelines that would take into account the best economic and ecological ways to do it, not to prevent it. The report took the attitude of refusing the consideration of any of the much needed pipelines that have become a "must" because of the gas and oil shortages on the North American continent, even if these pipelines were to be provided with all known safeguards coupled with the best ecological guidelines.

Dr. Lysyk's recommendations, if favoured, would complicate the implementation of the pipeline projects and make them very expensive for Canadians. Dr. Lysyk is also in conflict with the National Energy Board recommendations on the Dawson route and with the suggestion to have the government advance $50 million to the 6,000 Indians of the Yukon and to raise another $200 million to be split between the Yukon Indians and the 16,000 whites who live in the Territories. Time does not permit me to elaborate on these points as I should. I am in agreement with the reasoning of the National Energy Board, which held parallel hearings on the different pipeline projects and the impacts they would have on us. It is my assessment that the Energy Board gave much wider consideration to all the important and consequential factors. It provided for Canadians more sensible and practical recommendations than favouring putting off the project for a decade or so.

We are here today to assess what appears to us to be the best possible project at the least possible ecological cost to Canada and, especially, with the least environmental disturbance to the northwestern areas involved, and to do it without inhibiting the stable supply of energy for homes and industries to Canadians and without refusing to the Territories their needed development.

To date, I believe there has been too long and too costly a wait while searching for other solutions, which simply do not exist. Now the Northwest Territories native people, those who are most concerned in such matters, have in the majority strongly attacked the Berger report and its recommendations, especially the putting off of the pipeline construction. A. W. Lafferty, a Métis from Fort Simpson elected to the Council in 1972, says:

> We are faced with 10 years of uncertainty for our children and ourselves. I don't think I should be put, as a native Métis person born in Fort Simpson, in a position of having to migrate to another part of Canada.

Another Métis member, Richard Whitfold, agrees, saying:

> We have to have development; the land cannot have enough animals, birds, fish to support the people in the community.

David Searle, the Yellowknife lawyer who is the Speaker of the Council, says:

> The weakest areas of the Berger Report are on the economic and constitutional sides.

The economic area, in particular, is a socialist economic doctrine with which I cannot agree. The constitutional side is equally weak. It is wrongly set. I must also add that the Berger report has not considered the possible economic effects of its own recommendations. Several members of the Northwest Territories Council believe that the Berger report did not plumb the feelings in the central and eastern Arctic. Further, the Berger report spells out no alternative to the pipeline projects and development. They regard only as impractical the notion implied in the report that modernized trapping and hunting can fill the economic gap in the north. It would seem that Canada's best interests can be served with the pipeline projects now favoured by the National Energy Board and by most, I am told, of those in the Council of the Northwest Territories.

I fail to find any good reason at this crucial time—when we are facing a gas and oil crisis and are heading for acute shortages of fuels to heat the homes of a whole continent and to provide for power requirements for its industry which, in turn, assures our employment, our means of living—to prevent, prohibit or delay the construction of a gas and oil pipeline so evidently vital to our survival, welfare and present and future prime economic needs.

● (1150)

In light of all of those considerations, I can only favour the construction, without further delay, of a pipeline such as that favoured or advocated by the National Energy Board. It will take some two to three years to plan and construct such a pipeline if the necessary permits are issued now.

Let us not fool ourselves. We are not going to do this alone. The United States must surely have a say in it. Whether or not that portion of the project within Canada's boundaries is completely controlled by Canadians, most of the necessary financing will come from the United States. A negative stance on the formal requirements by the United States, which would be recipient of in excess of three-quarters of the supplies transported by means of this pipeline, will surely have a bearing on the routing and building of such a pipeline, and we had the first indication of that last night.

I would have no hesitation whatsoever in supporting the appropriate legislation to assure now the full and complete realization of that project which can best serve the country at large and the present and future interests of Canadians.

Hon. George I. Smith: Honourable senators, I shall try to follow the excellent examples set by those who have preceded me in this debate. I should have no difficulty in following their example as to brevity. However, whether I can follow that example as to content is another matter altogether. In any event, I shall do what I can in that respect.

I will not make much reference to what has already been said, not because it is not worthy of reference but simply because of the constraints of time with which we are faced. However, there have been some remarks with which I wish to associate myself, two of which were made by Senator Austin.

I had intended to make some remarks regarding a pipeline from Montreal to Halifax, or some other satisfactory point in the maritime region. I think perhaps Halifax is the most likely point, although perhaps the Strait of Canso might have some claim as being as good a departure point from Nova Scotia as Halifax. This is a project which is now only beginning to be talked about in a serious way. It is a project whose time has come or, if it has not already come, is certainly imminent. I was pleased to hear that Senator Austin, and other honourable senators, feel that this is a proposal which should receive very careful consideration.

Senator Austin and others spoke about the value of swapping Canadian gas with the United States in the immediate

future and eventually getting it back when the pipeline becomes operative. That, too, seems to be a principle which deserves warm support and one which, I hope, will be very much in the forefront of our negotiations with the United States.

Senator Desruisseaux, along with others, made reference to the serious adverse impact which a delay might have upon the ultimate result of this proposal. I, too, feel the same way. I appreciate the reasons advanced for a delay by both Mr. Justice Berger and Dr. Lysyk. However, the consequences of a delay, it seems to me, are likely to be so serious that everything possible should be done to avoid it. In comparing the advantages and disadvantages of a delay against the advantages and disadvantages of proceeding as soon as reasonably possible, it is difficult to justify any delay taking place.

The question of the settlement of native claims is, I agree, a very important one and one which must be dealt with fairly and expeditiously regardless of the pipeline route chosen. The settlement of native claims ought not to be tied to the location and timing of a natural gas pipeline. If those claims are just, then surely they should be settled fairly and reasonably without regard to any pipeline.

I should like to say one or two other things on this point. So far in Canada there has only been one comprehensive settlement of native claims and that, of course, is the James Bay Agreement, which itself was the subject matter of some very lively debate in this chamber not long ago. In that case, the negotiations were made more complicated by virtue of the fact that they involved a provincial government. In the case of the Yukon and Northwest Territories, there is no such provincial government involvement. I certainly do not wish to in any way detract from the importance of the territorial governments, but the negotiations would not involve the sovereign rights of a province, as was the case respecting the James Bay settlement. Consequently, while I would not be so foolhardy as to suggest that they would be easy, certainly the negotiations, as far as the federal government is concerned, would be less complicated.

Still on the subject of native claims, if as in James Bay it becomes necessary to impose a compulsory settlement on any group, which I hope will not be the case, then such a settlement should be accompanied by a provision for compulsory payment, or whatever ought to be done in lieu of payment, and that provision ought to be a statutory one based upon what is fair and reasonable in the circumstances.

● (1200)

Now I have said that I think these claims should not be related to pipelines; I think, too, they should not now necessarily be left simply to the free and unfettered discretion of negotiators on behalf of the Government of Canada. It seems to me that these claims must be settled, and settled as quickly as reasonably may be, and that it will be appropriate for proper legislation of the Parliament of Canada setting out the basic principles on which the negotiations should proceed, and providing for an appeal to the courts, if appeal should appear to be desirable to the persons concerned. I think this is a matter to which we should address ourselves, and the Government of Canada should address itself, as being one altogether separate and independent from the problem of pipelines.

But continuing with the question of the pipeline itself, it seems to me we are approaching this great decision in a state of less certainty than ought to be the case. It seems to me also that we have been led for a long time, or for a substantial period of time, to consider that the decision the government was now about to make was whether to build a pipeline and if so, where it should be built. Now, if I read right the speech made in the other place by the leader of that house yesterday, we have not reached that stage at all; we have only got to the point where the government is going to make a decision as to whether or not it should enter into negotiations with the United States on the subject of a pipeline. That seems to me to leave us in a somewhat unsatisfactory condition, one that we did not expect we would be left in at this stage of affairs, but I am ready to accept the possibility that, in view of the negotiations which have to take place, it may be an appropriate one for the time being.

It has been said, and I agree, that for various reasons the Mackenzie route seems to be one which is not going to be adopted, at any rate for the time being, and does not really enter very much, if at all, into the current considerations. One can arrive at some certainty about the route if one accepts without reservations the route which appears to be recommended by the National Energy Board in its report of July 4, namely, the so-called Klondike Highway route. But it is extremely interesting to note that Dr. Lysyk points out that this is by no means necessarily the best route through the southern Yukon. He draws attention to the possibility that two other routes which he refers to as the Alaska Highway route—which is the Foothills proposal—and that which he refers to as the Tintina Trench route as being equally possible. He ends up by saying in fact that no decision should now be made as to which of these three possible choices through the southern Yukon ought to be selected. It seems to me that if one were to accept that view of things then we are still left in a state of uncertainty, which would not do very much to facilitate the negotiations which are going to have to be carried on with the United States. And so it seems to me, although I would not suggest that I am in any way qualified to contradict the conclusions of Dr. Lysyk, that we must come very quickly to a conclusion as to which of these three routes through the southern Yukon is to be selected and is to be the route about which we negotiate with the United States, because otherwise things are going to be, quite simply, that much more difficult and uncertain.

It is of some interest to me too, and I should think it will be to all Canadians, that Dr. Lysyk concludes that not enough is known about these three routes to decide now which is the best. This I find to be a somewhat unexpected state of affairs after so many and such costly, prolonged and able studies have been made. It is also a matter of considerable interest to me that Dr. Lysyk says that he does not really know, and that nobody else really knows, whether the so-called Dempster Link

or Dempster Lateral from the AlCan route to the Mackenzie Delta or the Mackenzie Valley is a feasible one, either from the technical point of view as I read it, or from the point of view of sufficient reserves in that area to make it worth while. He draws attention to yet another possible alternative route there which he calls the Maple Leaf route.

It was said by a speaker earlier in the debate that we have some years left, and I agree that that is so, before we have to make a firm decision about what to do concerning gas in the Mackenzie Valley and Delta, if indeed there is gas there in sufficient quantities to make it economically worth while. But surely again after all these studies which have been made, not only since the Berger Commission was appointed, but for years before that, we are still left in a state, according to Dr. Lysyk, of almost complete uncertainty about the matters relevant to the Dempster Lateral or the Maple Leaf route.

It has been said that this pipeline now proposed and which we are now discussing is primarily something to serve the purposes of the United States, something to move United States gas through Canada to United States consumers. I suppose there is a good deal of validity to that argument, but I am inclined to accept, in part at least, the argument of Senator van Roggen that there are substantial benefits to Canada, benefits of the nature he described. I hope they are as great and as helpful as he seems to think they are; I would not quarrel with him, because I just want to believe that he is correct. I am not quite sure, however, that they will give us the extraordinarily helpful benefits that he believes, though, as I said, I hope that that will be the case.

I agree, too, with whoever said that no one should approach this question on the basis of any pro- or anti-United States feeling. We ought to deal with it first of all on its own merits, whatever they may be, from the Canadian point of view. If in helping ourselves we can also perform a real service for our neighbours, then we should take that into consideration and be very willing to do it, no matter what our nationalistic beliefs or prejudices may be.

● (1210)

I think, despite all the uncertainties mentioned and despite the difficulties, and I have by no means mentioned them all, the AlCan project does deserve support, provided certain conditions are observed. Certainly, it will help us to help ourselves and it will help us to help our neighbours to the south. I do think, however, that to make sure it does justice to Canadians some conditions at least ought to be insisted upon as a bare minimum from a Canadian point of view. For instance, the planning should be such as to accommodate the possibility of Canadian gas being found in the Mackenzie Delta, or elsewhere in that region, and to accommodate the possibility of transporting that gas to the south. Beyond any question there should be no possibility of any Canadian guarantees of a financial nature with reference to this pipeline project. The construction conditions must be such as to be of maximum advantage to Canadians, especially northern Canadians. One of the conditions we must insist on is that there has to be a maximum Canadian content, not only in jobs but in materials. Northern Canadians ought to have priority in hiring. Where it is feasible, northern communities must have access to gas from the pipeline for their own needs.

There should also be a single, independent, regulatory agency responsible to Parliament for overseeing this whole project from its inception to its completion. That must be a new body and it must exist only for the life of the project; it should not be an ongoing body, which would simply add to the everlasting and evergrowing bureaucracy. It must have clear power over all other federal agencies in the north in respect of technical, social and environmental problems as well as in matters relating to the social and economic impact the pipeline will make upon the north. It must have within its ranks a body representing the governments of the Yukon and the provinces through which the line passes so that the problems and desires of the people who live in the Yukon and in the particular parts of the provinces concerned will always be present in the minds of those who must deal with them so that their interests will always be capable of being advocated by people with clear and direct knowledge at all stages of consideration.

Subject to these conditions, I think we should support the AlCan route despite the uncertainty concerning the three alternatives Dr. Lysyk deals with through the southern Yukon. Regardless of the precise route, however, the project is too big a thing to Canada, as has been described by those who have preceded me in this debate, to remove it from the immediate concern and monitoring of Parliament. It should be clear that from the inception of the project, if it is indeed undertaken, right to its completion some satisfactory arrangement for the monitoring by Parliament should be available and used. Whether a joint committee of the two houses of Parliament would be appropriate or whether standing or select committees of both houses would be more appropriate, at the moment I am not prepared to venture an opinion; but I do think a project of this nature, which as previous speakers have said, and I agree, is one of the greatest projects ever undertaken in Canada, is something Parliament has a right and a duty on behalf of the people of Canada to monitor closely from the time of decision until the time of completion.

Senator Greene: Would the honourable senator permit a question?

Senator Smith (Colchester): Surely.

Senator Greene: With respect to the Montreal-Halifax, Montreal-Canso pipeline to which you adverted favourably, I think we all agree that, in considering world energy supply and price conditions, perhaps the great hope for the industrial blossoming of the Atlantic provinces for which we have all waited so long, and perhaps maritimers impatiently, is a constant and economic supply of power. Does the honourable senator have any concern—a concern which gives me the necessity of asking this question—that a pipeline supplying northern or western gas, which would be expensive power, might be a disincentive to the continuing exploration of the potential offshore resources, which would be cheap power, if they are successful off the Atlantic provinces?

Senator Smith (Colchester): Honourable senators, that is a question which would have to be looked at carefully in considering any possible decision about such a pipeline. However, my understanding of the costs involved in relation to the costs of offshore gas or oil is that it would hardly be justifiable to describe offshore gas or oil as likely to be cheap or inexpensive. The costs are likely to be of such a nature that it would certainly be well worthwhile carefully to investigate the comparison of costs of energy transmitted by pipeline.

Hon. Horace Andrew Olson: Honourable senators, as has been stated by a number of speakers before me, this is such a large and complex project, with all of the considerations related to economic, financial, ecological, sociological and demographic aspects, that it is difficult, if not impossible, to try even in a cursory way to cover it completely. My intervention, therefore, will be relatively brief and will be restricted to a relatively narrow aspect of some of the economic and international considerations.

I want to say at the outset, honourable senators, that I do not apologize in any way for supporting a project that may be of benefit to the United States. We are a neighbour, I think a good neighbour, of the United States; the United States is a good neighbour to us. Certainly, they will benefit from the AlCan pipeline, in my view. But, as I said, I want to make it clear that I make no apology for supporting a program that will benefit a good neighbour. I believe there are good and sound economic reasons for Canada's going ahead with this project.

Honourable senators, I do not intend to spend much time dealing with such matters as native claims or the Yukon's claim to some compensation, or matters of land settlement and that sort of thing. Our colleague from the Yukon laid it out very succinctly and accurately. The one thing that impresses me above all else is that the claims that are involved in the Yukon, by the natives and others who live there, indicate that it is simply not a question of money. In my view, their right to land claims, over a long period of time, is more important than any sum of money that today could be considered as a settlement.

● (1220)

So, honourable senators, I am of the opinion that consideration should be given to a pipeline going through that land, and that we should not take the position that those claims will be settled forever simply because an agreement is reached for a pipeline to be built.

The main thrust of my intervention is to point out the benefits that could be available to both Canada and the United States, that are somewhat different with respect to the AlCan line, than the other option which the Americans have.

I happen to live in a area of Canada where there is at present a very large quantity of what we refer to as shut-in gas. This was referred to by both Senator Austin and Senator van Roggen. We have hundreds of gas wells within a few miles of where I live. The wells have been drilled and are near the TransCanada pipeline. There is no problem in connecting the gas, but there is simply no market for that gas within Canada for the next several years. The people who are drilling the wells—particularly the small, independent Canadian companies—have virtually been told, although not officially, that there is no market for any gas development for at least two or three years. It becomes fairly expensive to put in those facilities and not only to develop but, indeed, to explore, when it is known that there is no possibility of selling the gas for several years. Yet we know that the Americans ran into a very severe shortage last winter.

I realize that there were adverse, unusual, weather conditions where they required additional amounts of gas to meet emergency conditions, but it is far more widespread than simply an emergency situation arising from adverse or unusual weather conditions for a few weeks. They need gas very quickly, and, honourable senators, we have the gas. Indeed, we have a delivery system in place, through the Alberta Gas Trunk Line and TransCanada Pipeline, whereby we could let them have some of that gas in the winter of 1977-78, and every year from then on, until the AlCan project is capable of delivering Prudhoe Bay gas.

I should add, however, that with a relatively small expenditure to increase the capacity of those existing lines—I have to apologize for saying "relatively small" because $100 million has never been a small amount, to my knowledge, but it is a relatively small amount of money for construction designed for large gas line delivery—or approximately $100 million, and with about one year's lead time, I am advised that the present facilities for the gas reserves that have already been found and developed could put us in a position to deliver gas to those areas of the United States where it is required, namely, the midwest and western United States. We could deliver anywhere from 800 million to 1.2 billion cubic feet of gas per day for the next several years.

I do not believe that we should sell them that gas, because if we look far enough down the road, and if there is no significant change in the amount of gas discovered in Canada, we are likely to need that gas for our own economy. Therefore, as Senator van Roggen and Senator Austin have pointed out, we should provide the United States with the gas on an exchange basis. Surely, some arrangement could be worked out whereby we could receive interest on a value placed on the gas which they receive, so that starting in 1984 or 1985 we would receive back the actual value of the gas supplied—which I am confident will be substantially higher than the value of the gas today. Therefore, I am not advocating that we should sell out our heritage and reserves to the United States at a price now, knowing that it will be worth more in five or 20 years from now, but I certainly believe that we could exchange it, and that the economic benefits would be great for both the United States and Canada.

Therefore, honourable senators, we need to look carefully at the situation. I am not sure that it should be a condition of the negotiations with the United States, but I do believe that it would be an attractive part of opting for the so-called Canadi-

an overland route, because certainly the United States need the gas and they need it soon.

We should also bear in mind other economic factors as they apply to Canada. Obviously, if this project is approved by the two governments, there will be a massive procurement exercise set in place almost immediately. Many hundreds of thousands of tons of steel will be required. I understand that the steel industry in some parts of Canada is operating at levels far below capacity, and that unused capacity could be utilized almost immediately to provide employment in those parts of Canada where steel is produced, to provide the several hundred thousand tons of steel required.

A whole lot of other construction material would be required and could be obtained from all parts of Canada. We should remember that Canada needs more employment opportunities and that they will be needed in the winter of 1977-78. In raising this matter, I am not stressing that we should do something that will be detrimental to Canada in the long run; but, honourable senators, I am convinced that we could have the best of both worlds as result of this project. It would quickly generate new jobs if a decision were made by both governments some time between now and the end of 1977. I am also convinced that it has such long-term benefits for Canada that we would not regret having made such a decision in the latter part of 1977.

For the record, I would like to give some figures to support my argument that we have reserves immediately available that could be used for the exchange purpose to which several honourable senators have referred. For example, we have in Alberta— there is also a little in British Columbia— about 20 trillion cubic feet of unconnected gas. The wells exist but the gas is not connected to any existing pipeline, and therefore it is not committed to anyone. There is enough gas to meet all of my suggestions, and it could provide in the neighbourhood of something like one billion or 1.2 billion cubic feet per day for the various parts of the United States, at least until the Prudhoe Bay gas becomes available.

● (1230)

There are several ways of delivering gas. One, of course, is by means of some expansion or looping by the TransCanada Pipeline from Alberta to Emerson, Manitoba; some could go out through the Westcoast Transmission line from Alberta to British Columbia; and some, of course, could go through the southern route that goes partly through Alberta and through British Columbia to Kingsgate. Honourable senators, this is not a hypothetical situation. The gas is there, the pipelines are there. Some additional looping and compressor capacity is all that is needed to make it available right now, and as soon as that is done, as soon as the decision is made by the two governments, that kind of activity will begin to take place right away.

I want to point out, too, that it would be beneficial to Alberta, and I make no apology for saying that either, because I think we need some of the smaller companies who have the problem of cash flow from time to time to have an on-going viability in the market so that they can continue their exploration in Alberta and, indeed, also, their development of known gas fields. I might say that, unless this project goes forward, it does look as though it may be some time before there could be any real incentive to keep up the level of activity that has been going on for the past year or so, and particularly during 1977.

Honourable senators, I want to make two other points. First, I want to suggest that the Dempster connection for the Mackenzie Delta and Beaufort Sea gas should not be regarded as the only Canadian benefit. It also should not be regarded as the only means of getting Delta gas into the Canadian southern market, although it is certainly one way. I suggest to you that the entire Mackenzie Valley, in geological terms, is a sedimentary basin that is potentially gas producing; that runs for hundreds of miles south of the Delta, all along the route where a Mackenzie Valley pipeline could be built. Reference has been made to the Maple Leaf project. That is where that would go. It would be almost completely independent of AlCan, whether geologically, geographically or otherwise.

I realize, too, that the rate of discovery in this sedimentary basin in the Mackenzie Valley has not been particularly encouraging to date, but the sedimentary formations are still there. We have had the experience in Alberta for a long time of finding that while you can make seismographic surveys, and other things, until you drill the holes you do not know whether or not you are going to get production. I am prepared to be sufficiently optimistic, however, to think that there will be some areas in that enormous basin where significant quantities of gas will be found in the future. Certainly, it would be a great advantage to have a pipeline in proximity to that area so that it could be delivered if and when it is found.

The other point I want to make is that I support fully the argument that has been made that Canada, and all the authorities, agencies and governments responsible, ought to get on with building the Quebec-maritime pipeline. I do not know what the problems may be, or the competitive factors, as between that and further exploration in the maritimes or off the coast, but I am sure that that gas line could be put in in such a way that it could be reversible, so that if significant and exportable quantities were to be found at any time in the future it could carry gas in either direction. In the meantime, to me, as a Canadian, it is important that all provinces in Canada be connected to a grid system, so that notwithstanding differences in transportation costs, all Canadians may have access to an economic industrial and domestic fuel at essentially the same price, in addition to whatever transportation costs may be involved. Certainly, however, a natural gas pipeline is one of the most economic ways of transporting energy over long distances. It seems to me that this is a major consideration, and that it should be proceeded with for the benefit of bringing all Canada into this system so that we all have access to it.

Honourable senators, I hope we will support this project. There is really no argument in my view as between AlCan and some other pipeline in Canada. All that is left is a decision, as far as the United States is concerned, as between AlCan and El Paso; that is, as to whether they will opt for a line in

Canada or not. All the other problems that I have a great deal of sympathy for, such as finding equitable solutions for native claims, and provision for future Canadian requirements, and so on, can be met and, in fact, enhanced by approving this pipeline.

Senator van Roggen: Will the honourable senator permit a question? I was interested in your figure of 20 trillion cubic feet, I think it was, of unconnected gas in Alberta and British Columbia. Would you tell me, if you know, approximately how much connected gas there is in the reserves in those same provinces?

Senator Olson: Honourable senators, I cannot give those figures up to the present day. I checked as late as last night and the ones that are available are only up to the end of 1975; that is, agreed figures. There are some estimates adding in how much further gas was brought into the reserves in 1976 and 1977, but there were approximately 85 trillion cubic feet of gas—that is, ultimately marketable gas—at the end of 1975. Of that, the cumulative amount used to date is about 25 trillion. There are, of remaining marketable connected gas, some 41 trillion cubic feet in the two provinces, and about 20 trillion cubic feet of unconnected gas. I understand this does not take into account discoveries or even development in existing fields that have been added to reserves for 1976 and 1977.

Senator van Roggen: So, if I understand your position clearly, it is that the present requirements of Canada, and the present contractual obligations of the producers to the pipeline systems in Canada, are adequately looked after from presently connected gas, and that the 20 trillion cubic feet unconnected is available for swapping purposes, or is in excess of our immediate requirements.

Senator Olson: It depends on whose formula you use for how much reserves are required to meet all of Canada's requirements; but if you use the ones that have been set down by the federal government and the National Energy Board, and also by the provincial conservation boards, it would appear to me that there are now about 20 trillion cubic feet over, providing an exchange policy is adopted.

On motion of Senator Williams, debate adjourned.

BUSINESS OF THE SENATE

Senator Langlois: Honourable senators, I move that the Senate do now adjourn during pleasure, to re-assemble at the call of the bell at approximately 2.45 this afternoon, to continue this debate. I understand, according to the latest count I have received, that there are four additional senators who wish to participate in this debate, so in order to have enough time to complete the debate prior to royal assent, which is scheduled to take place, as honourable senators know, at 4.45 this afternoon, a further adjournment during pleasure might be necessary if we fall short of meeting that target. This will be the program for this afternoon.

The Senate adjourned during pleasure.

At 2.55 p.m. the sitting was resumed.

ENERGY

CONSIDERATION OF CONSTRUCTION OF A NATURAL GAS PIPELINE FROM WESTERN ARCTIC TO SOUTHERN CANADA AND CONTINENTAL UNITED STATES—DEBATE CONCLUDED

The Senate resumed from earlier today the debate on the inquiry of Senator Perrault calling the attention of the Senate to the question of the construction of a natural gas pipeline from the western Arctic to southern Canada and continental United States.

Hon. Guy Williams: Honourable senators, I rise to say a very few words. All morning my prepared speech has been getting shorter and shorter at the completion of each speach. This I appreciate very much.

Hon. Senators: Hear, hear.

Senator Williams: I want to bring to the attention of honourable senators certain matters of particular concern to the Indian population of the Yukon Territory. This proposed location of the pipeline route in the Yukon Territory and extending into British Columbia and Alberta, in the future and in the building of this pipeline, will have further involvement of other Indian people in the provinces that I have mentioned.

I want to speak also of the relationship of the native linguistic groups in these areas, particularly in the Yukon, and their endeavours such as fishing and hunting for food and gain. Traditionally their families owned these areas. This was before the setting up of the boundaries of British Columbia and the Yukon Territory. To this day the families maintain the aboriginal rights and customs in this area, and should be given due attention and consideration by the negotiators.

There are some newcomers to the areas that are now involved in the Yukon. Some of them may have been there for a half century, and I am referring to the native tribes that are originally from the coastal areas of Alaska—the Talingets. Now that they are in the Territory, they must be given full consideration and compensation as residents of that Territory.

I am also suggesting that in the course of negotiations the organization known as "The Council of Yukon Indians" should be given an opportunity to participate as advisers and observers in the course of negotiations with the country that is going to benefit from the pipeline, namely, the United States.

I am not of the opinion that negotiations will be too difficult, nor am I of the opinion that certain scare tactics of alternative types of transportation will be heavily used. I do not think so.

The nations involved in the last struggle of World War II did not go out to the ocean for the transportation necessary at that time. They built a road in order to be safe and away from possible enemy action out on the ocean. I am of the opinion that land transported gas will take this course. It will be a pipeline.

I am not sure whether liquefied gas in heavier than water. If it is heavier than water it could cause greater problems than if it is lighter than water, because if there is a spill out in the ocean it will go to the ocean beds and disrupt and possibly kill many types of ocean life. If it floats, then the problem will not be as serious, I believe, as if it were heavier than water.

● (1450)

From my long experience with Indian leadership negotiations, not only for my own people but also for Canada in negotiations with other countries on ocean fisheries and so on, I am in agreement with the suggestion of the Lysyk report. I think it is a gesture of true intent. I believe we should follow the suggestion or request, call it what you will, that $50 million be paid immediately in trust to the Yukon Indians, with interest, on which they can draw immediately.

In my own experience, there is always a lack of confidence by the Indian people, no matter what level of negotiations they are into, whether it be with a corporation or with the government. Paying this money into trust will build the confidence of the Indians, and not only the passing generation. They will feel at last that here is a square deal coming up and a guarantee. That is why, as an Indian, I agree with that suggestion.

I am not too sure about the suggestion for a heritage fund of $200 million. I am a little bit doubtful whether that would serve any real purpose at this time. Maybe it should be looked at a second time by the government, and by this chamber, some time in the future.

I am happy to have had a few moments to express to you my views, most of them personal. In the course of events, the delivering of this necessary commodity will involve a great deal of planning and a great deal of manpower. I wish to point out that it is quite possible that 50 per cent of the 6,000 Indians in the Yukon Territory are recipients of welfare. I am also sure in my own mind that at least one-quarter of them could be absorbed into a work force. This would get them off the dole, and also get them off the street curbs in the evenings, particularly on Sundays. By being absorbed into a work force they could contribute to the productivity of the territory and of the country as a whole. I trust that real consideration will be given to the Indian people of that territory, and that they will be involved in the work force of this country in order that they may be able to contribute to the economy of this great country.

I have spoken.

Hon. J. J. Greene: Honourable senators, Senator Williams took to task some of the prior speakers for having anticipated his speech. I had only two points which I wished to attempt to emphasize in brief words and Senator Williams took one of them, so he took 50 per cent of my speech and I do not believe that anyone else took 50 per cent of his.

The two points I wish to accentuate are, firstly, the question of the American content of this whole issue, which I believe several speakers have emphasized be not judged as a pro- or anti-American issue at all. I do think that we should consider, the press notwithstanding, that there is a very close association in all energy matters between ourselves and our American neighbours, for which we should be thankful. There is, of course, no such thing as a continental energy policy, which is some nightmare that one of our pressmen in Washington dreamt up, over too many mint juleps, maybe, which is a favourite concoction down there. No nation and no government can ever tie in perpetuity its energy policy with that of any other. We should be thankful that there is continuing cooperation between ourselves and our great neighbour to the south on energy matters. I sometimes wonder what would have happened in last year's energy crisis in the United States had the same situation occurred in Europe, where the other great world power, say, is the neighbour of Czechoslovakia, had Czechoslovakia had a surplus of gas and oil, as we did and her great and powerful neighbour had a shortage. Just as the tanks rolled into Hungary a few years earlier, I suspect that they would have rolled into Czechoslovakia last winter, whereas here we negotiated freely and equally with the U.S.A. to see if we had any more to spare. In my opinion, we are very fortunate to have had a relationship such as that with our great neighbour.

I well recall that I once had the rather difficult function of taking President Nixon, as he then was, to task for having unilaterally cut off our oil exports without discussion or negotiation. I had the rather difficult task of alleging to him that it was an act contrary to the GATT and contrary to our whole trading associations with the United States, because our energy dealings with them are part of our total trading arrangements with them, and they are not only our biggest supplier, but our biggest customer, we must remember, and energy is part of our entire trading package with them. I contended to the American authorities that they had no right to unilaterally cut off our exports, as they then did, without considering it in the context of our total trading arrangements with them. It was ironic that just a year or two later, after I was no longer able to carry on my duties as Minister of Energy, Mines and Resources and the Honourable Donald Macdonald succeeded me, I was able to say to him, "I don't know what you fellows have done since I was shot down. When I left you had such a surplus of energy, oil and gas in particular, that I had to go down and take on the President for cutting off our exports. I've been gone a year and now you fellows are short of energy." I don't know what they did in the interim, or what the world did, but in any event our relationships with them are of that nature, that there are mutual trading arrangements and this entire matter should not be looked upon in the context that we are doing a favour for the United States.

● (1500)

Canada's main pipeline goes through the United States. That particular route was chosen because it was the most economic route for bringing western oil to the eastern markets. The United States, to my knowledge, has never interfered with the free flow of oil through that pipeline. Even last winter, when there were such severe shortages in the United States, there was no beating of the drums in Washington saying, "Well, there's oil in the Canadian line, so let's grab it!"

Canadian oil has flowed through the United States freely. It is subject to U.S. laws, as any pipeline in Canada would be subject to our laws.

I hope the press, particularly the Metropolitan Toronto press, who seem to delight in this sort of thing, do not take this up as an "Americans-pushing-Canadians-around" sort of deal. We should and will go ahead with it if it is in Canada's best interests to do so, and if it is in Canada's best interests and helps our good neighbour to the south at the same time, so much the better, I say. But certainly the interests of Canadians will be paramount. The fact that it would help the Americans is no indication that we are in any way being pushed around by the Americans. Rather, it indicates that in energy matters, as in other areas, we live on one continent, and the more we can work together to the betterment of all who live on the North American continent, so much the better. I do not think it can be construed in any way as a pro- or anti-American question.

A second point which I wish to allude to—and Senator Williams has already well taken care of this and probably needs no help from me, but perhaps I can be allowed to emphasize it—is the fact that the alternative, as I understand it, to an overland pipeline is the carriage of liquefied natural gas from the Port of Valdez by tanker to Cherry Point and other points of entry in the United States. With that in mind, I think we should consider very carefully whether it is not more in the interest of Canadians to have an overland pipeline which, as far as the Canadian portion is concerned, would be subject to Canadian supervision and laws, as opposed to having highly volatile liquefied natural gas being transported via tanker along the ecologically fragile British Columbia coast with no Canadian control whatsoever over that carriage. The tankers would be in international waters most of the route, with the result that we would have virtually no control whatsoever over them. Surely it would be more to the advantage of Canada to move that gas over sovereign Canadian territory where we can control the conditions under which it moves rather than having it move off our west coast with no Canadian control over it.

Honourable senators, behind this whole question—and I do not wish to go into the various reports, all of which have been admirably covered by previous speakers—is perhaps the greatest overall challenge to our generation with respect to the manner in which we use our resources while at the same time protecting our sociological and environmental interests.

I do not for one moment subscribe to the so-called no-growth ethic. There is a party in the other place—and, fortunately, it does not exist in this noble place—which has the luxury of always being on the side of the angels: on the one hand, they want no unemployment; on the other hand they want no growth and no risk to the environment or the ecology. They want to be with the angels on both sides. Those honourable parties which have the responsibility of government from time to time, which find themselves on either side of this house, know that those two ethics have to be reconciled. No growth means no jobs. Well, if you have the resonsibility of office you have to create jobs or have the policies which will create jobs. And at the same time, with our present knowledge, we have to do it on a basis which protects our native peoples and their rights, that protects our environment and hence the rights of those who come after us, and that is the challenge. I think Voltaire put in the mouth of Candide the words "Il faut cultiver notre jardin".

The challenge to us is to cultivate our garden, that garden of resources which is so rich in this country, but to cultivate it in such a way as is best sociologically, economically and ecologically, not to hide our head in the sand and say "No growth"! Because no growth means no employment, no enhancement of the standard of living of our peoples and no enlarging of their opportunity, and I do not think that is what Canadians want. I think they want of us responsible growth; they want us to cultivate our garden in a more responsible way, perhaps, than we have done in the past, but to cultivate it so that we will have jobs for our people and an enhanced standard of living for our people.

Behind this whole debate is that concept which looms much larger than merely the pipeline. How do we have continued economic growth in a perhaps more responsible way then we have had it in past generations? So this debate is indeed the first milestone of a far greater question, namely, the whole ethic of what must be the future development of our country.

Senator Forsey: Honourable senators, I wonder if I might ask Senator Williams a question. I wanted to do it immediately after he sat down, but of course I deferred to Senator Greene. Something has been said in the course of this debate about the settlement of native claims, and some reference has been made to the James Bay settlement, and, I think, also to the Alaska settlement. I wonder if Senator Williams could tell us whether he thinks the basis of those settlements was the kind of thing that would be satisfactory to the Yukon Indians. I rather suspect it would not, but I would rather like to hear from an expert.

Senator Williams: Honourable senators, I think most honourable senators here knew what my stand was when the James Bay Agreement was being debated to be ratified. While the negotiators on the James Bay Agreement may have done this in full belief and sincerity that it was good for them and for their people, I think they had this view because they lacked experience in the matter of negotiating with the two governments. I did not agree with it, and I do not agree with it to this day, and I say that no other agreement reached by any Indian group in Canada should conform to the basis of the James Bay Agreement.

Hon. Willie Adams: Honourable senators, I have been prepared to make this speech since this morning, and I am glad finally to take the floor. I do not really have too much to say, but I am concerned about this debate on the pipeline between the Mackenzie Valley and the Yukon. I am somewhat familiar with the Mackenzie Valley pipeline. During the last four years I was involved in the Council in Yellowknife. I am not really all that familiar with the Yukon and the route through Alaska, though.

● (1510)

You know, when I was appointed to the Senate I was told that I represented the people, and I figured I was going to help them with land claims and the development of a pipeline, and that sort of thing, in the north; and I really do think that between the Senate and the House of Commons we should be concerned about the people up there, especially when it comes to their rights in the north.

Of course, honourable senators, I have lived in the north for a long time and I know much more about that part of the country than I do about the rest, or about the south part of the country. I can tell you that the people in the north feel that they own that part of the country up there, and yet they feel they have no power to save their own lands. For myself, I will be dealing with people who are concerned about their land claims, and fair settlements will certainly have to be made in the future.

Honourable senators, when I heard my colleague Senator Olson referring earlier to the energy problems in the south of Canada, I could not help relating that to the situation in the north, and, frankly, I think it is a little too early yet to determine just where the site should be for that pipeline running through the north and south of Canada and down into the United States.

I have to admit that I am not really all that familiar with the question of the need for gas down south; for myself, every time I come south I find myself sweating.

Senator Greene: Senators don't sweat; they perspire.

Senator Adams: Then, when I go back north I am cold. So I figure that at least we should not disturb the gas situation up there in the north just to bring it down south.

In the meantime, honourable senators, the elected representatives in the Assembly at Yellowknife are concerned about the situation, and I think we should be concerned too, as well as those elected representatives of the Territories; we are concerned and worried about the possibility of an Arctic pipeline polluting the rest of the Arctic. I think you have to acknowledge the fact that the elected representatives from the Territories know more than we do here in Ottawa about the people up there and the situation they are in. They know more about what effect a pipeline can have. On the other hand, when I was there for four years, we used to say, "It is up to Ottawa to make the decisions." We felt, as a small people talking about our problems in the north, that we did not have much control over ourselves in the Arctic, because all of the decisions were being made in the south, in Ottawa.

Honourable senators, speaking as an Inuit, the Inuit people and the Indian people have a slightly different way of life from that of those living in the south. For the people living in the Arctic and living in the tree line area there is a difference, and I think that the people in the Mackenzie Valley, if the pipeline does not go through there, will be upset because they have been prepared for that pipeline for quite a few years—especially people in business who are really ready for it. Even for ourselves, honourable senators, we are always talking about going and living off the land.

Those of us who live in the north, and those who will be coming to the north to set up their homes, will not be able to live off the caribou and fish in the future. The population is growing and everything costs twice as much as it does in the south. It costs us more for our food and clothing. Everything has to be brought in by ship or plane. Everything has to be subsidized. Even the ordinary trapper requires a lot of money to buy food, gasoline, and everything else that he needs. At one time dog teams were in use, but now there is hardly a dog team to be seen. Skidoos and Bombardiers are now used, which use twice as much gas as cars use in the south. The oil will flow south and the gasoline will come back to us at a higher cost. People in northern communities will have to pay more for it, and the price will be in favour of the companies producing it and not for the benefit of the people living in the north.

If the pipeline goes through, construction may take three or four years, but after that few people will have a job. Only qualified people will be able to look after such installations as pumping stations. It takes five or six years to train a person, and there will not be enough trained people in the north for the various jobs. The whole matter should be looked into. We should see what the people who live in the north feel about it. We should also bear in mind the views of those who will be living there in the future. Much will have to be done before we have a pipeline built between the north and the south.

Hon. Peter Bosa: Honourable senators, I wish to enter this debate, not as an economic or environmental expert but as one who has a profound concern for the cultural and human sensitivities of Canadians.

All cultural groups have specific feelings and aspirations, and the native Indian and Inuit are no exception. Their traditions are tied to the land, to the rivers and streams, to nature. Their aspirations are to see that their way of life is preserved, that their future generations are able to inherit these traditions.

Some think that the native Indian cultures have disappeared from our society. They have not. They have survived remarkably well compared with the pressures put on them by the moving in great numbers of the "white man" over the last 300 years or so. They are beginning again to assert their place in our society and they wish to take an active part in the decision-making for the development of this country so that they can assure themselves a respectable place under the sun.

I will not pretend to be an expert in native Canadian cultures, but I am extremely interested in these groups as they are part and parcel of the total Canadian society. They are at the same level as any other cultural community.

● (1520)

To this debate I should like to contribute a few basic general suggestions. First, this government must make a commitment to respect and protect one of this country's most fragile cultural components, that of the Yukon Indians and the Inuit

people, when considering the AlCan proposal. A good proportion of my insight into the caution we must exercise as a government I have acquired through the Yukon member of the Canadian Consultative Council on Multiculturalism, Mr. John Hoyt, as well as through a number of the Canadian native members on the same council. Over the years the northern Inuit and Indians have come to believe that southerners can only intrude, can only interfere and exploit. We do not have a very good reputation, and we are about to reap the rewards of a century of disruption of and indifference to the sensitivities of our native people.

Now in 1977, faced with the possibility of the construction of a northern pipeline, Canada finds herself in a position where once again the interests of the Inuit and the Indian may be put to a test, and it is encouraging to hear so many Canadians awakening to this problem and committing themselves to resolving it. A pipeline can be built, but this does not mean that the northern native Canadians should be forced to suffer what could be, if not a death blow to their culture, at least the undermining of their way of life.

They survived, but only with permanent injury, the onslaught that occurred during the gold rush; they are still suffering the onslaught which accompanied the construction of the Alaska highway. We must, therefore, learn from these two experiences, and along with the Americans we must show that we have learned from our previous mistakes.

A pipeline can be built if we agree from the start that the native Canadians through their representatives will be made an integral part of the pipeline construction management, and that native Canadians of the north will have a major say in the handling of the economic and social factors that may result from such a development. The development that is to take place must be compatible with the needs of the people affected.

May I close by reiterating my objective in entering this debate. We as a government must look after the well-being of every segment of Canadian society, no matter how small its size. Under the Canadian multicultural umbrella the native people figure very prominently, and as the Chairman of the Canadian Consultative Council, I will do all I can to remind Canadians of these facts.

Hon. Royce Frith: Honourable senators, I share the diffidence of Senator Smith (Colchester) at entering this debate, in the sense that he and I, I take it, agree that neither of us is a leading expert on the subject of pipelines and pipeline construction.

I only want to do two things. One is to add what I might call an Ontario footnote—I would not put it any higher than that—and then I would like to presume to make a comment on the experience I have had today in hearing this debate.

The Ontario footnote I wish to add is simply this, that many of the interventions that have been made here today have been made by experts in their various fields, and have been made from what we might call a "perspective occidentale." The comment was not all from the west, but most of it was made in the western perspective. I cannot purport to speak for the whole of Ontario, but I can speak as an Ontario senator. Having read the reports and listened to the debate today, it seems worthwhile to add that the direction in which the country and the government seem to be going with reference to the choice of a pipeline has built into it many benefits for Ontario. It has, first, what we might call Senator Olson's Christian perspective—I am using my own word there, my own italics, not Senator Olson's. Alternatively, we could refer to it as an altruistic viewpoint—something that Senator Olson did not apologize for—in that we are doing a very good deed for a very good neighbour. That is the first part of my Ontario footnote. The relationship between the United States and Canada is very important in its Ontario context.

Senator Austin also pointed out the benefits that accrue in terms of an exchange and the fact that we in Ontario rely heavily on our neighbours to the south for coal to produce electrical energy. It is also clear that Ontario will benefit from the AlCan route in another way. The steel production dimension of that route is more attractive to the Canadian industry than was the other, the Mackenzie.

Senator van Roggen also pointed out the benefits, generally, to Canada and the United States in what I thought was a particularly colourful and explicit definition of the "chips" that were available on both sides and the benefits that would accrue to both sides. Certainly, it seems to me, if I understood the report and understood the debate, Ontario will in the meantime further benefit from cheaper gas and energy, which are vital to Ontario, in the form of gas delivered from Alberta's present reserves as distinct from the more expensive frontier gas. I hope for Ontario's sake that the government does opt for the AlCan route and that its negotiations with the United States are successful and result in the early construction of that route.

Honourable senators, my father's definition of the incurable optimist was the woman in the front row of the church who puts her shoes back on when the minister says, "And now in conclusion." So, in conclusion, and on this point, which is the second point I did mention, honourable senators, it has been a great experience for me to listen to this debate today. Without describing the low level of my understanding with regard to this issue when the debate began, I can say that it is at a high level of understanding by comparison, after having listened to my colleagues in their various expertise and experience develop this very, very important issue. It is a privilege for those of us in Parliament to be here at a time when this great undertaking is being considered and is about to be launched.

I want to personally thank my colleagues for an interesting, stimulating and educational experience. I want to compliment them on their participation in this debate, if they will allow me to presume to do so, and I would just like to close by saying that I am very proud to have them as fellow Canadians and as colleagues in this house.

Hon. Ann Elizabeth Bell: Honourable senators, perhaps the time has come when we should consider reconstituting the Standing Committee on Natural Resources. For several years

I have thought that this would be a valuable thing for us to do. It seems that we had such a committee until some 15 or 20 years ago. Some casual inquiries I made a while ago indicated that there really was not that much legislation with regard to mining and resource material for the Senate to deal with, so that what did come before this house was made the responsibility of the Banking, Trade and Commerce Committee. That committee is so inundated with work that it is pretty well impossible for it to consider some of the issues such as we have had to deal with in the last few years. As Senator Lucier says, if we are all thoroughly confused today, he does not blame us at all—with all the studies, contradictory reports, and news stories we have had coming at us about the construction of a natural gas pipeline.

• (1530)

I would be particularly happy if during our adjournment we could give this consideration. How could we man such a committee when sometimes during this past week there have been three meetings going on at once which some honourable senators should have been attending? It is impossible. If we set up another standing committee, how could we possibly cope with it?

I would plead that this be given consideration, and perhaps we could discuss the matter when we reconvene in the fall. We are a resource-based economy in Canada, and it seems very important that we have our standing committees reconstituted.

The Hon. the Speaker: As no other senator wishes to participate in this debate, this inquiry is considered as having been debated.

The Senate adjourned during pleasure.

At 4.40 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Leave having been given to revert to notices of motion:

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, October 17, 1977, at 2 o'clock in the afternoon.

Honourable senators, before the question is put I should point out that, as we always are, we are subject to recall. With conditions as they are with respect to the air traffic controllers, it is possible that we may be called back next week. I am sorry that I cannot give the house any more definite information in that regard, because I cannot obtain anything more definite myself.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Senator Petten: Honourable senators, I should like to inform the Senate that the Standing Senate Committee on Transport and Communications will meet on October 4 to continue its study of Bill C-41, the Maritime Code Act.

Senator Smith (Colchester): I wonder if I might ask Senator Petten if there is a possibility that, as a result of the work of that committee, the Senate might be recalled earlier than October 17.

Senator Petten: Thank you, Senator Smith. There is that possibility, and I believe the date suggested is October 12.

CUSTOMS TARIFF

CANNED TOMATO SURTAX ORDER—NOTICE OF MOTION

Senator Petten: Honourable senators, with leave of the Senate I give notice on behalf of Senator Perrault that at the next sitting of the Senate he will move:

> That this House approves the Canned Tomato Surtax Order made by Order in Council P.C. 1977-335 dated 10th February, 1977, until the 30th day of June 1978.

Senator Grosart: With leave?

Senator Petten: I just gave notice, honourable senators.

Senator Grosart: Honourable senators, before the question is put, I take it that this is a surcharge imposed by order in council under the Customs Tariff Act which would, apparently, technically expire. Can the honourable senator give us the date when it would expire if it were not renewed or carried on automatically when Parliament is not in session?

Senator Petten: I am afraid that I cannot answer that question, but if the honourable senator wishes I can get the information and provide it later this day.

Senator Grosart: This is rather unusual in view of the fact that the motion will be moved at the next sitting of the Senate, which means that if the Senate is recalled the motion will be put, but if the Senate is not recalled, the order in council continues automatically under the original order in council and the legislation governing it.

Senator Petten: I believe so, honourable senator.

Senator Forsey: Honourable senators, I want to "point a moral and adorn a tale." This is a perfect example of the affirmative resolution procedure which some of us were contending for a few days ago.

• (1710)

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable R. G. B. Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the

Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act respecting immigration to Canada.

An Act to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

An Act to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof.

An Act to facilitate conversion to the metric system of measurement.

An Act to amend the Canadian Wheat Board Act respecting the establishment of marketing plans and to amend the Western Grain Stabilization Act in consequence thereof.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

OFFICIAL LANGUAGES

APPOINTMENT OF COMMISSIONER

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(h), moved:

That, in accordance with section 19 of An Act respecting the Status of the official languages of Canada, Chapter 0-2, Revised Statutes of Canada, 1970, this House approves the appointment of Maxwell F. Yalden, Esquire, as Commissioner of Officials Languages of Canada.

He said: Mr. Yalden, 43, is a native of Toronto, a graduate of the University of Toronto in 1952. He attended the University of Paris the following year and took graduate studies in philosophy at the University of Michigan from 1953 to 1956, receiving his doctorate in 1956. Mr. Yalden joined the Department of External Affairs in 1956, and was posted to Moscow two years later.

In 1960 he served on the Canadian delegation to the Geneva Convention on Disarmament, and for the next three years he was with the department's disarmament division in Ottawa. From 1963 to 1967 he was at the Canadian embassy in Paris as First Secretary and later as Counsellor, before returning to Ottawa as special assistant to the Under-Secretary of State for External Affairs. In 1969 he was appointed to the Secretary of State Department as Assistant Under-Secretary of State in charge of Bilingualism, Development and Educational Programs. Mr. Yalden was appointed Deputy Minister of Communications in May, 1973.

Hon. Allister Grosart: Honourable senators, I think it appropriate that a word should be said for this group on this appointment. It is an appointment to a most important post, and I think we all agree that it is appropriate that the appointment should be confirmed, as it will be under the act, by resolution of the House of Commons and of the Senate; and that, of course, is the purpose of the motion put before us by Senator Petten.

I do not know Mr. Yalden personally, but I have heard a good deal about his background. He certainly comes to this post well qualified, as he has had thorough and high level experience in the problems that arise out of questions of language in Canada. He has also had a distinguished record in the diplomatic service, and I understand that, apart from the other languages he may speak, he also speaks Russian. I am not sure that will be of any great service to him in this particular post, but I am sure we would all agree that there is a place for tri- or multi-lingualism in Canada, despite the fact that other languages may not have the same official status in Canada as the English and French languages.

We welcome the appointment and wish Mr. Yalden great success in the task before him, which, as we all know, will not be easy. It is not an easy job, but we are sure that Mr. Yalden will fill this important position with the distinction he has brought to his other positions in the public service.

Motion agreed to.

● (1720)

ADJOURNMENT

Senator Petten: Honourable senators, I move that the Senate do now adjourn.

Senator Grosart: Honourable senators, before the motion is put, may I take this opportunity to wish all honourable senators an enjoyable and satisfactory recess—with or without interruptions. One would hope, without interruptions, but, to quote a famous line from *Pygmalion*, I am afraid it is "not bloody likely."

I should also take this opportunity to say to Her Honour how much we appreciate the charm with which she has presided over our affairs here in what has been a long and, in some respects, difficult session. The fact that we have at no time come to blows across the aisle has, I am quite sure, been due, in large measure, to the charm and grace with which she presides here.

Apart from the important role Her Honour plays in this chamber, I think it appropriate to note that also outside of the chamber she has done much to enhance the prestige of the office of the Speaker of the Senate by her work in parliamentary committees and by her generosity in making her quarters available to us, to the government and to parliamentary committees to welcome and to entertain distinguished visitors from abroad, particularly parliamentarians. Personally, I have had

many comments on the fact that often the invitations to her quarters and the fine luncheons served—and usually it is a luncheon which is given by Her Honour—are the highlight of the visits of our parliamentary colleagues from other countries.

I take this opportunity as well, honourable senators, to pay the respects of this group to the leader and deputy leader on the other side. We have not always agreed, but it is fair to say that we on this side realize that the government leader and his deputies have exercised what they regard as their responsibilities in the Senate in the way that they believe those responsibilities should be exercised. We may not always have agreed on this side, but we do respect them for the work they do. Their work takes long hours and much preparation and, above all, whatever differences we may have, we on this side are convinced that the leader has at all times the interests of the Senate at heart.

I include, as a matter of course, the chief whip of the government in that tribute. He has been a most successful chief whip, which has been perhaps the greatest frustration we have had on this side on certain occasions. Although he has had one near miss, in the 36 to 34 vote, we cannot wish him continued successes of that kind, because we hope that before long he will have a real miss; and we will do whatever we can on this side to contribute to that.

Finally, may I say just a word about my own leader, who is unavoidably absent? I think it is enough to say that all honourable senators would agree that he has made a most important contribution to the work of the Senate, that without him it might be difficult at times to know that there is a loyal opposition in the Senate. I believe the contribution he has made has been one of the most important that has been made to the Senate, not only this session but in the years that he has been leader here.

Our own whip had to leave a moment ago. I will not say too much about him because in contrast to Senator Petten he does not really have very much work to do. The group on this side is a highly disciplined one.

Senator Perrault: Honourable senators, I regret that I was not here for the totality of the remarks just made by the Deputy Leader of the Opposition. However, I too would like to join in the note which I think he has sounded, that despite the differences which occur from time to time, inevitably and I think happily, in our democratic system, it has been a very productive period for the Senate.

I believe that our distinguished government whip has informed honourable senators that there is a chance that we shall shortly be back together in the Senate and, instead of wishing honourable senators a very happy summer recess, we may be wishing all a happy weekend.

I have attempted to obtain the latest report on the situation with respect to the air traffic controllers' statement that they intend to go on rotating strikes at midnight on Monday. I can only say that the government will not remain idle should that kind of public inconvenience be threatened, and I would hope that, if required, parliamentarians in both chambers will be prepared to take appropriate action to ensure that the public interest will be served, as well as the welfare of the workers involved.

I had hoped that at this time more specific information could have been provided. There was at least a chance earlier in the day that the other place and this chamber would be called back for discussions on this subject tomorrow. However, I think that is very unlikely. We are perhaps looking at Monday evening or Tuesday. Notices will be sent out in the usual fashion to inform honourable senators of any work which it is anticipated may be before this chamber.

I want to thank Madam Speaker for her tolerance and patience and the great qualities she has brought to this chamber in acting on behalf of us all.

I would like to thank those in the loyal opposition. I served in opposition for more years than I have served in government, and I have an exquisite understanding of some of the problems facing an opposition which may lack in numbers but certainly does not lack in its ability to analyze legislation. So I thank the honourable the Leader of the Opposition and his deputy for their good work on behalf of the parliamentary system.

I thank also my colleagues, including my deputy leader, Senator Langlois, who is unfailingly supportive and a person we are very fortunate to have working with us in this chamber; also the whip and all others associated with the work of the Senate, including the officers of the Senate, and the *Hansard* reporters, who must endure all our remarks and transcribe them for the record in satisfactory English and French. The period of time we have been working on legislation, I think, has been productive. A number of the measures are extremely important for this country, as we are all aware.

• (1730)

Finally, I want to say a general thank you for all the support accorded me as Leader of the Government in the Senate.

Senator Smith (Colchester): Honourable senators, I do not wish to introduce a discordant note into these very cordial proceedings, but I wonder if, in consideration of the matter which may result in our being called back, some thought has been given to the fact that those very activities may make it impossible for some of us to return.

Senator Perrault: I am acutely aware of that fact, honourable senators, and should that situation arise I would hope that special arrangements could be made to transport honourable senators and members of the other place back to Ottawa in order for them to attend to their responsibilities in regard to possible legislation.

Senator Greene: By dog team?

Senator Perrault: By dog team if necessary.

The Hon. the Speaker: Before putting the question, I should like to invite all honourable senators to my quarters to meet the Honourable the Deputy of His Excellency the Governor General.

The Senate adjourned until Monday, October 17, 1977, at 2 o'clock.

THE SENATE

Tuesday, August 9, 1977

The Senate met at 5 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Perrault tabled:

Copies of a position paper dealing with the policy implications of a proposed bill on the Coasting Trade of Canada, 1977.

Copies of Statement of the Canadian Air Line Pilots Association, dated July 15, 1977, regarding certain aspects of the Interim Report, dated June 23, 1977 of the Commission of Inquiry into Bilingual Air Traffic Services in Quebec.

Report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1977, pursuant to section 31 of the Broadcasting Act, Chapter B-11, R.S.C., 1970.

Capital Budget of the National Harbours Board for the year ending December 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-2111, dated July 21, 1977, approving same.

REVENUE CANADA

REMOVAL OF OFFICES FROM SAINT JOHN, NEW BRUNSWICK

Senator Riley: Honourable senators, I should like to direct a question to the Leader of the Government. I wonder if he is able to provide an answer to my question regarding the possible movement of part of the offices of National Revenue from Saint John, New Brunswick?

Senator Perrault: Honourable senators, I have received some preliminary information. However, much of it is in the nature of a policy decision which has, as yet, not been made public by the government. I understand that an official statement may be made shortly. It may be that I will be in a position to provide further information to the chamber later this day. As I have stated, however, I understand that no official announcement has yet been made. Consequently, it is not possible at this time to reply succinctly to Senator Riley's question.

CUSTOMS TARIFF

CANNED TOMATO SURTAX ORDER APPROVED

Hon. Raymond J. Perrault, pursuant to notice of motion of August 5, moved:

That this House approves the Canned Tomato Surtax Order made by Order in Council P.C. 1977-335 dated 10th February, 1977, until the 30th day of June, 1978.

He said: First, I hope that all honourable senators had a nice holiday and a joyful time!

Last Friday the government gave notice that it intended to move a motion at an appropriate time to obtain approval for the maintenance of a surtax on canned tomatoes. The government whip, the Honourable Senator Petten, addressed some remarks to this question on that date.

Senator Grosart: I think he moved it.

• (1710)

Senator Perrault: Yes, honourable senators. To make the record absolutely clear, Senator Petten did make that motion.

I now move that the Senate approve the Canada Tomato Surtax Order made by Order in Council P.C. 1977-335 dated February 10, 1977. I should like now to speak to this motion, which has been considered and approved by the other place.

This surtax order provides for a 3 cents per pound surtax on canned tomatoes imported from Taiwan. It was made under section 8 of the Customs Tariff, which authorizes the Governor in Council to impose a surtax when he is satisfied, on a report of the Minister of Finance, that imports are causing or threatening serious injury to Canadian producers. Any order made under this authority ceases to have any effect following the one hundred and eightieth day from its making, or, if Parliament is not then sitting, on the fifteenth day after Parliament reassembles, unless it is extended by the adoption of a resolution by both houses of Parliament. Thus the order will cease to have effect after today unless the motion is approved.

The Canadian tomato canning industry employs about 500 persons year round and another 3,000 on a temporary basis. Thirty-five canners packed tomatoes in 1976. Most of these are small firms who rely almost entirely on tomato canning for their income. Any decline in their activities also affects the fortunes of tomato growers who employ 1,500 to 2,000 persons to harvest tomatoes.

Imports from Taiwan were increasing very rapidly prior to the imposition of the surtax. Eleven and a half million pounds were imported in the period August, 1976, to January, 1977, compared to 4 million pounds in the same period in the previous year.

Before the surtax was applied, Canadian producers were having difficulty in moving their inventory because of the large volume of imports being offered to retailers in Canada at prices below domestic costs of production. This placed the canners in severe financial difficulty, particularly those small firms that do not have large financial resources.

As a result of the surtax, imports of canned tomatoes from Taiwan fell to 1.1 million pounds in March and April, 1977, compared to 3.6 million pounds in 1976 and 5.4 million pounds in 1975. However, because of the large inventories still on hand the domestic industry is still selling at or below costs of production.

Parliament is being asked to approve this order until June 30, 1978. This will be sufficient time to allow the Canadian processors to pack and market this year's crop. Packing will start within the next few weeks. If assistance of this type is required beyond that date, Parliament will be asked to approve a further extension. However, the government has stated its intention to consider the industry's long-term prospects, and the question of whether it needs additional protection of a more permanent nature, in connection with its examination of a report from the Tariff Board concerning the processed vegetable industry which is expected to be received later this year.

Honourable senators, I would ask your support for this measure.

Senator Grosart: Would the Honourable Leader of the Government explain more fully why this is a much longer extension than the previous one, which was 180 days? The present extension is for almost a year.

Secondly, would the leader indicate the authority under the GATT agreement for such action by the Canadian government, which, of course, is contrary to the general principles of GATT? I know there are exceptions, however, and perhaps the leader would inform us how this particular surtax stands in relation to our undertakings under the GATT agreement.

Senator Perrault: Honourable senators, the plight of certain sectors of our agricultural industry is very difficult indeed, as the Chairman of the Standing Senate Committee on Agriculture has stated on a number of occasions, as have other members of this chamber with experience in agriculture. This applies not only to canners of tomatoes but to canners of many other commodities, including fruit. Many senators are aware, for instance, of the dire plight facing the tree fruit industry in parts of Ontario, British Columbia and the maritime provinces. Only this morning there was a report in the press of what appears to be a looming overproduction of peaches because Canadian canners simply cannot compete with products pouring into this country from low-wage areas, where the cost of production is infinitely lower than it is in this country.

I think we all have to face the fact that a viable, productive and, yes, profitable agricultural industry, is fundamental to the welfare of this country.

The honourable senator has asked why this extension is longer than the previous one. As a result of an assessment of the competitive situation, the escalation in imports from Taiwan over the past few months and in recent years, it is evident that the protection has to be of a longer duration than previously. This is simply a judgment situation made by officials in the Department of Agriculture and officials in the Department of Industry, Trade and Commerce.

As far as the question with respect to GATT is concerned, admittedly there is a disconcerting trend in the world today. As honourable senators are aware, a great deal of lip service is given to concepts of freer trade and free-flow of commerce between and among nations, yet a number of devices have been developed by certain other countries to inhibit the export flow of Canada's manufactured products, commodities, and basic resource products.

Senator Grosart: That is not the question.

Senator Perrault: The measure under consideration is designed to provide protection for a sector of our agricultural industry. It is not going to affect our relations with those who are party to the GATT agreement.

Senator Grosart: That is not the question.

Senator Perrault: The honourable senator asked whether the surtax action with respect to tomatoes is compatible with the agreements which we have reached with other nations under GATT. I suggest to you that this type of action by the government has caused no repercussions in the past.

Senator Grosart: That is not the question. Yes or no; is it within the GATT rules? That is all I am asking.

Senator Perrault: Yes, honourable senators, my understanding is that it certainly is within the GATT rules. The government certainly is not going to be a party to any illegality. The proposal to assist this important sector of our agricultural industry is compatible with any of the agreements we have achieved under GATT.

Senator Grosart: Perhaps later this day the Leader of the Government would be good enough to be a little more explicit about this because he referred to "devices" being used. No doubt he was referring to non-tariff barriers. All I am asking is, is this within the terms of GATT, because GATT does allow for certain emergency situations? All I am asking is if Canada is resorting to what is called a "device" which is a way to get around GATT, or is this within our obligations under GATT? It may, or may not be. That is all I am asking.

Senator Perrault: The action we have taken is compatible with our GATT agreements.

Senator Grosart: It may or may not be.

Senator Perrault: In the past we have provided temporary assistance to other sectors of industry on the same basis. I want to provide that reassurance for you.

Senator Grosart: Later this day, if we are still here and the opportunity arises, would you tell us exactly which clause under the GATT agreement authorizes this, if it is so? I would be delighted to believe it is.

Senator Perrault: As far as the clauses are concerned, if the honourable senator requires further information, I will be glad to obtain further information of the kind he has requested. But I want to say the action taken by the government is not abnormal, irregular or illegal.

Senator Flynn: If you say so.

Senator Perrault: It is compatible with ascertaining where Canada's best interests lie in doing what we can to help some producers in the agricultural sector.

Senator Flynn: That is the end of it, if you say so.

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

Motion agreed to.

Senator Perrault: Honourable senators, before moving that we adjourn during pleasure, I should like to say that I have just had made available to me further information with respect to canned tomatoes. I have had a note sent to me by officials about our position in this matter. It contains information which may help to answer some of Senator Grosart's questions. Because of the honourable senator's consuming interest in tomato production I want to be helpful by providing further data.

● (1720)

Canada will continue to pursue trade liberalization in multilateral trade negotiations. However, we are prepared to act in particular cases where domestic producers face serious injury. The action is only taken against Taiwan, which is not a member of GATT. However, the honourable senator's question really went beyond that. He asked whether the Canadian action is consistent with the position we have taken with respect to—

Senator Flynn: That is a very good answer. You should stay with that one.

Senator Perrault: Domestic producers claim that they can compete at the existing tariff of two cents a pound against the United States, the largest foreign supplier of canned tomatoes. Imports from other sources are either not large or are of varieties of tomatoes which do not compete with those canned in Canada.

Is that sufficient, honourable senators?

Senator Grosart: When you say Taiwan is not a member of GATT, that lets you out.

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 8 o'clock.

At this time we are not yet aware when the bill with respect to the air traffic controllers will be over here.

Senator Flynn: Have you no report at all about how much time the other place will take to deal with the emergency legislation?

Senator Perrault: I understand that agreement has been achieved among the parties about dealing with all stages of the bill today. However, there are a number of amendments to come before the other place in Committee of the Whole. It really depends upon the attitude taken by the opposition with respect to those amendments, and, as well, possible amendments and observations made by government supporters over there.

Senator Flynn: Does the Leader of the Government not recall that in 1973 we came here on August 31 to pass some emergency legislation? The other place ended its examination of the bill and passed it at 3:30 the next morning. The Senate began sitting at 4:10 in the morning and completed the passage of the bill at 6 o'clock. It was rather confusing, because if you read the report you will see that it is for the sitting of August 31, but all our work was done on September 1. I was wondering whether the same situation might present itself tonight and tomorrow morning.

Senator Perrault: I would appreciate the views of the Leader of the Opposition on this subject. However, I believe it would certainly not be in the interests of the travelling public of Canada to have a long and lengthy delay between the time the matter is dealt with in the other place and the time action is taken in this chamber. I know that all honourable senators feel the same way about the situation.

Senator Flynn: I agree. I was just asking whether a repetition of 1973 was likely.

Senator Perrault: The deliberations in the other place could take some considerable period of time. I do not have any current assessment, but an hour ago I was present in the other place for some of the preliminary debate there. There were no indications of immediate passage. I understand that there are a number of amendments to be dealt with.

Senator Flynn: My precise question is: is there any agreement in the other place to continue with this legislation without interruption after 10 o'clock tonight?

Senator Perrault: Honourable senators, it is my understanding that no such agreement has yet been discussed. I believe the question will arise only if the debate is prolonged. However, we in this chamber should be prepared to continue through the night, if necessary, to get the Canadian people travelling again as quickly as possible.

Hon. Senators: Hear, hear.

Senator Buckwold: May I ask a question of the leader: On the premise that this bill will be passed by both houses tonight, are arrangements being made for air transportation home tomorrow for those of us who have long distances to travel? At the moment it is very difficult to obtain seats on scheduled airline flights.

Senator Flynn: For everyone.

Senator Buckwold: I was wondering whether we would be able to get air transportation tomorrow, even if we pass the bill, or whether any arrangements are being made.

Senator Perrault: Honourable senators, conversations have been held with officials of the Department of National Defence and will be held with the Ministry of Transport with respect to possible transportation for parliamentarians who wish to travel to their home areas. I hope to receive a report in that regard later this day.

The Senate adjourned during pleasure.

At 12.40 a.m., August 10, the sitting was resumed.

AIR TRAFFIC CONTROL SERVICES CONTINUATION BILL

FIRST READING

The hon. the speaker informed the Senate that a message had been received from the House of Commons with Bill C-63, to provide for the continuation of air traffic control services.

Bill read first time.

SECOND READING

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

Hon. Raymond J. Perrault, with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be now read the second time.

He said: Honourable senators, the purpose of the bill now before the house is to require the air traffic controllers to return to work. It was introduced because the national interest is clearly at stake. The brunt of the strike has fallen upon innocent third parties, members of the travelling public caught by surprise. Many people who are workers in their own right are seriously affected economically by the strike, such as ground crews, baggage handlers, sales reservation clerks, flight crews, and so forth, all of whom are covered by collective agreements. In fact, it is hard to think of any business in this country or any sector of the Canadian economy which has not been affected by this serious work stoppage. Every hour that this strike continues results in severe inconvenience for the travelling public, as well as the employees of those companies which depend on the delivery of goods by air.

Bill C-63, which has been given approval in the other place, is not designed to take away the right to strike from CATCA. Its purpose is to end the current strike as soon as possible. CATCA was given the right to strike the day it was certified as an employee association more than 10 years ago under the Public Service Staff Relations Act. The government did not preempt the right to strike. The bill does not take away that right.

Senator Grosart: Not much!

Senator Perrault: As one of the unions in the public service, CATCA has enjoyed the right the strike since 1967. But, like any other organization in this country, whether labour or management, it must use its right to employ economic weapons wisely and responsibly. Like few other unions in the public or private sectors CATCA holds a juggernaut position on the economy. It is in a position to impose sanctions of the most severe kind on the whole country. When the controllers served notice last week that they would institute a series of rotating strikes and later opted for a total strike, they knew they were exerting a monopoly power which could bring a vital national industry to its knees. As a result of the union's action, Canada faces a serious situation this evening.

There have been various estimates as to the economic effects of this strike. Certainly, the minimum figure appears to be a cost in the order of $5 million to $6 million a day to the airlines themselves.

One of our distinguished colleagues made a speech in the Senate in 1950 when a dispute involving the railways caused great difficulty for Canadians from coast to coast. It may well be worth quoting from a speech made by Senator Hayden on August 30, 1950, in which he said:

> I want honourable senators to know, as I am sure they do, that when this strike took place, the men who went on strike were not violating any law of the land in Canada, because there was no law which prohibited or prevented them from striking. Everything that has been done to date has been done in a legal and orderly way and in accordance with our Canadian laws, but it has exposed a weakness in our system.
>
> We now find a clash of two ideologies or philosophies, or whatever you wish to call them, as to the adjustment of rights between employers and employees. The right of labour to make use of the strike as an offensive or defensive weapon against employers has been well recognized. I would be the last person in the world to say that anything should be done to take away that right in the least particular. But today a second principle stands out—the welfare and safety of the state. When you have a clash of those two great principles, then, so far as I or any true and loyal Canadian is concerned, there can be but one opinion, namely, that the safety and welfare of the state is of paramount consideration.

Collective bargaining has, I suggest, meant great advances for labour and management, and for all Canadians. It has and is a remarkably successful way of conducting negotiations for improvement in economic standards in this nation. And that is why it is with great relutance that the government has felt it to be in the public interest to take action of the kind inherent in the provisions of Bill C-63.

I want to outline the four major areas of dispute at the time negotiations broke off so that the government's position will be well known and understood. First there is money; in changing the system by which air traffic controllers' jobs are classified, there would be automatic increases in pay. It is the government's position that the total compensation received as a result of job reclassification, even if it were to be included, as well as the negotiated increase, is subject to the maximum allowable compensation increase of 8 per cent under the Anti-Inflation Board guidelines.

I would point out to honourable senators who may have some difficulty understanding all of the issues in dispute that reclassification is not subject to the collective bargaining process under present regulations. The Public Service Staff Relations Act points this out very clearly. So, the suggestion that somehow there can be a major reclassification resulting in a

substantially higher payment to those who are being reclassified, a payment which would bring the bargaining group's average increase in excess of 12 per cent, simply does not hold up to investigation and examination. CATCA, on the other hand, is demanding that pay increases that come as a result of their proposed reclassification should be treated separately from those which are negotiated under the collective agreement, and should not be subject to the Anti-Inflation Board maximum allowable increase of 8 per cent—6 per cent plus, as honourable senators are aware, the additional 2 per cent amount for increased productivity. So, the position of CATCA in the view of the government is simply this: "Give our bargaining unit, give our employees the maximum Anti-Inflation Board guideline amount of 8 per cent, and additionally we want to pyramid reclassification on top of that 8 per cent maximum." This is the question facing Parliament: what should be done in the face of the intransigent insistence on this position taken by CATCA, a position reinforced by this serious strike? In the first year alone this would have meant an additional 4.6 per cent compensation increase beyond the 8 per cent guideline.

The second issue, honourable senators, is vacations. CATCA wanted to provide its members with five weeks' vacation after 20 years of service. At present there is only CATCA and one other union with a contract which provides for five weeks' vacation after 25 years of service. This is the second demand made by CATCA—five weeks' vacation after 20 years of service. The majority of the Conciliation Board, a board made up of Tom O'Connor of Toronto, the chairman, Ed Stringer of Hamilton and Toronto, and Adrien Villeneuve, the union designate, recommended that the present vacation provisions remain in force. All other collective agreements provide for five weeks' vacation after 27 years or more.

● (0050)

The third issue is management rights. CATCA is demanding that a minimum of two controllers be on duty at all airports between the hours of 8 in the morning and 11 at night. Interestingly enough, this proposal by CATCA, along with others, was dropped over the weekend in return for a proposal that the government and the union sign an agreement to give the workers a 12.6 per cent increase and then send the collective agreement to the Anti-Inflation Board. As far as other demands were concerned, CATCA also wanted a change of work hours for non-operating controllers.

To accede to both of these demands would increase the number of controllers overall and would increase the cost of operations. More importantly, in the view of the government it is not necessary from an operational standpoint.

The fourth issue is classification. CATCA was demanding that some 100 jobs be put in higher classification than, in the view of the government, the job responsibilities merit. Of these four issues, compensation is the central one. For this reason I want to explain as clearly as possible what the government's position is and why we took it.

The anti-inflation guidelines provide several conditions upon which compensation increases for a group may be exempt from the maximum increases permitted under the guidelines. The most important of these conditions are: first, an historical relationship with another group; second, persistent and serious recruiting difficulties, such as in the matter of recruiting prison guards; third, permission to achieve an increase to a minimum of $3.75 an hour or an amount of $600 per annum increase, whichever is higher; and fourth, a commitment made prior to October 14 of 1975 to provide compensation increases to a group.

None of the first three conditions applies in the current air traffic control dispute. It is extremely important in assessing the justice of the position taken by the government to note that the fourth condition was designed to apply to collective agreements signed before October 14, 1975, which provided increases in the period following that date. It was also designed to apply to commitments made, but not formally signed, to increase a group's compensation after October 14, 1975.

The Anti-Inflation Board has made it clear that such a commitment to qualify as an exemption cannot be a simple expression of intent to increase compensation. The commitment must have been clearly identifiable and must have been capable of quantification in terms of cost.

The major issue between the Canadian Air Traffic Control Association and the Treasury Board is the status of the cost of converting air traffic controllers to a new classification plan. The conciliation board was unanimous in recommending an 8 per cent increase for this bargaining unit. The committee comprised of a chairman as well as representatives of the union and management, recommended 8 per cent. What is at issue is the status of the cost of converting certain air traffic controllers to a new classification plan. Both the timing and the terms of reference of the work on a new classification plan clearly and without question disqualify such cost from exemptions under the anti-inflation guidelines.

In June of 1976 CATCA signed its first collective agreement under AIB. AIB, as you recall, came into force in October of 1975. The first contract under AIB was signed in June of 1976 after the anti-inflation program was in effect. Significantly, there was no demand for new classifications at that time, no demand for any plan to reclassify when CATCA signed the agreement, no claim for exemption of resultant increased costs from anti-inflation guidelines. Clearly, then, none of the four criteria used by the Anti-Inflation Board, to provide grounds for an increase in excess of the Anti-Inflation Board regulations, existed.

This is the point at which we have arrived this evening. To make crystal clear its position with respect to the rights of the workers, and its desire to achieve an agreement, the government said, in effect, "All right, we want to sit with you and to sign, in effect, two agreements. We shall affix both of our names to those collective agreements: one would, in effect, express your agreement to an 8 per cent increase for your bargaining unit, and another would, in effect, put before the Anti-Inflation Board your contention that your bargaining unit merits an increase of 12 per cent.

This was not agreed to by the CATCA representatives, and negotiations were broken off. There was never a reluctance on the part of the government to have its views about the wage issue tested by the Anti-Inflation Board. It was only last weekend that CATCA representatives came to the government—perhaps largely as a result of negative public opinion—and said, "We will drop certain of our auxiliary demands if you, government, sit down and sign an agreement with us for a 12 per cent increase. Then we will go to the Anti-Inflation Board. Let them decide. Perhaps we will be rolled back. They may roll us back to 8 per cent, but we will go to the board."

You may ask, "What is the difficulty with that kind of agreement?" First of all, the government would violate the spirit and law of the AIB by signing a collective agreement for 12 per cent, meanwhile asking the AIB for a decision. Certainly, one may speculate that CATCA—whether the 12 per cent were granted now or not—might simply say in the post-restraints period, "Well, you agreed; you signed to that 12 per cent, and now that the restraints are gone we want catch-up, we want to get all that money back that you signed for in the proposed collective agreement of August, 1977."

There may to some appear to be but a subtle difference between the position that the government took at the time negotiations broke off and the last demand made by CATCA over the weekend, but there is a very profound difference in terms of economics and principle. If the government were to have capitulated to the CATCA demand in the face of a strike threat, the government would be condoning settlements in excess of the AIB guidelines.

Such a solution was clearly unacceptable. How seriously could any government be taken in this country which knowingly and wilfully signed a collective agreement for a 12 per cent increase, knowing full well that this year's permissible AIB maximum limit of increase is 6 per cent plus 2 per cent, a total of 8 per cent? What kind of example would it be for the Government of Canada to set for the private sector, for business and labour anywhere in this country? The government could be accused with justification of asking for restraint from business and labour in the private sector and not practising restraint in negotiations with its own employees.

The patterns which government sets in establishing wage levels for its own employees, for employees under its jurisdiction, and indirectly for employees of the crown corporations, has a profound economic effect on the whole country.

The government could allow the strike, now that it has been called, to run its course. This action might be seen by some to be compatible with free collective bargaining, for which all of us have so much respect; but should the strike last for a considerable period, even a few more days, the public would be held to ransom and the economy would be subjected to punishing damages. At this time in the history of our country, going, as it is through a difficult economic period, it would not be in the public interest to allow this strike to continue indefinitely. And so, the government has introduced this bill to end a dispute which, we believe, could only go from bad to worse.

• (0100)

The bill would require the air traffic controllers to return to work immediately. The president of the Canadian Air Traffic Controllers has stated that he will advise all the controllers to obey the law. It is a bill which, I think, most honourable senators—I hope all honourable senators—will agree is essentially fair. It sets forth, under schedule I, amounts to be paid for certain categories, ranging from A-11 to A-18 and to air traffic controllers in training, and so on, as honourable senators can see; but it also allows for a variation of the schedule. Honourable senators need only look at clause 5(4) for this where they will find the following:

> (4) Where the employee organization notifies the Secretary of the Public Service Staff Relations Board in writing within ten days after the coming into force of this Act that it wishes to have any of the rates of pay specified in Schedule I reconsidered, the Chairman of that Board shall forthwith appoint an arbitrator to reconsider those rates of pay and the arbitrator may vary any such rates of pay in any manner that does not increase the aggregate compensation provided for by that Schedule and any such variation is binding on the parties to the collective agreement to which this Act applies.

It was with reluctance that Parliament had to be recalled in order to deal with this emergency bill. In the government's view it is in the national interest for the Senate to give this bill its approval so that we can get the airlines running again and thus end the difficulties which have been confronting so many Canadians in recent days and hours.

[*Translation*]

Senator Flynn: Honourable senators, we are here at a disgraceful hour, but fortunately less disgraceful than on the occasion when railway workers were ordered back to work in 1973. I mentioned earlier that that piece of legislation had then been sent to us by the other place at 3:30 a.m. We had been waiting since 11 o'clock the previous day August 31st, and we completed the proceedings at 6 a.m. on September 1st. His Excellency the Governor General's deputy came at that hour to give royal assent. I would say that this debate is proceeding in a much more favourable environment than the former one.

I listened with much interest to the government leader's statement inviting us to give our unreserved support not only to the legislation but to the government itself. He said that the government never takes improper, illegal or unfair action. And he continued along that line. But with this kind of legislation it would have been interesting had the bill been introduced by Senator Marchand. Because I have a particular recollection of his first speech, unfortunately the last one I heard so far, and I look forward to hearing him again, maybe this evening.

Senator Marchand: Yes.

Senator Flynn: Maybe he will take part in tonight's debate. He made an excellent speech on our labour relations system. Unfortunately, the newspapers had reports concerning his attack against the CBC only, not on the substance of his speech. He had fought very hard so that hospital employees in

Quebec would get the right to strike, but he had told them that if they ever exercised that right they would lose it.

This is it, boiled down more or less. Of course he will have an opportunity to clarify and further explain his views. But brutally speaking, this is what it amounted to. I suggest this is more or less what is happening now.

[*English*]

Senator Riley: Honourable senators, on a point of order, we are not getting any translation.

Senator Flynn: I can understand that you wish to have a translation.

Senator Grosart: The system is operating.

Senator Flynn: Senator Grosart says that he can understand me.

Senator Denis: Everybody can, in that case.

[*Translation*]

Senator Flynn: Anyway, my introduction was simply to urge Senator Marchand to take part in the debate because I would like him to take an interest in our problems. I am sorry to see him looking at us with a somewhat disillusioned expression at times, and if I might ask him tonight, even at this late hour to express his views on this matter, I think the Senate would appreciate it.

[*Englishs*)

Senator Flynn: Honourable senators, that having been said, I want to deal with this problem from three different vantage points: the first is the strike and CATCA; the second is the strike and the government; the third is the strike, Parliament and the public.

With regard to CATCA, I say at the outset, without any hesitation, that I have no sympathy whatever for that association. In the present instance it has acted in a very irresponsible manner, whatever degree of provoction the ineptitude of the Minister of Transport may have constituted. Their action seems to be part of a trend that goes back to 1972, when they walked out without any reason, and to last summer when they walked out and had to be called back.

CATCA possesses the incredible power of being able to paralyze air traffic in Canada. It is a weapon out of all proportion with the interests they are trying to defend in the present instance and tried to defend on the previous occasions. I refer here to last summer. It is irresponsible for 2,200 people to paralyze the whole country as far as air traffic is concerned. Whatever their defence, whatever their frustration, they were not justified, in my opinion, to act as they did. They said that negotiations broke down, as a result of which they would begin rotating strikes last Monday evening at 12 o'clock. Normally, had they been serious and sincere they would have allowed for a much longer warning period. In any event, the Minister of Transport said, "If you go on strike, as you threaten to, Parliament will force you back to work." They decided to advance the strike from Monday night to Sunday at 4 o'clock in the morning. I would say that this was a savage thing to do. I despise the irresponsibility of the leadership of CATCA in this present instance.

• (0110)

Some Hon. Senators: Hear, hear.

Senator Flynn: Last year we had another example, when, on the pretext that the introduction of bilingualism in the air presented a danger to security, they walked out, supported by the airline pilots association in a strike that was extremely costly, at a time when Canada was hosting the Olympic Games. Under those circumstances they were able to force upon the government—and upon the same minister, I might add—an agreement which I described at that time as the most humiliating agreement any government had ever accepted. It was a total capitulation by the government, a betrayal of its responsibility. It may be that because Mr. Lang and the government suffering such humiliation at the hands of CATCA last summer, we have today a problem more acute than it should otherwise have been.

In any event, I repeat that I cannot accept that a couple of thousand controllers, servants of the people, can impose upon the public the hardship that this group imposed on the public last summer and seeks to impose again this year. I say that if the right to strike involves that degree of power, you have to act in a responsible way, you have to exercise it with a lot of discretion—discretion that was obviously not used in the present instance.

I therefore have no hesitation in supporting the substance of this bill, which tells the controllers, "You go back to work. In this instance you have lost the right to strike." I will have something to say about the way the bill says that they should do so; that is something else.

I want now to deal with the strike and the government. It must be recognized that there was some ineptitude in the way the government handled this matter. Negotiations have gone on for nine months. The collective agreement ended on December 31, 1976. But suddenly, after the report of the conciliator, the government said, "There is nothing else for us to do. You do what you want. We can do no more."

I listened to the Leader of the Government explaining the main differences. He introduced a lot of problems that I do not think were entirely relevant to CATCA's decision to strike. The main problem is the question of reclassification, and I could not reconcile what the leader said about that with what I have read. In order properly to understand the difficulties and implications, I would say that we should have this bill referred to the Committee of the Whole and have the Minister of Labour, or the Minister of Transport for that matter, come to us and explain exactly what the difference was as far as the 4.6 per cent was concerned, the reclassification item.

As I see it, the parties were agreed upon, let us say, 7.4 per cent, or 8 per cent overall. Then the association wanted a reclassification which would cost, let us say, something in the order of 4.6 per cent. They said, "Well, if you think that it's going beyond the guidelines of the Anti-Inflation Act, let the board rule upon it." The government said no, but why it said

no I do not understand. If the government was sure that its interpretation of what is permissible under the guidelines, under the act and its provisions, was correct, why did it not agree to have the board rule on the matter? However, the Leader of the Government explained it in a different manner. He said that at one time the parties were agreed to sign two agreements, but then only one agreement would have to be signed. That is rather complicated, but I do not mind the leader explaining it at this time if he wishes to do so. I am willing to yield.

Senator Perrault: Honourable senators, when the prospect of a serious strike loomed, the Treasury Board and other government members of the negotiating entity felt that in order to avoid public inconvenience they should devise a plan in co-operation with CATCA to have any signed collective agreement referred to the Anti-Inflation Board, the proviso being, however, that CATCA must sign an agreement to settle for an 8 per cent increase in total compensation. However, at the same time, included in the submission to the Anti-Inflation Board would be the union's proposal of settling at the higher 12.6 per cent CATCA figure. The submission to the board would include these two matters, with the AIB ruling to be accepted by both sides. The union would not accept a referral on that basis, which is a matter of record.

Senator Flynn: On two referrals, rather than one?

Senator Perrault: The referral to the Anti-Inflation Board of both the government's best offer of 8 per cent, representing the government view that this was the maximum permissible under the anti-inflation program, and also the union's demand of 12.6 per cent, with an agreement by both union and the government to accept the AIB award. This formula was not accepted by CATCA and that is when negotiations broke off.

Senator Flynn: Well, it's difficult to understand why we have had a strike. It seems to me that if the government was sure that 8 per cent was correct, it should have been equally sure that the Anti-Inflation Board would have said that it was correct. It is also my opinion that CATCA should not have feared anything with respect to this aspect of the settlement and that, in fact, the only matter that was doubtful was the reclassification problem, representing 4.6 per cent. Is the Leader of the Government suggesting that there really was only a problem of semantics between the parties?

Senator Perrault: The government took the position that as far as this bargaining unit was concerned, because that discussion regarding re-classification occurred after the anti-inflation program came into existence, while there could be some reclassification within that bargaining unit, the overall amount of money paid by way of increase to the bargaining unit must remain at the maximum figure of 8 per cent.

● (0120)

Under Anti-Inflation Board regulations, the matter of classification is not a subject of arbitration. Classification could not be broken out of the total bargaining unit of package for a pyramiding on top of the 8 per cent amount, and that is the very essence of the dispute.

Senator Flynn: If I understand the leader correctly, he is saying that under the guidelines the 8 per cent should include everything.

Senator Perrault: That is correct.

Senator Flynn: That is precisely the position the government takes in this bill, and that is especially apparent in clause 5(4), which provides for arbitration on some aspects as long as any decision "does not increase the aggregate compensation." That is the point. The government is adamant. It takes a position here which it will allow no one, not even the Anti-inflation Board, to alter.

Senator Perrault: The government position prior to the breaking off of negotiations by CATCA was that, while it was confident in its belief that 8 per cent was the allowable legal maximum under the anti-inflation guidelines, the government was willing to submit a collective agreement to the AIB that included that 8 per cent figure, as well as the union's proposal of a 12.6 per cent measure, offering at the same time to accept the union's figure if it were upheld by the Anti-Inflation Board.

There was no reluctance on the part of the government, prior to the breaking off of negotiations, to enter into a referral to the AIB. However, there is a substantial and marked difference between the terms of the submission to AIB prior to the breaking off of negotiations and the proposal of last weekend, which would have seen the government and CATCA signing an agreement to enter into a 12 per cent plus wage increase followed by a submission to the Anti-Inflation Board for approval or for a possible roll-back to 8 per cent. There is a substantial difference in the ultimate implications of the two proposals.

Senator Flynn: That may be. However, on the surface I have difficulty seeing the difference, unless it is a matter of the question being put to the Anti-Inflation Board in a different manner. What difference would it have made, had the government agreed to an increase of 7.4 per cent or 8 per cent and then asked that the Anti-Inflation Board to rule on the question of whether an additional 4.6 per cent were justified on the ground of reclassification?

Senator Perrault: In my view, that would have been the effect if the final proposal prior to the breaking off of negotiations had been accepted by CATCA. It is a matter of concern and mystification to the government as to why that proposal could not have gone forward.

Senator Flynn: I should like the minister to come before the Senate to explain that. Having listened to the debate and read all I could on this matter, it is still something of a mystery to me. The position of the government, as indicated in the bill, is probably indicative of the position the government took in the negotiations. The government states in the bill that the controllers will return to work and provides that the aggregate compensation will be 7.4 per cent. That is all there is to it. There is no room for negotiation, for correction, for adjustment, except within the aggregate compensation provided in the schedule.

[*Translation*]

Senator Denis: If it is the decision to—

[*English*]

Senator Flynn: I realize that. I am not discussing it. I am merely explaining the position of the government. If it is the decision of Parliament also, so be it.

I do not think Senator Denis can contradict me when I say we are telling these people to go back to work and that the aggregate compensation can be lowered or maintained but can never be changed to increase any amount that would be payable to them.

Senator Perrault: Honourable senators, may I just say that this does not preclude the payment of increases to people by way of promotion, for example. But the concept of reclassification involves, as the honourable senator may be aware, placing a higher civil service rating on work that may be basically unchanged.

Senator Flynn: Well, promotion was already provided for in the collective agreement so that was not a problem. You are not suggesting that the government is doing something other than following the collective agreement when you say that promotion will be compensated in accordance with the collective agreement.

[*Translation*]

Senator Marchand: That is not the problem!

[*English*]

Senator Flynn: In any event, I would say that in the end it would seem that the attitude of the government has been extremely rigid. The government did not try to convince the controllers that they should continue to discuss or that they should postpone the strike.

Suggestions have been made that Mr. Lang may have been trying to get even with the controllers for what they did to him and to the government last year. That may be so. It may have been a mistake on the part of the government to have Mr. Lang deal with this problem after what happened last year. The least that can be said is that the situation which has developed is in part the result of events which took place last year and previous to that, and I do not think we can compliment the government in the circumstances. It has to share in the responsibility for the serious situation which exists, involving many, many Canadians in all walks of life in a great deal of hardship, particularly at a time when large numbers of people are travelling on vacations, vacations which may be lost to them forever as a result of this strike. Apart from that there are, of course, the direct economic consequences of this strike.

I want to say a word about the strike in relation to Parliament and the public. I did not have time to check this fact for myself, but I am reliably informed that these controllers, as is the case for all other public servants, were given the right to strike ten years ago in 1967. Since then we have had several occasions during which public servants have used their right to strike, or have even decided to strike without having the right to do so. And we have had situations in which other groups have paralysed the economy of the country either by legally or illegally striking. Parliament has had to deal with such situations on many occasions.

• (0130)

I referred previously to the case of the railway employees in 1973. We had the stevedores on the west and east coasts. On the east coast we had a rather amusing experience where we had to pass a second bill to tell the stevedores to obey the law that we had passed before.

That, as I have already mentioned, was an extreme case of telling people, "We order you to obey the law; otherwise you will be penalized," as if no penalty were provided for in the first law.

The public is getting tired of strikes, legal or illegal, that are detrimental to the economy of the country and to the welfare of the public generally. It was agreed upon here before that the time had come to provide that the government should not have to call upon Parliament requesting passage of emergency legislation every time there is a strike that wreaks dire consequences upon the country, its people and its economy.

With regard to public servants in essential fields, it is imperative that something should be done along the lines of the report of the Special Joint Committee of the Senate and House of Commons on Employer-Employee Relations in the Public Service, where the government would have the right to prevent a strike by order in council, subject to the order's being submitted to Parliament for approval after a reasonable delay. That idea should be explored.

This report has been before the government for several years, but the government has done nothing. Every time we have discussed a bill of this kind, we submitted that there should be some method whereby we could at least delay a strike in order that Parliament be permitted to deal with it before it happened. In the present case, for instance, it is stupid to think that we knew last week that this strike might take place and were unable to act. CATCA declared a general strike to begin in the night of Saturday to Sunday because the minister had stated that he would have Parliament pass legislation to force them back to work.

In my opinion, that was poor logic because, in any event, this is the kind of strike that we cannot permit to go on. In three or four days it has caused countless problems. It is extremely costly to the economy and creates so many personal hardships that it is impossible for us to allow such a strike to continue. It should have been possible, however, for the government last week to have prevented this strike from starting. We have had three or four days of economic loss and hardship which could have been avoided had we had on the statute books the means whereby the government could act at least to delay this kind of strike.

In my opinion, there should also be permanent legislation covering other areas where our economy cannot support a strike allowing the government to act first—probably with the accord of Parliament—and then to have Parliament approve the conditions.

Senator Perrault, in this regard, referred to the views of Senator Hayden in 1950. What Senator Hayden said in 1950 should long since have been acted upon. Twenty-seven years have elapsed since Senator Hayden said that, and the government has done nothing about it in the meantime. Where the public interest is concerned there should be some kind of mechanism that allows the government to intervene and prevent a strike of the kind we are faced with.

I now come to the bill. The only really fundamental objection to the bill I have concerns clause 5(4). The title of the bill makes me smile a little, since it says it is an act to provide for the continuation of air traffic control services. I would say that the word should be "resumption" rather than "continuation"; but the bill was probably drafted before the strike started.

Clause 5(4) is really the crux of the problem between the government and CATCA. It says:

> (4) Where the employee organization notifies the Secretary of the Public Service Staff Relations Board in writing within ten days after the coming into force of this Act that it wishes to have any of the rates of pay specified in Schedule I reconsidered, the Chairman of that Board shall forthwith appoint an arbitrator to reconsider those rates of pay and the arbitrator may vary any such rates of pay in any manner that does not increase the aggregate compensation provided for by that Schedule and any such variation is binding on the parties to the collective agreement to which this Act applies.

The government is a party to the agreement with CATCA, yet it seems to me that it is saying to Parliament, "Tell us we are right, and that the opinion of CATCA is entirely wrong."

Does the Leader of the Government seriously suggest that Parliament is able to pass that kind of judgment? Does he really think that we can say that the government is right and that CATCA is wrong, as far as this problem is concerned? Who is able to tell me—I would like to know—that the opinion of the government is entirely right, that it cannot be questioned, and that there should be no arbitration, no reference to any body that could make such a decision, such as the Anti-Inflation Board? That is what the government is asking us to do.

Senator Denis: You said yourself we could not go on with the strike.

Senator Flynn: I agree with you.

Senator Denis: You say yourself you agree with the idea of stopping the strike. It appears we are right, since you said yourself you do not want the strike to go on.

Senator Flynn: That is very typical of the Liberal majority here.

Senator Cote: Is there a majority?

Senator Flynn: I think so. I think there are two of us on this side at this time. That, however, is about the usual proportion.

Senator Godfrey: Where are the others on your side?

Senator Flynn: The same place as the others on your side.

Senator Connolly (Ottawa West): I wonder if the honourable senator might agree that clause 5(4) really does little more than establish a ceiling beyond which there shall be no possibility of increasing the rates of pay? It is an over-all ceiling.

Senator Flynn: That is exactly what I said. It says that the rates can be varied, but let us say the amount represents $4 million or, as it probably must be, close to $7 million in comparison with the $3 million involved in the 4.6 per cent. Suppose we say, "This is the amount that we will give you. You can divide it in whatever way you like or in whatever way the arbritrator says it should be divided." The arbitrator, however, may not decide to increase this amount of $7 million by one cent. The government says, "As far as we are concerned, this is it. It is $7 million, and that is all you are going to get." And the government asks Parliament to say that that is all that the controllers are going to get. They are not entitled to one cent more.

• (0140)

Senator Lang: In aggregate.

Senator Flynn: Yes. Well, I don't accept that there is no room for accommodation, that there is no room for arbitration, not only on the amount but also on the acceptability under the guidelines of the Anti-inflation Act for part or all of what was asked for by CATCA. In any event, we are asked under this bill to tell CATCA that the opinion of its employer—an ordinary employer so far as Parliament is concerned—is right, and the association is wrong, and that is the end of it.

Senator Lang: Hear, hear.

Senator Flynn: Hear, hear. But I would love to have Senator Lang say the same thing when someone other than the government is the employer. We have heard praise from the Leader of the Government for the collective bargaining principle. I do not think you could reconcile that with the attitude that you are taking, Senator Lang. In any event, I think I have said enough, except that I should like to ask some questions if the bill is referred to Committee of the Whole. I have some questions with regard to sanctions. I understand the sanction would be the one applicable to any federal law that does not specifically provide a sanction.

My second question would be what happens after December 31, 1977?

These are details. I may have other questions.

On the whole, I am very much in favour of Parliament ending the strike, but I am not satisfied that the government has done everything it should have done to prevent it. I am not satisfied either that the government has provided with this bill the proper conditions or vehicle for doing so.

[*Translation*]

Senator Jean Marchand: Honourable senators, I regret as well as all of you, no doubt, that we have to discuss such an important matter in such bad psychological rather than physical conditions. It is almost 2 a.m. and the Leader of the Opposition mentioned that in 1973 they had gone on till 6

a.m.; if you agree; I am ready to beat the 1973 record. I think that the issue warrants it, but if we go faster it is merely because we are time conscious, but there is no doubt that it is an extremely important question which is vital not only for CATCA or CALPA but for all public or other related services throughout the country. There are several philosophies concerning negotiations between the state and civil servants. Let us say that the discussions I heard today at the other place and here indicate in the first place that many ideas are exchanged in both places but also that probably those are the worst places for collective bargaining.

Senator Flynn: Surely.

Senator Marchand: I followed the debate and I tried to understand, but I think that no one in the other place or in this house can be convinced, on the basis of his personal knowledge, that the collective agreement is really as it should be. Really, it is not up to us to make such a decision.

Why, honourable senators, are we gathered here today? It is not because we have felt that there could be something unfair in a collective agreement which should be signed between the government and the organization called CALPA. We have only met because of a strike in a service area we find essential, and as a government we cannot tolerate that the strike last forever and the public suffer from it, and perhaps also for political reasons. That is what the problem is. If we have to explain it to the public, I will try to do it as quickly as possible.

How is it that the government, or governments—not only this government, and other previous governments, and provincial governments—are the ones which have extended the right to strike to groups that work in services essential to society? So they are given the right to strike. As soon as they use it, we try to restrict, suppress or limit it. That is the problem which everybody understands, much more than the substance of the collective agreement. What is the answer to that situation? I regret, honourable senators, that we have not more time to go in depth into these concepts which are fundamental. Those are institutions which constitute the very basis of our democratic society. If our democratic society is to operate normally, we have to find adequate answers to those questions.

First of all, I do not think there is anyone in this house who would deny the government employees, the public service employees, the right to collective bargaining. I think that this is totally acquired. Those employees have the same right as any other category of employees of our country to negotiate with their employer to protect their economic and social rights, of course within the accepted jurisdictions.

Where does the problem start? In the public services. I heard a series of arguments which, in my opinion, are impressive but which are of no value or, if you want, of no importance in the circumstances. Even if the strike bothers the citizens, even if it causes damage, is it enough to stop it? Will we allow strikes only when they do not cause damage, when they can last indefinitely and the employees can starve, or suffer anonymously and in silence? Is it only when a strike is efficient that we should stop it? This is a nonsense.

Senator Flynn: It a matter of proportions.

Senator Marchand: Here again, when we speak about strikes, what are we talking about exactly? In my opinion, we are talking about a means, a tool which is in the hands of the employees but which cannot be used in the same way in all sectors. That is the problem.

Senator Flynn: Right.

Senator Marchand: That is the problem. I was told that I was in favour of the right to strike in the public service. I am in favour of the right to strike in the public service. I have been, I am and will still be in the future. However, the exercise of the right to strike in the public service is possible only provided we have institutions that are truly responsible with regard to the common good. If those institutions are not truly responsible, then we have anarchy, and our society cannot function democratically. That is true not only of collective bargaining, but also of some private activities as we know them. For instance, Bell Canada is a private company; that is common knowledge. But you know very well that it is restricted by serveral government regulations. Bell Canada cannot increase its rates according to its whims. The Canadian National cannot stop its services when it so wishes. Indeed, there are a lot of restrictions, price limits, terms and conditions set on production, etc. In other words, the state intervenes at some point, to protect public interest.

So, in this specific field of labour relations, why do I agree with the right to strike? I shall simply say, as someone said in answer to the question: Do you really mind growing old? I do not enjoy it but it is still better than the alternative solution.

So, I tell you that I do not like the exercise of the right to strike in public services, but I still like it better than the other solution. But what is that other solution? If we accept that all emloyees in the public service have the right to collective bargaining, the only other solution to the right to strike is binding arbitration.

Senator Flynn: That is it.

Senator Marchand: In my opinion, it is the worst thing in a democratic state. Why? Simply because in a society like ours, the public sector is of a vital importance not only as a body in itself but because of the impact it has on other sectors. If we determine the working conditions and the wages, and if we grant new systems or set up patterns of relations between management and labour, it automatically implies consequences on the private sector. The whole society can be changed through the public sector. Can the state—and here I mean also its legislative bodies like the House of Commons and the Senate as well as the government itself—delegate its authority? That is the easy solution. It would be simple to rely on a referee which would decide all conflicts. As legislators, or members of Parliament, are we going to let a third party which is not responsible to the public decide on matters which can have vital consequences for the whole society? What kind of government are we going to have? That is not possible. It means that there are things which cannot be left to a third party to decide, however wise he or she might be. In doing so, the state would abdicate its responsibilities and I object to

that. Nobody, no judge or court can say: I am going to make decisions which will affect the whole Canadian nation without having to account to anybody.

Senator Flynn: That is what the Supreme Court does. If the referee had directives such as those the courts have stemming from the law.

Senator Marchand: Honourable senators, it is all very well to say this but it is precisely not a problem of law in 90 per cent of the cases; it is a problem of interests which are not predetermined in texts.

Senator Flynn: They can be determined.

Senator Marchand: No, they cannot. The Leader of the Opposition demonstrates that he does not know the collective agreement when he thinks that it can be determined or that some lines can be traced in advance. When I said that the worst negotiations could be made in agencies such as ours, I think that the Leader of the Opposition has just given a striking example of this.

Senator Flynn: May I suggest to Senator Marchand to read the speech the leader of the NDP, Mr. Lewis, delivered a few years ago when he said precisely that in this area we should proceed to arbitration but that with guidelines—and he had mentioned one concerning railway employees, the industrial wages index should be followed. This is what he said and Senator Forsey is going to explain it to you. You are entitled to your opinion but do not say that any other opinion is unacceptable.

Senator Marchand: I have never stated that any other opinion was unacceptable. The honourable senator has the bad habit of crediting me with all kinds of statements.

Senator Flynn: I am trying to illustrate a situation.

Senator Marchand: Let him not credit me with too many intentions because I am very bad at taking it. I am very, very bad at taking it. So he would be better off keeping what he has for himself. I simply want to say that that is the basic problem we have to reconcile; that is, not to surrender to an authority a duty and responsibility that the government itself must take—and when I say government, I mean the government and the legislative instruments—that the government must not surrender to third parties what we cannot do. At the same time, we should avoid having national disasters every time we have problems in public sectors. Think about it. Indeed, it is a fact of the land.

Take wheat, for example. You start with a strike by grain handlers at the head of the Great Lakes, for example, or elsewhere. Then, you continue with a strike by railway workers, and then you have a strike by longshoremen in Vancouver, Thunder Bay or Montreal, so that in one year you can bring the shipment of a product that is as basic as wheat to a complete standstill all across the country.

So what does that mean? That means that unions—and I want to be clearly understood on that point.

[*English*]

I am not opposed to the union. I am not opposed to the strike. However, the unions in Canada, and in North America generally, have a very special status inasmuch as each union in its own bargaining unit is the sole representative of all employees, and that is to be found nowhere else in the world. That is the law. However, it means that they have a special responsibility in the exercise of certain of their rights. There are many unions in Europe which, while being more radical than CALPA and CATCA, would not dare bring about a lengthy strike in the public service.

A strike in the private sector between two groups with different interests can be justified, and such disputes can result in one group completely destroying the other. That is normal. However, I cannot imagine for one second any group of private citizens in this country taking the position that unless the government agrees to its terms, it will force it to do it. If that happens, it means that there is no longer any government in the country.

• (0200)

In the second place, if the union can strike, then I think you have to admit that the purpose of the strike in public services is not to place the government in that position but is to try to draw the attention of the public to certain working conditions which the union and its membership consider unjust. That should be the purpose of the strike, and if the country is paralysed for one day or two days, we at least know what is happening and we can explain that to the news media, and if the government does not act properly, does not give decent conditions to its employees, then the penalty the government will pay will not be in a lost strike but will be at the ballot box, where the citizens will say that the government is not acting properly with its employees. And that is the only way. Do you imagine that the communist union, the CGT in France, would paralyze all transportation in Paris for a month or two? They know very well that if they ever did that they would disappear from the scene. The public there would never accept that.

No, there is only one solution. Others may have opinions which may be better than mine, but I tell you that there is no substitute for responsible institutions in a democratic country like ours. There is no substitute for that. It is useless to try to design a law to prevent disputes between a government and its employees and then come to the conclusion: "Well, we have a permanent pattern of settlement and we are over those problems forever." That is simply not true. It is not true because, as you know, there are a number of unions in this country consisting of 400 or 500 employees which can paralyze probably half of the country. It is easy to see how they can do that using rotating strikes, for example. But, you know, there are other problems we have not even discussed at all, such as employers who have a number of plants and who can switch production from one plant to another in order to destroy a union or at least prevent a union from obtaining a just contract. That is a point which must be considered, and a question the public has in mind is how we handle such a problem.

Now, this is the last point I want to raise tonight, and I know you must be happy to hear that.

Senator Riel: Continue.

Senator Marchand: You can be sure that I will return to this subject and deal with many of these points in the future. There is certainly no doubt in my mind on that score.

I wish to deal now with the problem of the responsibility of the union, because when CATCA acts in the way it has—and here I am not referring to the controllers themselves but to those who lead the union, and this applies to other unions as well—it can only be considered irresponsible. For example, last year when they made their strike it was not on a question of collective bargaining or anything of the kind, but it was actually against the law of the government of the country on the question of bilingualism. It is certainly not the business of CATCA to decide if we are going to have bilingualism in this country or not.

Hon. Senators: Hear, hear.

Senator Marchand: It does not belong to CATCA, or to any other union, to try to make such a decision. I do not say they haven't the right to denounce the government or that they haven't the right to say to the public that certain practices are dangerous, or that they haven't the right to receive support from the rest of the labour movement or from other associations or individuals when they say that a certain practice is dangerous. Sure, they have that right. They have the right to denounce the government. They have the right to say, "We have a lousy government." But the right to strike is a weapon which was given to them for the purpose of obtaining decent collective agreements, and they do not have the right to use that as a weapon to force the government to make changes in policy, for which it is solely responsible in the eyes of the public. I say that in respect of what happened last year, and I also relate it to this occasion, because I am sure that this year there was no real reason for the controllers to strike.

I am not sure that certain leaders were not happy to avoid accepting their responsibility by saying, "Well, let us make no compromise and let the House of Commons and the Senate decide the whole thing. So we shall keep our position and regain the prestige we have lost in some other circumstance." If that is so, I say that it is not the most beautiful thing that I have seen in this country.

When I look at the agreement, I am of the opinion that there was no reason for it. Senator Flynn might say that the government is responsible, and another senator might blame the union; but when I look at the agreement I am of the opinion that there was no reason to paralyze the whole country. Why was it done? Was it because the union is irresponsible, or was it because some leaders were happy to let someone else take the responsibility which normally any labour organization should take?

[*Translation*]

Honourable senators, such are the basic problems we are now and will again be facing. Other negotiations will take place in the public sector. If there were a railway strike tomorrow and we let the strike go indefinitely, honourable senators on all sides of the house and members in the other place would ask what the government was doing. Wheat could no longer be distributed, products could not be sold, we would be leading the economy to a gigantic brankruptcy. Everyone would be asking for an end to that.

On the other hand the point would be made that those people have a right, and why should they be prevented from exercising it? Such is the dilemma, and I submit the only solution in the future, because we do not wish this to happen all the time, is that the institutions concerned accept their responsibilities. Otherwise, unions will finally lose the right to strike, and in my view this would be disastrous. I oppose compulsory arbitration in the public sector. I do not feel it would improve relations between the government as a whole and its employees.

As far as the government's own responsibilities are concerned, I feel we have no right to delegate them. The government's own areas of responsibility are not negotiable by definition. The government is responsible for the security of the people, through the Department of Transport which is supposed to have the expertise, the specialists, needed to regulate public safety, not only of the pilots' or controllers' safety but that of the public. I am not implying the government should not consult. It must pay attention to the views of pilots and controllers. In the area of marine transportation, pilots and shipping companies are consulted when a piece of regulation is to be enacted. But who assumes responsibility in the final analysis for determining where a channel will go? Who determines where buoys must be laid so that marine safety will be ensured? Not arbitration boards, but the Department of Transport. The mariners' views are as worthy of attention as anyone else's. Who is responsible for the safety of our routes? No judge is. The municipal or provincial authorities set the speed limits and the patterns of traffic to ensure the safety of citizens. This is how it is done everywhere. I simply state that there are some areas where the government has no right to allow anyone to be in a quandary. These are the areas in which the government must make the decisions after having obtained all possible technical advice.

Then, why are we here at 2:10 in the morning? It is because of a problem that is bothering everyone, the public generally, the unions and the employers, and this problem is what to do about strikes when they affect the public. This is the problem that we must solve and that we shall solve eventually, I hope.

We might spend many hours discussing the collective agreement, but I am not convinced that we would do much better than CATCA or the Department of Transport. I am not convinced about that, because in addition to the conflicting interests that we would have to reconcile, we would also have to reconcile our own conflicting interests.

This is not the only solution. It is the problem to which we must address ourselves. If we really face the problem, we shall eventually find, not the ultimate solution, but a solution like the one that was found in Sweden—it is not perfect, but it is still better than the situation in Canada—a solution such as was found in Germany, with the DGB, or such as was found in France. The solution found in Great Britain was not as good, but for other reasons.

In any case, I would like to close with this. I shall vote for this bill, but not because I believe in it since I consider that some people have failed to assume their responsibilities as they should have done. In my present state of mind, I would certainly not vote for a bill which took away permanently the right to strike from controllers, pilots or others, and this, for the reasons that I have stated. However, I shall support this bill because I am convinced that those responsible for negotiations, and I am not blaming the Department of Transport, have not assumed their responsibilities, and all that we are doing now is to finish the work that they did not have the courage to finish themselves.

• (0210)

[*English*]

Hon. Eugene A. Forsey: Honourable senators, I do not propose at this hour of the morning to detain the house for very long, but I do not feel that I can allow this legislation to pass without expressing very briefly certain opinions which I have. I do not think I shall take more than a very few minutes. I have six points down here that I want to discuss.

First of all I should like to express my concurrence in the observations which the Leader of the Opposition made on the behaviour of the union in this particular case.

Secondly, I think everyone is agreed, as far as I can discover, from what has been said here, and what I listened to in the other place, where I listened to most of the debate from the gallery, that the guidelines under the anti-inflation legislation must be observed. The conflict of opinion arises over precisely what the guidelines mean in this particular case, and there appears to be a distinct and marked difference of opinion between the union and the government. That is not surprising.

The government, however, and this is the third point I wish to make, appears to me to be arguing at cross purposes—to be saying two different things at the same time. I confess I am puzzled by this, and I am in good company—the Leader of the Opposition is puzzled by it also—so it cannot be just my individual stupidity or cloth-headedness; it must be a puzzlement that is a little better founded than upon my individual deficiencies.

The government argues on the one hand that it cannot accept what it describes as the 12.4, or 12.3, or 12.6, or whatever it is, per cent settlement; but it says also that it was willing to accept an Anti-Inflation Board ruling in favour of that figure, whatever it is. I do not see how the government can reconcile those two positions. It is a mystery to me. It is one of the mysteries which are really quite insoluble. Perhaps the Leader of the Government, however, when he closes the debate, will be able to enlighten me. I very much hope that he will.

However—and here is my fourth point— if the government was willing to accept an Anti-Inflation Board ruling on this point, why did it not put this in the bill? Why did it not accept the amendment moved in the other place by the New Democratic Party and supported by the Conservative Party? It could not, surely, have been a very subversive or revolutionary amendment if it secured, as I think it did, the unanimous support of the Conservative Party? I suppose one could argue that they were seduced by the dulcet words of the members of the NDP, and they became, in the words of the late M. Maurice Duplessis, "Communists without knowing it;" but I think that is a little bit far-fetched. It seems to me that the amendment proposed in the other place and supported by the two main opposition parties was a not unreasonable amendment. Now, I cannot for the life of me see why, if the government was willing, as it says it was, to accept an AIB ruling on this larger amount as being within the guidelines, it was not prepared to embody that in the legislation. I am therefore convinced that the strike should be settled—settled now—but it should be settled on the basis embodied in that amendment and not on the basis which is embodied in the bill.

I come now to my final point, which is the most important of all. Even in the time that I have been in this house, we have had a series of occasions when this type of emergency legislation is presented to us and on each occasion we have been told in effect, "This is altogether exceptional. We are in favour of free collective bargaining. This is a very exceptional case." I, if I remember correctly, said on the last occasion, "Well, I hope this is true, but I am afraid we are going to have other occasions of this sort." I am afraid that this is a little bit like what they do in the other place when we in this chamber make an amendment which they are unwilling to accept and they add—when they accept it in spite of that unwillingness—that this is not to be drawn into precedent. That always seems to me to be, as Hobbes said, "But words and breath and of no force to oblige a man at all." But it goes on, and on, and on, and on. Well, similarly, with this kind of thing, we get this emergency legislation. It is an exception. It must not be taken as a precedent. It must not be regarded as a rule. But it seems to me that it is now becoming quite clear that in fact the exceptions are becoming the rule, and it seems to me equally clear that the time has come when we have to work out some permanent legislation which will deal satisfactorily with this situation.

Now that is a very difficult thing to do. It needs very careful thought. It can't be done hastily. But I think there are certain facts that we simply have to recognize, and in what I am about to say now I am not expressing a conviction which has come to me since I was appointed to this chamber, a conviction which is the result of my having gone soft, or having become anti-labour, or having denied my previous career, but a conviction which I expressed when I was still an official of the Canadian Congress of Labour, which I expressed publicly in relation to the question of strikes on the railways. I think the position I took then applies to strikes in essential services—and of course there is a problem of defining what exactly are essential services—I think it applies to essential services in general, whether they are under the auspices of the government or whether they are in private hands. It seems to me that to talk of free collective bargaining in these essential services is now completely unrealistic. There is no free collective bargaining in these services.

Senator Lang: Hear, hear.

Senator Forsey: It just is not there. No government of any stripe whatsoever is going to tolerate a prolonged strike, even a not very prolonged strike, in any of these essential services; no government of any stripe whatsoever is going to tolerate more than about a week's strike on the railways, for example; no government is going to tolerate more than a very few days' strike in a service like the one that we are discussing now, and this could apply to a number of other things, the grain handlers, the longshoremen and so forth. Well, now, that being so, as I said in a speech that I made—actually, under the auspices of the Canadian Labour Congress—that being so, it seems to me that the unions in these essential services would be well advised to sit down and try to work out with the employers and with the government some kind of system not to submit everything to one third party, as the Honourable Senator Marchand suggested was proposed—I think that is something of a straw man, if I may say so, with respect—not to some judge, not to some all-wise person, not to some philosopher king, but to some kind of joint board in which the unions would have, to use a modern term, an input, where they would have a say, where they would help to work out the standards which ought to apply. In the case of the railways, I agree, and I said long ago, on the occasion to which I refer, I agree with the Leader of the Opposition that it might well be the standard in the heavy industries. It seems to me it ought not to be beyond the wit of man—twentieth century Canadian man—to work out some kind of reasonable solution to this problem because, otherwise, what have you got? You have what the former leader of the New Democratic Party called a ritual dance; you have a thing of shreds and patches. The union in one of these essential services goes to the point where it declares a strike. The negotiations have taken place; the parties cannot agree; the union declares a strike, and inevitably the government comes along at the end of a few days and imposes, ad hoc, a specific form of arbitration, which is simply worked out pretty well on the spot by the government itself, in which the union has really very little say, if any.

● (0220)

In this particular case what is being imposed by this bill as it stands is the government's view, the government's opinion, the government's position, which may be justified. I am not arguing that; I am simply saying that this is what you get when you have this sudden, final ad hoc compulsory arbitration, or even substitute for compulsory arbitration, because there is scarcely a vestige of compulsory arbitration really here, when you get this kind of thing imposed in these circumstances.

I really think it is foolish to go on deluding ourselves into thinking that free, collective bargaining really exists in essential services when we all know in fact that it does not, and that in fact all that will happen will be that the union will be allowed to take an action which will mean a loss of wages for its members for four days, five days, a week, perhaps ten days at the outside, and disruption of the economy of the country, and they will then be told to go back on certain specific terms. This seems to me to be a farce. It seems to me to be totally out of accord with the interests of the workers. I cannot for the life of me see why this kind of thing has not been apparent to the unions in the essential service industries.

When I made that suggestion—I have forgotten when; it must be more than ten years ago—it sank like a stone into a barrel of tar. Nobody paid the slightest attention. It just dropped slowly out of sight. If you venture to make any argument for this kind of thing now, of course, you are accused in labour circles of being a partisan of compulsory arbitration of the kind that Senator Marchand was girding at a few moments ago.

I am as much opposed to compulsory arbitration in general as anybody can be, and I think employers as well as unions, are, in general, opposed to it. But in the case of certain essential services some form of settling these disputes without these ridiculous, these paralyzing, these time-wasting, these substance-wasting strikes ought to be devised, and I think that the thing should be taken in hand promptly by the government. If you cannot get the unions to agree I suppose eventually something they don't agree to will have to be worked out, but I think the attempt ought to be made.

I am profoundly dissatisfied with this "ad hockery," as somebody once called it, this business of popping out a solution at the last minute and imposing it on people without any kind of proper preparation, and in the midst of great heat and fierce conflict of opinions.

For the reasons which I have set forth, honourable senators, I do not feel that I can vote for this bill as it stands.

Hon. Sidney L. Buckwold: Honourable senators, we have heard some of the stories of senators sleeping at their desks, and I am delighted to see that even the opposition is still awake. I should like to add just a few words to what has been said tonight.

Senator Flynn: It is easier for us to stay awake.

Senator Buckwold: You need some stimulation. What I have to say is really a follow-up of what I believe is really a classic speech delivered on this whole question of the responsibility of unions and its relationship to the public interest as expounded by Senator Marchand. I believe that speech will be read by students of labour relations for many years to come because it is really one of the great speeches I have heard in this chamber. I congratulate the good senator. My reason for standing is not to discuss the bill, because that has not happened to any great degree during the debate tonight, but we are all concerned with the whole process and the future. I should like to suggest that with the forthcoming cessation of the activities of the AIB I feel that there will be a resurgence of public service unions flexing their muscles and challenging the government. We may think we have had labour problems with the public service up until now, but I feel that we are looking at some very much more aggravated situations than even those we have seen to date. For this reson I draw to the attention of the Senate and, perhaps, more especially to that of the Government of Canada, the report entitled "Employer-Employee Relations in the Public Service of Canada," to

which my colleague, the Leader of the Opposition, was kind enough to refer. As you are aware, I had the privilege of being a co-chairman of the joint committee which submitted the report and operated for many months along with colleagues from the House of Commons, coming in with a report of 72 recommendations which would improve the atmosphere and the relationship in the public service. We started this report by saying that there are approximately 250,000 federal employees represented under the Public Service Staff Relations Act. They are represented by 14 different bargaining agents in 104 bargaining units. Overall, the evidence presented to the committee showed that the system has worked.

You would be interested in some statistics, because we hear so many comments with respect to eliminating the right to strike, that it was a wrong decision, but between the introduction of that right in 1967 and the time of this report, which was approximately one year and a half ago, there have been 449 collective agreements, 73.9 per cent by voluntary agreement, 15.1 per cent following arbitration, 8.6 per cent following conciliation and 2.4 per cent following legal strikes. In other words, during approximately a nine-year period at that time there were 11 legal strikes in the public service which, I suggest, is a fairly good record. The problem found by the committee, that which required the real attention, was that of the illegal strike, which we dealt with at some length. The committee, in fact, felt that the right to strike had been a responsibility which had been reasonably accepted by the public service. I believe that in recent months there have been some outstanding bad, egregious examples of lack of concern for the public interest. This was part of the reason for the appointment of that particular committee. One of the comments of the committee was as follows:

> Your committee concluded that where the activities of the parties engaged in collective bargaining do not adversely affect the public interest, the collective bargaining process should be free to operate without government intervention. But when the public interest becomes adversely affected, Government and Parliament should be prepared to intervene.

● (0230)

I think that that, generally, is a comment that we have heard expressed during this debate. What I am trying to say, honourable senators, is that there has been an attempt to outline changes to the Government of Canada—changes that involve everything from illegal strikes, designated employees, classification, technological change and long-term lay-off, the role of pay research in collective bargaining in the public service, managerial and confidential exclusions, incompetence and incapacity and disciplinary action, union voting procedures, casual employees, and several other subjects that involve the relationship of the Government of Canada with its employees.

I suggest to the Government of Canada that, as one of its very top priority items, if we are to minimize the pressures that will be on us in the very near future, some of these recommendations be translated into law as soon as possible. This is a matter of urgency, and that is why I stand before you at this late hour. The government has had these recommendations for several months. From what I gather, legislative changes have been proposed, although none have come forward as yet. It is my hope that, in the interest of good labour relations and in the public interest, these changes will be effected as soon as possible.

Hon. Allister Grosart: Honourable senators, to make it clear that there was 100 per cent participation by the loyal opposition in the debate tonight, I rise to make a few comments supplemental to those made by the Leader of the Government. I want to say at the outset that I agree with everything that has been said about the importance of collective bargaining. It is here to stay. In spite of some imperfections, it is clearly the best possible device we have been able to come up with to ensure that workers receive a fair return for the product of their labour.

There also seems to be very general agreement for the proposition that there are times when, as a result of any strike, the hardships, the cost, the personal tragedies inflicted on the public are such that government intervention, or parliamentary intervention, is completely justified, notwithstanding the broader principles of collective bargaining enshrined in our law.

Occasions such as this—and we are having about one a year now—indicate that there is a gap, a vacuum, in government policy in respect of the handling of these kinds of situations. We had the statement from the minister—and the Leader of the Government repeated it tonight—that the union in this case is not being denied the right to strike. The exact words used by the minister, I believe, were: "But the right to strike is being denied for the time being."

That, of course, to me is nonsense. Of course the union is having the right to strike taken away from it. That is the purpose of this bill—to say to the union that it cannot continue the strike. The government went farther in this particular case when the leaders of the union—and I make the same distinction as Senator Marchand between the union membership and the union leadership—when the leaders of the union announced, based, of course, on a vote indicating majority support for a strike, that there would be rotating strikes.

The government in this particular case acted as it has not acted in any other similar situation. I might say that I am not in any way condoning the action of the union leaders in this case. I agree with what has been said, that it was unwise both from the point of view of the public and from the point of view particularly of the interests of their own members. But the fact of the matter is that in this particular situation the government acted in a way entirely different—and I hope the Leader of the Government will listen to this and explain it later—in a way entirely different from the way it has acted in any other similar circumstance. In the first place, the government announced before the strike had taken place that it would introduce legislation to prevent—believe it or not—rotating strikes. I am quite sure that, when the matter was referred to the draftsmen, the government was informed that that was

impossible. Obviously, a rotating strike can be the decision of any single individual deciding to withdraw his services, or of one local of a union. How it would be possible to introduce legislation to prevent that kind of action, that kind of withdrawal of services by a group of individuals, without destroying the whole concept of collective bargaining, I do not know.

In any event, that announcement by the government attracted a response which was certainly not a credit to the government, to the extent that the government's announcement that it would call Parliament to end the rotating strikes was responsible for the decision of the union to call a general strike. I think that was a bad decision. I think it was precipitate. I do not think it can be defended. But the reaction of the union in this case to say, "We will call a general strike at once." I do not defend that. I believe it was a completely irresponsible action on the part of the union, because obviously there was no notification and those who might be in a position to prepare themselves for the rotating strikes were caught in an impossible situation. Indeed, there were stories, and we have all heard them, of personal hardship and suffering. I often wonder if those who have the responsibility for making grave decisions like this hear the same stories I hear, of sons and daughters unable to attend the last minutes of the lives of their parents and so on.

I have said that the government acted in this case in a way which was different from the action taken in previous situations when it has been regarded as necessary for Parliament to intervene to end a strike. Previously, the government has brought before Parliament, and I have supported it on every occasion, back-to-work legislation. It has been traditional in these situations for the government to bring in back-to-work legislation and then, in that same legislation, to provide for arbitration. But in this case, for its own reasons, the government has not taken that course, and to me that is the essential difference between this bill and those bills we have had before in similar situations.

I think the government was quite wrong in the direction it took this time. I say that because as has been pointed out in the sections of the bill which have been read, what the government has actually done is to take sides in an industrial dispute and has asked Parliament to approve the position taken by one of the parties to an industrial dispute. I do not think there is anything clearer than that. It is a dispute between the government as an employer and the union as an employee.

● (0240)

Never in our history, unless my memory fails me, has the government done what it has done in this case. It has intervened and said "We will take sides with the employees or with the employers," and it is hard to imagine what the result would be, what the public reaction would be, if the employer in this case had been in the private sector and the governmnt had said, "We will take the position taken in this difference of opinion between, let us say, Massey-Harris and its employees, and we will ask Parliament to pass legislation saying that the terms offered by Massey-Harris are the terms of a new collective agreement," which is exactly what this bill says.

It says quite clearly that it is imposing a collective agreement on the exact terms that were offered by the employer. I will not bother to read the sections, but it is clear. It goes beyond that. The government then says, "There is a dispute between us and the union as to the total compensation which would result from the various proposals," the 8 per cent package, as it is called, and the 4.6 per cent assessment of the compensation value of the reclassification.

The government's position is simply this: "We will agree to sign an agreement if it provides for 8 per cent and 4.6 per cent; and, if the AIB finds this within the guidelines, we will then accept it." The union has said, "If the government will only have enough sense to add the two up, to simplify this, make it 12.6 per cent"—there are problems there.

Senator Perrault: There sure are.

Senator Grosart: Of course there are problems, but are they enough to cause this kind of situation, this semantic difference between 8 per cent and 4.6 per cent and 12.6 per cent, because that is the whole issue that has brought about this situation, this strike, and the apparent necessity for Parliament to intervene? Merely that: whether it should be 8 per cent and 4.6 per cent or 12.6 per cent. There are differences, but is that enough to cause this kind of situation?

I say the government has a direct responsibility for the problem that is before us. Beyond that, what the government is really saying is, "We are going to tell the AIB what its judgment should be."

The Leader of the Government gave us four good examples of decisions by the AIB to exceed 8 per cent for various reasons. He said that none of those applied here, that the four do not apply in this situation. Did it ever occur to the government that the AIB might come up with a fifth? What business has the government saying to the AIB, "We will tell you how you interpret the AIB guidelines"?

It is merely a matter of interpretation. The union said, "We will take it." The government said, "We will take it only if you write it in our terms"; and anyone who followed the proceedings could not fail to reach the conclusion that one of the major causes of this situation is utter ineptitude on the part of the government.

We see this over and over again throughout the whole history of this sort of thing. The matter could have been resolved quite differently. Admittedly the union leaders were intransigent, yes. They were difficult. They have caused the government embarrassment before. They have caused problems in which they obviously did not have public support. But here the government is saying, "We insist that Parliament impose a collective bargaining agreement on this union." That is what we are asked to do. We are asked to impose a collective bargaining agreement, with no recourse. Certainly there is provision in clause 5(4) for arbitration, but the ceiling on any arbitration is the government's offer, and nothing else.

Senator Perrault: It is the law.

Senator Grosart: No. It is not the law yet. This is a common mistake on the other side. The AIB interprets the law, and it has interpreted the law on several occasions as allowing a higher total compensation than 8 per cent; so it is not true to say that the law says that an arithmetical 8 per cent figure is the ceiling. It is not. The whole history of the AIB decisions indicates that this is simply not so.

The government has said, "We are the judge, we are the jury, we are a party to the action." Now, as the former leader of the NDP said in the course of this debate, "And we are now asking Parliament to be the executioner." The government is asking us to execute the government's will as one party to an industrial dispute, without any suggestion whatever that in the course of the settlement of this dispute the position put forward by the union, right or wrong—and I am not saying it is either right or wrong—can have any possible further consideration.

I do not know why the government has decided to follow this route. The impression one gets is that it is the result of a culmination of personality clashes and frustrations in the negotiations. Surely, however, the sensible thing to do would have been to bring in the usual type of bill requiring the workers to go back to work, and providing for settlement by arbitration at some time in the future. The essential difference between this bill and the traditional way of handling this kind of dispute is precisely as I have outlined it. I say to the Leader of the Government that in my view—though I am not an expert in this field—it is a dangerous precedent that will come back to haunt them; because the next time there is such a dispute, where the employer is in the private sector, what will the government do? Will they ask Parliament to impose the terms offered by that employer? The Leader of the Government spoke of the importance of the precedent. He said that the government could not fail in its handling of the situation and allow any possible increase over 8 per cent, if they were to be fair to the private sector. If they are going to be fair to the private sector, and I am not advocating that, the next time they will have to say, "Well, we take the same position with that employer as we took when we were the employer. We will ask Parliament to legislate the terms of the employer." That is what is being done here. I can see no way out of it. I have read the bill, I have listened to the debates, I have read everything I can. In the end it comes down to just this, that we are now asked to pass a bill which imposes the disputed terms of only one party to an industrial dispute. I am not against the principle of insisting, in the public interest, that members of this union go back to work. I do oppose, however, this extraordinary method, this novel and dangerous method, that the government has resorted to in this case.

Senator Perrault: Honourable senators—

The Hon. The Speaker: I wish to remind honourable senators that if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

• (0250)

Senator Perrault: Honourable senators, because the hour is late I shall endeavour to speak as briefly as possible.

Senator Flynn: It is early, early in the morning.

Senator Perrault: I know I echo the views of all honourable senators when I express my appreciation for the contributions which have been made to this debate by a number of honourable senators. I have listened with great interest to all of the speeches, and all have been interesting, useful and constructive.

I hope in the course of my remarks I can dispel at least some doubts which may exist in the minds of certain senators, and if there are further questions after I have finished, I would be pleased to endeavour to reply to those additional questions.

In summary, then, the essence of this dispute is a difference between the union and the employer over the money clause. The union is saying, "Look, we want a 12 per cent increase, and we think that because of the reclassification, which we believe should take place within our bargaining unit, we should get that 12 per cent." The government says that it is a matter of AIB policy, with guidelines approved and established by Parliament, that the maximum rate of increase this year shall be 8 per cent. As Senator Grosart has observed, there are some exceptions to this AIB rule of 8 per cent, but very few—for example, if it is difficult to obtain staff for certain positions, and so on. I do not want to go through that section of my speech again. The government believes that there are no valid exceptions from the AIB maximum increase rule of 8 per cent for CATCA.

We must remember that the parties were assisted in their attempts to reach a settlement by a very highly regarded three-man conciliation board, with a chairman agreed upon by both labour and management, with a union representative and a representative of the government. So, we had representatives of union, employer, and an impartial chairman. All three members of this conciliation board concurred in recommending an 8 per cent increase in total compensation. That is not in dispute. This unanimous recommendation was given after giving due consideration to Anti-Inflation Board guidelines. That is pretty fundamental—a unanimous report by the conciliation board, "Yes, we all agree it should be 8 per cent. The only questions remaining relate to the distribution of the 8 per cent increase over the bargaining unit and whether some reclassified section of that employee bargaining unit should have been exempted from the maximum AIB guidelines". It has been the usual procedure in attempts to reach settlements in disputes to go along with the conciliation board's report.

Senator Grosart: Would the honourable leader allow one question here? I am sure he has no intention of misleading the Senate. Would he not agree that the conciliation board said it would pass no judgment whatsoever on the 4.6 per cent? Would he not also agree that he has told us that that 4.6 per cent the conciliation board refused to deal with is the essence of the dispute?

Senator Perrault: Honourable senators, I am coming to that in my summary. That is a very pertinent and useful observation, and it should be answered.

Senator Grosart: Thank you. You are in a very good mood.

Senator Perrault: Again with reference to reports of conciliation boards, there is added justification for acceptance when the board reports are unanimous. I will ask our distinguished colleague, Senator Forsey, who said he intends to vote against the bill. Here we have a unanimous conciliation board report saying that the maximum allowable under AIB this year shall be paid to this group of employees. Not all employees in this country are getting an 8 per cent increase this year. But the conciliation board in this dispute agreed that this group would get 8 per cent. We know these to be the fundamental facts.

Incidentally, one honourable senator asked, "What happens after December 31, 1977?"

Senator Flynn: Yes, I asked that.

Senator Perrault: Negotiations for a new collective agreement would commence at that point. It may well be that we shall be out of the restraints program at that time, and it may well be that on the next contract negotiated with this group of employees further and additional weighting will be given to the financial indemnity to be paid to certain of the reclassified employees within that bargaining unit. No one ever suggested that the anti-inflation program constitutes perfect justice. The Prime Minister said it is rough justice, but far better than the rough injustice of inflation which was devastating the incomes of Canadian workers in the fall of 1975.

Senator Flynn: And it still is.

Senator Perrault: Nobody has stated that there is not at least some moral claim on the part of some employees within this bargaining unit, and many other bargaining units in the country, for increases which may be beyond the established legal AIB maximums. That is not the point in dispute. The fact is that there is a law on the books that is adversely affecting employees, and maybe some employers in this country from time to time.

This is not a perfect program, but it is certainly better than the rampant inflation that we had in 1975, and the Canadian people have stated very emphatically in the public opinion polls that they think a great deal of AIB, with all its warts, imperfections and blemishes.

Senator Grosart: Much more than the government does apparently.

Senator Perrault: You know, honourable senators, the government is endeavouring in this bill to strike a reasonable balance between the interests of the workers and the public interest. Surely governments assume the responsibility to attempt to achieve balances of this kind. Senator Grosart said that the government is in an "incredible" position. How can I duplicate his eloquence? He asked quizzically, "Should the government as one party to a dispute be called upon to enforce a settlement?" What other responsibility is there for a government when the government is faced with a serious problem affecting public interest in this country? It must assume responsibility. How else are serious disputes to be resolved and crises met? Through a process of osmosis? Through someone arriving on a cloud from on high?

Again, Senator Forsey has stated that he wants to vote against this measure. I cannot recall that Senator Forsey proposed any personal alternative solution for this government tonight.

Senator Forsey: Yes, I did.

Senator Grosart: He did.

Senator Perrault: I am talking in terms of the immediate moment, at the present time, when people are sleeping in air terminals waiting for planes that never arrive.

Senator Flynn: That is unfair.

Senator Forsey: I must take exception to that statement. I distinctly stated that the thing should be settled now on the basis of the amendment moved in the other place by the New Democratic Party and concurred in by the Conservative Party. That is very specific.

Senator Perrault: May I speak to that in just a moment as well? I want to be fair, and if I have been unfair I retract what I have said. I want to say additionally, however, about Senator Forsey, when he states that we have reached the point when we have to discover or evolve better ways to settle disputes in essential services before great public dislocations take place, I am in full accord. The honourable senator has advanced some useful ideas in that regard. I would propose that we consider the establishment of a special committee of the Senate this year to undertake an investigation of this important matter. I would remind honourable senators that the Senate has inspired major reforms in this country through its report on poverty, its report on aging, its report on the parole system, and its report on the media. We may well have a valuable contribution to make to the dialogue concerning improved labour-management relations and strikes in essential services.

A number of senators may wonder why the whole agreement has not been sent to binding arbitration? Senator Grosart was the last to echo this view. The answer is relatively simple. The union in this case opted for conciliation; the majority decision of the conciliation board has been accepted by the government; indeed, the unanimous view of the conciliation board has been accepted by the government, a unanimous recommendation for an 8 per cent increase. I would remind honourable senators again that classification is not subject to collective bargaining. This is clearly set forth in the Public Service Staff Relations Act. The matter of classification is completely outside the terms of reference for any arbitrator, and what is really left to arbitrate?

● (0300)

Senator Flynn: Then why did you bargain collectively?

Senator Perrault: I wish to point out that the proposed legislation does provide for compulsory arbitration to be

applied to the AIB rates. There is not any more money in the package available under the law.

Then we heard the statement that we are taking away the right to strike, that we are legislating the air traffic controllers back to work. I state the view again and—

Senator Flynn: Who said that?

Senator Perrault: Well, it is obvious that in this case the right to strike has been removed. I have made notes in that respect from the remarks of various senators.

Senator Grosart: You are taking away the right to strike, so admit it; there is nothing wrong with it.

Senator Perrault: However, in view of CATCA's refusal to settle within the AIB maximum, the government had no option but to legislate the union back to work in order to avoid a disruptive strike which would have had to be resolved in this way in any event because of CATCA's inflexible position. I agree that honourable members should have an opportunity to debate the principle of the right to strike in the public sector. However, may I say to honourable senators tonight that this will arise when the government tables amendments to the Public Service Staff Relations Act later this year.

Senator Flynn: Oh, that's good.

Senator Grosart: Make it sooner.

Senator Perrault: We have been told about the government's allegedly bad record in collective bargaining in this country. Well, since 1967, 388 collective agreements have been signed. Of these, 275, that is 71 per cent—

Senator Flynn: That is in your notes, but no one mentioned it.

Senator Perrault: Honourable senator, I listened with rapt attention to your remarks and I ask for the same attention from you at this early hour in the morning.

Of these, 71 per cent were voluntary settlements that did not require recourse to arbitration, a conciliation board or a strike. This is one of the best records of any country in the world. Sixty-six settlements followed binding arbitration, while 35 were negotiated following conciliation, representing 95 per cent. Finally, only 12, that is 3 per cent, of collective agreements signed to date followed strike action.

Then we come, in my opinion, to the crux of the dispute. That is whether, as the Honourable Senator Grosart pointed out, the wage increase award should be 8 per cent or 8 per cent plus 4 per cent. Allow me to attempt to answer some of the questions which have been raised under that heading. I refer to the terms of the Anti-Inflation Board Compensation Bulletin No. 1, to which I invite the attention of honourable senators who may still doubt the validity of this statement, and that board's ruling on what constitutes a commitment made prior to October 14 of 1975. The government is convinced that nothing in the actions taken prior to October 14, 1975 constitutes a prior commitment that would exempt the cost of introducing a new classification plan for CATCA from the application of the anti-inflation guidelines. That is the position of the government. At no time since the first contract signed by CATCA after the inception of the AIB guidelines was the matter of reclassification even raised. It emerged as an issue in 1976, following the contract signing in 1977. There is no way, no possible way, that any arbitrator, even if the proposal were to be accepted, could find anything different. In June of 1976 CATCA signed its first collective agreement under the anti-inflation program and, I repeat, there was no demand for a new classification plan, no claim for exemption of resultant costs from the anti-inflation guidelines.

If CATCA believed that it had a prior commitment, it would not have turned down the government's offer. Some senators have said during the course of the debate that the position of the government has not been sufficiently flexible. If that is so, why did CATCA turn down the government's offer to include CATCA's position in a signed agreement to be sent to the AIB? One has to remember that it was to be a signed agreement. In an attempt to prevent the present impasse, the government was willing to submit a signed agreement. In an attempt to prevent the present impasse, the government was willing to submit a signed agreement to the Anti-Inflation Board which included the government's offer of an 8 per cent increase in a total compensation as well as the union's proposal for a 12.6 per cent increase on the basis of reclassification.

I want to explain this. Senator Grosart, in his remarks, said that the government was being hypocritical because, on the one hand, while it said that there was a maximum under the Anti-Inflation Board of 8 per cent, it agreed to accept an increase of 12 per cent if the AIB ruled in favour of the union.

By its offer, the government was stating to the union, in effect, that it was confident that it interpreted AIB regulations correctly and was willing to put that interpretation to the test. However, it was willing to send the union's proposal to the AIB. Additionally, if it turned out that the government had misinterpreted AIB regulations, it would then accept the AIB finding. However, before undertaking such a referral, it wanted the union's signature on the line. It wanted a signed agreement for an 8 per cent increase with, in effect, a clause protecting the union should the AIB rule in favour of a 12.6 per cent increase. The union would not sign such an agreement. It would not put its signature on the line. The government took the position that it would only undertake such an unusual referral to the AIB if there were a union ballot taken across Canada. But there was no CATCA signature on that collective agreement. Given those circumstances, who was flexible and who was inflexible? Did the Government of Canada take the position that it was going to be an 8 per cent increase or nothing, that it was going to dragoon the workers of this particular bargaining unit into accepting 8 per cent? Not at all.

I want to make it quite clear that in making its offer of 8 per cent, the government was offering the maximum possible amount under the anti-inflation guidelines. It was prepared to include the union's proposal in an attempt to head off a nationwide strike with the resultant inconvenience to the travelling public and a cost of $5 million or $6 million a day.

To quote from the statement of the President of the Treasury Board; "It would have been a condition of the agreement that both parties would abide by the Anti-Inflation Board's ruling. Notwithstanding that, CATCA would not accept to sign such an agreement. CATCA broke off negotiations. It completely rejected the government's offer at that point. The futility of any other approach should be obvious."

Dealing with the other items, the government agreed to accept the majority of the recommendations of the conciliation board. It did not propose any changes in vacation or management rights. While the conciliation board expressed the hope that the parties could resolve classification differences between themselves, it had no jurisdiction in that particular area, which meets the statement made earlier by the Leader of the Opposition.

Senator Flynn: Why talk about it, then?

Senator Perrault: I want to suggest to you that in recent days CATCA abandoned all of its demands in the areas of management rights, vacations, and so forth. They were prepared to abandon most of these if the government would agree to a 12 per cent increase. Yet, it would have been illegal and wrong for the Government of Canada to have entered into that kind of collective agreement.

Following those efforts, the government concluded that there were no viable solutions in sight and took the action that resulted in today's debate.

I think most of the points have been covered. I can only say, honourable senators, that on the average day there are 35,000 to 40,000 Canadians travelling. A strike of this nature is a serious matter when one considers the number of people being inconvenienced and delayed. The cost of such a strike is enormous.

• (0310)

Senator Flynn: We are all agreed so far as that is concerned.

Senator Perrault: I am confident that Canadians generally support the government's view and the unprecedented action being proposed to end the strike, because we have an unprecedented situation, an extremely difficult situation for the country.

Honourable senators, I urge the honourable members to pass the legislation speedily so that they can relieve the economic hardship and inconvenience to both the travelling public and the business community caused by this unnecessary work stoppage.

Senator Lang: May I direct one question to the Leader of the Government in connection with clause 5 of this bill? Under that clause the bill is made applicable to the collective bargaining period which extends to December 31 of 1977. On the assumption that the anti-inflation regulations will persist into 1978, and on that assumption only, is there any reason to assume that we will not be faced with the same situation we are in tonight at the end of this year? Are there any reasons that would militate against a repetition of this phenomenon?

Senator Perrault: Honourable senator, as you may be aware, there are active efforts underway now to evolve a plan to move out of the restraint period into a period of de-control, and I think the situation may well be much different at the end of the current contract. It is hoped—

Senator Flynn: You always hope.

Senator Perrault: It is hoped, however, that the unfortunate experience which the country is undergoing at the present time may have a salutary effect on negotiations which will take place later this year.

Senator Flynn: Wishful thinking! You always hope that you will be saved by the circumstances.

Senator Grosart: Would the Leader of the Government just permit one question purely for clarification? I understood him to say that the government had agreed to send the 12.6 per cent proposal to the AIB but that the union refused. Is it not the situation that the union had agreed to send the 12.6 per cent proposal to the AIB but that the government refused?

Senator Perrault: Honourable senators, I want to attempt to make it clear again. The proposal to refer a collective agreement for a 12.6 per cent increase to the AIB was evolved on the weekend, when public opinion of a negative variety expressed itself from coast to coast. There is a profound difference between that proposition and the one suggested by the government previously. One cannot imagine a situation involving the Government of Canada signing a 12 plus per cent collective agreement with any union in this country in the full and certain knowledge that the act is clearly illegal and not within the AIB guidelines which the government itself has set. We are never going to be a party to that kind of agreement.

Senator Grosart: Perhaps I can remind the Leader of the Government that my question was only whether the statement I made was correct or incorrect.

Senator Perrault: Yes. On the weekend the union advanced the proposition.

Senator Grosart: Is it "yes" or "no"?

Senator Perrault: It is not a matter of "yes" or "no". As the honourable senator is aware, this, in my view, was not a serious offer. This was a spurious offer designed to win public opinion.

Senator Forsey: I wonder if the Leader of the Government would permit one question. I listened to him carefully, but I do not think he answered the question I asked earlier: If the government was willing, as he has just said, to refer this matter to the Anti-Inflation Board and abide by its decision, why did it not put that in the bill?

Senator Perrault: An offer had been made earlier, as I have described, as the honourable senator is aware. The fact of the matter is that the offer was rejected by the union. At this time the government stated, "We are the Government of Canada. We are going to act on behalf of the people of this country, and we are going to resolve this dispute." In effect, I suggest,

the government said as well, "We have given you an opportunity which you have rejected. Now we are going to move ahead."

Senator Flynn: "And we are not going to offer you this opportunity again." That is the position.

Some Hon. Senators: Question!

Senator Grosart: That is flexibility.

Some Hon. Senators: Question.

The Hon. the Speaker: It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Langlois, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Forsey: On division.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Senator Perrault: With leave, I move third reading now.

Senator Flynn: Is there no minister coming to explain what the Leader of the Government's speech has failed to make clear?

An Hon. Senator: It will soon be daylight.

Senator Perrault: I had hoped that most of the questions had been answered, although perhaps inadequately in the view of the Leader of the Opposition.

Senator Flynn: In view of the late hour, we will agree to third reading as an act of faith.

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

Hon. Senators: Agreed.

Senator Forsey: On division.

Motion agreed to and bill read third time and passed on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
Ottawa
Government House

August 10, 1977

Madam,

I have the honour to inform you that the Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 10th day of August, at 3.30 a.m. for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Monday, October 17, 1977, at 2 o'clock in the afternoon.

Senator Flynn: Subject to recall.

Motion agreed to.

The Senate adjourned during pleasure.

At 3.30 a.m., August 10, the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable R. G. B. Dickson, LL.D., D.C.L., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to provide for the continuation of air traffic control services.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Monday, October 17, 1977, at 2 o'clock.

THE SENATE

Friday, October 14, 1977

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

Senator Perrault: Honourable senators, it is a great pleasure to welcome back all honourable senators and to express the hope and anticipation that this chamber will be engaging in a wide range of constructive activities in the important months to come.

THE LATE HONOURABLE G. PERCIVAL BURCHILL

TRIBUTES

Hon. Raymond J. Perrault: Honourable senators learned with great regret last month of the death of one of our most revered senators, Senator Burchill, on August 22, just three days after he had resigned from the Senate.

Senator Burchill served this chamber with distinction for more than 32 years. It was typical of him that even when he was in failing health in latter years he still attended most of our sessions. He was a conscientious senator who will be greatly missed by his colleagues in this chamber. His loss will be felt in his home province of New Brunswick, particularly where he did much to build the lumber industry.

Percy Burchill was born at Nelson-Miramichi and lived all his life in that region. He operated the family lumber business there. He was responsible for the creation of the Maritime Lumber Bureau and served as its second president. He was president of the New Brunswick Forest Products Association for many years, and president of the Canadian Forestry Association for a period of time. A forestry graduate from the University of New Brunswick, he received an honorary Doctorate of Laws from that university, and an honorary Doctorate of Civil Laws from the University of King's College, Halifax. He was an outstanding leader in community activities in his home area. He was particularly proud of his association with the Miramichi Hospital. He was an original member of the board of that hospital and he was a member at the time of his death.

But we, his colleagues, will most remember a man who truly served the Senate well. He was fine orator and a hard-working colleague. Above all, he will be remembered as a courteous gentleman and a good man.

I know that all honourable senators will wish to join with me in expressing our deepest and heartfelt sympathy to his wife and family.

Hon. Allister Grosart: Honourable senators, it is a sad duty for me to rise and note the passing of our colleague, Percival Burchill, particularly because I can think of no senator in my time here whose passing has been felt more keenly as a personal loss.

He was one of our elder statesmen, unfailing in his assistance and counsel to new senators, regardless of the side of the Senate on which they sat. My own pleasantest personal memory is of his wonderful smile. Many times when I rose to speak I found encouragement when I saw Percy over there smiling at me, indicating that he might even agree with something I said. He would often go to many of his colleagues after they had spoken, and compliment them. I have had the pleasure and honour of being the recipient of that special kindness on numerous occasions. I remember that at one time I said to him, "Well, I am sure you didn't agree with me, Percy," and he replied, "No, I didn't; but you had to say it, and you said it."

That was his attitude. It was one of warm personal affection and consideration for his colleagues.

Latterly, of course, he spoke less often than in his earlier days here. On the other hand, I think we would all agree that he probably had the best all-time attendance record in this chamber.

• (1110)

The Leader of the Government has referred to his distinguished record in public life at all three levels—municipal, provincial and federal—and in the business communities of Miramichi and area. His activities in the field of community, church and social relations have been well documented and are well known, particularly to his colleagues from New Brunswick.

We think also of the warmth of his family life. His devotion to his wife, during her affliction of the last few years, is a record of husbandly love and human kindness which we should hear more of in this country.

I am sure I speak for all his colleagues when I extend our regrets and sympathy to his family and his host of friends in Canada.

Hon. Charles McElman: Honourable senators, each of us has lost a friend, as well as a valued and respected colleague, in the passing of the Honourable George Percival Burchill of Nelson-Miramichi. Friendship was the coin of wealth to Percy Burchill, and the circle of his friends encompassed all parts of our nation and continent, and indeed beyond the seas.

He was the dean of New Brunswick members of both the Senate and the House of Commons, and we were all intimately

aware of his respect for and dedication to the institution of Parliament.

His loyalty to the Crown was deep and above question. How proud and happy he would have been, once again, to greet and pay homage to his Queen during her current visit to Canada.

Despite the weight of his years, Senator Burchill was attentive to his duties in this house right up to the summer recess of Parliament. He attended and participated actively in the many and long meetings of the Standing Senate Committee on Transport and Communications as it studied the Maritime Code bill, which we are called upon to finalize today. He was, in fact, returning to his home from the Senate when he suffered, aboard an Air Canada flight, the attack which hospitalized him, first in Montreal and later in Newcastle, just prior to his passing.

For more than 100 years the Burchill family has been noted for its interests in the forest industry. That family has also been noted for its service to the community, the province and the nation.

In addition to those involvements mentioned by the Leader of the Government in the Senate and business interests in other areas, Senator Burchill had been president of the Boy Scouts of Canada and was one of the leading laymen of the Anglican Church in Canada. However, as honourable senators can attest, he was most attentive in serving the interests of the people of New Brunswick and, particularly, those of his beloved Miramichi River valley. He excelled and delighted in cutting away red tape in order to assist a veteran, a widow or other troubled fellow citizen.

May I say that it was a source of great comfort to the widow and family of Senator Burchill that, in addition to his fellow senators from New Brunswick, Senators John Connolly, Paul Lafond, Chesley Carter, George McIlraith and others attended the funeral services at Nelson-Miramichi.

It was my privilege to have Percy Burchill as a friend for almost thirty years, and our friendship of the last several years was close and dear to me. In common with all other honourable senators, I shall miss him very much and I join with other honourable senators in again expressing our most sincere sympathy to Mrs. Burchill and the members of their family.

Hon. Hartland de M. Molson: Honourable senators, when I was appointed to the Senate, one of those who welcomed me and made my life a little easier was Senator Burchill. He was a very gentle person, in every sense a gentleman. When I came here he had already had some ten or twelve years of experience in the Senate, and he gave the impression, as others have done, that senators of long standing welcome their new colleagues and are more than willing to assist them in making a useful contribution to the work of the Senate.

My wife and I became close friends of Senator Burchill and Mrs. Burchill those many years ago, and until the tragic illness of Mrs. Burchill we saw a great deal of them together.

I cannot add much to what has been so well said by the previous speakers, other than to say that I mourn deeply the loss of a friend of some twenty-odd years standing. Of course, the additional tragic death of his granddaughter on her way home from his funeral has compounded the heavy load for the family. These events are sometimes a little hard to understand.

I would simply like to join in the well-deserved tributes that have been paid to Senator Burchill, and to express to Mrs. Burchill, to his son John and the family, my most sincere sympathy.

● (1120)

THE HONOURABLE MARTIAL ASSELIN, P.C.

Senator Perrault: Honourable senators will note the absence today from the Senate of one of our distinguished and hard-working senators, Senator Asselin. I regret to inform the Senate that Senator Asselin had a health setback just a few days ago. I know all honourable senators will wish to join with me in extending to him our very warmest and best wishes for a full and speedy recovery.

AGRICULTURE

INTERIM REPORT OF COMMITTEE ON THE CANADIAN BEEF INDUSTRY TABLED

Senator Argue: Honourable senators, I have the honour to table, in both official languages, an interim report of the Standing Senate Committee on Agriculture on its inquiry into the desirability of long-term stabilization in the Canadian beef industry entitled: "Recognizing the Realities: A Beef Import Policy for Canada".

MARITIME CODE BILL

REPORT OF COMMITTEE PRESENTED

Senator Haig, Chairman of the Standing Senate Committee on Transport and Communications, to which was referred Bill C-41, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof, presented the following report:

Thursday, October 6, 1977

The Standing Senate Committee on Transport and Communications, to which was referred Bill C-41, intituled: "An Act to provide a maritime code for Canada and to amend the Canada Shipping Act and other Acts in consequence thereof", has, in obedience to the Order of Reference of Wednesday, May 18, 1977, examined the said Bill and now reports the same with the following amendments:

1. *Page 1:* Strike out lines 10 to 12 inclusive in clause 2 and substitute therefor the following:

"navigation and shipping and other factors that have led to a substantial increase in the use of ships for commercial recrea-"

2. *Page 4:* Strike out lines 1 to 5 inclusive in clause 3 of the French version, and substitute therefor the following:

" «navire» comprend toute espèce de bâtiment, bateau ou embarcation utilisé ou pouvant être utilisé, exclusi-

vement ou partiellement, pour la navigation maritime, indépendamment de son mode de propulsion ou même s'il n'en a pas;"

3. *Page 4:* Strike out lines 19 to 22 inclusive in clause 3 and substitute therefor the following:

" "owner", in relation to a ship, means the registered, licensed or otherwise recorded owner, if any, and, unless otherwise provided, includes a charterer by demise;"

4. *Page 4:* Strike out lines 45 and 46 in clause 3 of the French version and substitute therefor the following:

" «passer» désigne le fait, pour un navire qui ne fait pas route vers un port canadien ou pour un navire qui ne provient pas d'un port canadien, de passer dans les eaux canadiennes;"

5. *Page 5:* Strike out lines 10 to 14 inclusive in clause 3.

6. *Page 9:* Strike out line 24 in subclause 4(5) and substitute therefor the following:

"interest therein of"

7. *Page 10:* Strike out line 32 in subclause 6(1) of the French version and substitute therefor the following:

"immatriculé sous pavillon canadien s'il dépasse dix mètres de longueur ou, s'il ne dépasse pas dix mètres de lon-"

8. *Page 11:* Strike out lines 19 to 25 inclusive in subclause 6(3) of the French version and substitute therefor the following:

"est, à l'égard de ce navire seulement et dès l'entrée en vigueur du Livre II du *Code maritime*, réputé remplir les conditions voulues pour être propriétaire d'un navire immatriculé sous pavillon canadien si le navire dépasse dix mètres de longueur ou s'il ne dépasse pas dix mètres de longueur, d'une petite embarcation immatriculée sous pavillon canadien, tout en étant réputé, pour l'application"

9. *Page 11:* Strike out lines 43 to 46 inclusive in subclause 7(1) and substitute therefor the following:

"of such ships."

10. *Page 14:* Strike out the definition "navire de la Couronne" in Item 3 of Schedule I of the French version and substitute therefor the following:

" "navire de la Couronne" comprend toute espèce de bâtiment, bateau ou embarcation utilisé ou pouvant être utilisé, exclusivement ou partiellement, pour la navigation maritime indépendamment de son mode de propulsion ou même s'il n'en a pas, dont la Couronne est propriétaire ou dont elle a la possession exclusive;"

11. *Pages 15 and 16:* Strike out the definition "navire" in Item 7 of Schedule I of the French version and substitute therefor the following:

"*g*) «navire» comprend toute espèce de bâtiment, bateau ou embarcation utilisé ou pouvant être utilisé, exclusivement ou partiellement, pour la navigation maritime, indépendamment de son mode de propulsion ou même s'il n'en a pas;"

12. *Page 16:* Strike out the definition "navire" in Item 8 of Schedule I of the French version and substitute therefor the following:

" «navire» comprend toute espèce de bâtiment, bateau ou embarcation utilisé ou pouvant être utilisé, exclusivement ou partiellement, pour la navigation maritime, indépendamment de son mode de propulsion ou même s'il n'en a pas;"

13. *Page 21:* Strike out line 22 in subclause BI-3(1) of the French version and substitute therefor the following:

"équivalentes à des dispositions semblables du"

14. *Page 21:* Strike out line 38 in subclause BI-3(2) of the French version and substitute therefor the following:

"paragraphe (1) ne déroge pas à la compétence"

15. *Page 22:* Strike out line 5 in clause BI-4 and substitute therefor the following:

"foreign registered ships or to persons, other than"

16. *Page 22:* Strike out line 10 in clause BI-4 and substitute therefor the following:

"a foreign registered ship is on passage through the"

17. *Page 22:* Strike out line 35 in clause BI-4 and substitute therefor the following:

"to foreign registered ships on passage through the terri-"

18. *Page 22:* Strike out line 38 in subclause BI-4(3) of the French version and substitute therefor the following:

"écologique qui est expressément"

19. *Pages 23 and 24:* Strike out line 44 on page 23 and line 1 on page 24, in subclause BI-8(1), and substitute therefor the following:

"high seas or by an act or omission of persons on board a ship on the high seas,"

20. *Page 24:* Strike out lines 14 to 17 inclusive in clause BI-9 and substitute therefor the following:

"or any proceedings in respect of an offence against this Code or any other Act of Parliament are taken against the master or owner of a foreign registered ship as such master or owner, notice in writing of such proceedings shall forthwith be given to the consular officer in Canada for"

21. *Page 28:* Strike out lines 35 to 41 inclusive in clause BI-15 and substitute therefor the following:

"diplomatic official; or

(*d*) any member of any class of police officers, police constables or officers"

22. *Page 29:* Strike out line 5 in clause BI-16 and substitute therefor the following:

"Code has reasonable and probable grounds for believing"

23. *Page 29:* Strike out lines 8 to 15 inclusive in clause BI-16 and substitute therefor the following:

"(*a*) go on board any ship and enter any area thereof, other than private quarters or any part of such an area that is designated to be used and is being used as permanent or temporary private quarters, on board which he believes there may be evidence of such non-compliance;"

24. *Page 29:* Strike out lines 24 to 31 inclusive in clause BI-16 and substitute therefor the following:

"(*c*) require the master or any other person found on board a ship boarded by him under this section to give all reasonable assistance in his power to enable the officer or other person to carry out his duties and functions under this Code."

25. *Page 31:* Strike out line 7 in subclause BI-19(5) and substitute therefor the following:

"made, the ship may, in accordance with an order of the Admiralty Court made under the authority of this subsection, be sold and the proceeds distributed in accordance with the terms of such order."

26. *Page 31:* Strike out lines 8 to 38 inclusive and substitute therefor the following:

"BI-20. (1) No person who knows or who ought"

27. *Page 31:* Strike out line 40 in subclause BI-20(2) and substitute therefor the following:

"detained, arrested or seized shall"

28. *Page 31:* Strike out line 43 in subclause BI-20(2) and substitute therefor the following:

"ship has been released from arrest, detention or seizure."

29. *Page 31:* Strike out line 44 and substitute therefor the following:

"(2) For the purposes of this section,"

30. *Page 32:* Add to clause BI-21, immediately after line 21 on page 32, the following subclause:

"(1.1) A seizure is made by serving upon a ship, the ship and cargo, or the cargo, the person in charge thereof and the person empowered to give a clearance in respect thereof a notice of seizure describing the offence alleged to have been committed, which notice of seizure shall also be filed in the Admiralty Court within ten days of the serving thereof."

31. *Page 32:* Strike out line 25 in subclause BI-21(2) and substitute therefor the following:

"Admiralty Court to be held subject to adjudication by that Court."

32. *Page 33:* Strike out lines 6 to 17 inclusive, subclause BI-21(5), and substitute therefor the following:

"(5) The owner of any cargo of a ship seized under subsection (1) or of any leased equipment thereon may apply to the Admiralty Court for an order requiring any person in whose custody such cargo or the proceeds of any sale thereof or any such equipment is, to deliver the cargo, proceeds or equipment to him, and the Court may make such an order where it is satisfied that the applicant is the owner of the cargo or equipment to which the application relates and that there are not reasonable grounds for believing that such cargo or equipment is subject to forfeiture."

33. *Page 33:* Strike out line 20 in subclause BI-22(1) and substitute therefor the following:

"Court a judgment or order is"

34. *Page 34:* Strike out lines 22 to 24 inclusive in subclause BI-22(3) and substitute therefor the following:

"cargo was seized if security in an amount and form satisfactory to the Minister is given to him."

35. *Page 35:* Strike out line 27 in clause BI-23 and substitute therefor the following:

"in payment of the fine; and any surplus funds arising from any such sale or realization shall be paid to the person from whom the ship or cargo was seized."

36. *Page 35:* Strike out lines 32 to 34 inclusive in clause BI-24 and substitute therefor the following:

"claims an interest in the ship or cargo"

37. *Page 36:* Strike out lines 11 to 14 inclusive in subclause BI-24(3) and substitute therefor the following:

"subject-matter of the application of whom he has knowledge."

38. *Page 37:* Strike out lines 21 to 23 inclusive in paragraph BI-25(*a*) of the French version and substitute therefor the following:

"document qui doit lui être signifié;"

39. *Page 42:* Strike out line 2 in subclause BI-36(1) of the French version and substitute therefor the following:

"article doit fixer d'une part la procédure à suivre"

40. *Page 45:* Strike out line 26 in clause BII-4 and substitute therefor the following:

"prohibited by this section, and specifying"

41. *Page 45:* Strike out lines 29 to 31 inclusive in clause BII-4 and substitute therefor the following:

"(5) Where a Canadian ship flies any colours, flag or pendant the flying of which is prohibited by this section and that is not authorized to be flown by a permit or warrant"

42. *Page 47:* Strike out line 16 in clause BII-8(*b*) and substitute therefor the following:

"(*b*) in the case of a foreign registered ship, uses or"

43. *Page 48:* Add to clause BII-9, immediately after line 25 on page 48, the following:

"(4) Where, in relation to a ship in respect of which an identification number has been issued,

(*a*) the ownership changes,

(*b*) the address of residence of the owner changes, or

(*c*) the specifications of the ship change,

the change shall be reported to the Minister by a person whose name is recorded as owner of the ship in relation to the identification number thereof."

44. *Page 48:* Strike out lines 28 and 29 in subclause BII-10(1) and substitute therefor the following:

"(*a*) respecting the size, colour, location and design of markings on Canadian ships and the methods by which such markings are to be applied;"

45. *Page 48:* Strike out lines 42 and 43 in subclause BII-10(2) and substitute therefor the following:

"bers are to be made;

(*b*) prescribing the form and manner in which any matter required by subsection BII-9(4) to be reported to the Minister shall be reported; and

(*c*) prescribing the fees to be paid for"

46. *Page 50:* Add to clause BII-11, immediately after line 4 on page 50, the following subclause:

"(5) Any person who fails to comply with subsection BII-9(4) is guilty of an offence and liable on summary conviction to a fine not exceeding one hundred dollars."

47. *Page 50:* Strike out lines 12 to 15 inclusive in subclause BII-12(2) and substitute therefor the following:

"tion to a ship means a person entitled to be registered, licensed or otherwise recorded as an owner thereof."

48. *Page 50:* Add to clause BII-12, immediately after line 15 on page 50, the following subclause:

"(3) Interests arising under contract or other equitable interests may be enforced by or against owners and mortgagees of ships in respect of their interests therein in the same manner as in respect of any other personal property."

49. *Page 50:* Strike out line 35 in clause BII-15 and substitute therefor the following:

"registered in accordance with this Code before the ship is used in navigation."

50. *Page 51:* Strike out line 7 in clause BII-16 and substitute therefor the following:

"small craft in accordance with this Code before it is used in navigation."

51. *Page 53:* Add to clause BII-21, immediately after line 22 on page 53, the following subclause:

"(3) The Chief Officer of Customs at any port in Canada approved for the registry of ships pursuant to the *Canada Shipping Act* shall be a Deputy Registrar until a Deputy Registrar has been appointed pursuant to subsection (2) in respect of that port or for one year after the coming into force of this Code if at that time the Deputy Registrar has not been appointed in respect of that port."

52. *Page 54:* Strike out lines 1 and 2 in clause BII-23 and substitute therefor the following:

"ance with subsection BII-21(2) any powers he may exercise and any duties for which he is responsible under this Code."

53. *Page 54:* Strike out lines 3 to 12 inclusive in clause BII-24 and substitute therefor the following:

"BII-24. (1) A central office for the recording of such information as is prescribed relating to ships required to be registered, licensed or identified by an identification number under this Code shall be established in Canada at a place designated by the Minister.

(2) The Governor in Council shall establish by regulation such a suitable number of ports of registry as may be required to provide an efficient and accessible ship registry system throughout Canada.

(3) Section BI-13 applies with respect to any regulations that the Governor in Council proposes to make under this section."

54. *Page 54:* Add to clause BII-27, immediately after line 28 on page 54, the following subclause:

"(1.1) Notwithstanding subsection (1), a document that is required or authorized to be filed with the Registrar in relation to a ship in respect of which any other document has been so filed shall be produced at the office at which such other document was produced unless the Registrar consents in writing to the production thereof at any other office and the ship's registry has been transferred to such other office."

55. *Page 55:* Strike out lines 5 to 11 inclusive in clause BII-28 and substitute therefor the following:

"shall forthwith advise the Registrar of the time and date of filing of the document and provide him with a summary of its contents."

56. *Page 55:* Strike out line 14 in clause BII-29 and substitute therefor the following:

"recorded by the making and"

57. *Page 55:* Strike out line 18 in clause BII-29 and substitute therefor the following:

"tified by the Registrar or any person authorized to act on his behalf for such purposes is admissible in evi-"

58. *Page 57:* Strike out lines 14 to 23 inclusive in clause BII-32.

59. *Page 57:* Strike out lines 24 to 46 inclusive in clause BII-33 and substitute therefor the following:

"BII-33. (1) On payment of the fees prescribed therefor by regulations made under section BII-34, any person may, during normal business hours of the registry, obtain a partial or full abstract containing information on record in that office in relation to a Canadian ship or ship under construction.

(2) On payment of the fees prescribed therefor by regulations made under section BII-34, any person may, during normal business hours of the registry or of the office of any deputy registrar, inspect the records

therein in relation to any Canadian ship or ship under construction and may obtain a partial or full abstract certified by the Registrar consisting of a list of any or all documents recorded in the office in respect of the ship or ship under construction or a partial or full transcript certified by the Registrar consisting of copies of any or all documents recorded in respect of the ship or ship under construction."

60. *Page 58:* Strike out line 9 in clause BII-34 and substitute therefor the following:

"(*c*) for a partial abstract, full abstract or"

61. *Page 61:* Strike out line 28 in subclause BII-43(1) of the French version and substitute therefor the following:

"moins que, outre qu'il réunit les conditions"

62. *Page 62:* Strike out lines 7 to 9 inclusive in subclause BII-43(2) and substitute therefor the following:

"the government of that state or any agency thereof, except in the case of a *bona*"

63. *Page 62:* Strike out line 9 in subclause BII-43(2) of the French version and substitute therefor the following:

"celui-ci par le gouvernement de cet État ou"

64. *Page 62:* Strike out lines 30 and 31 in subclause BII-44(1) of the French version and substitute therefor the following:

"titre de propriétaires ou de détenteurs de privilège, par laquelle elles consen-"

65. *Page 62:* Strike out lines 40 and 41 in subclause BII-44(2) of the French version and substitute therefor the following:

"demande mentionnée à ce paragraphe doit fournir au conservateur, afin de faire

66. *Page 63:* Strike out line 27 in clause BII-46 of the French version and substitute therefor the following:

"inscrire sur le registre tout"

67. *Page 64:* Strike out lines 4 to 7 inclusive in clause BII-48 and substitute therefor the following:

"as a Canadian ship until the tonnage and measurements of the ship in the case of a ship that exceeds ten metres in length and the measurements of the ship in the case of a ship that does not exceed ten metres in length have been ascertained in accordance with regulations made under section BII-49."

68. *Page 64:* Strike out line 31 in paragraph BII-49(1)(*c*) of the French version and substitute therefor the following:

"peuvent être perçus à l'occasion des *constats*"

69. *Page 66:* Strike out lines 5 to 11 inclusive in subclause BII-52(2) and substitute therefor the following:

"(2) No person who is a trustee for one or more owners of an interest in a ship shall be recorded by the Registrar as the owner of the ship unless the trust instrument, in prescribed form, appointing that person as such a trustee is filed with the application for registration.

(3) The Registrar shall refuse to record a bill of sale given by a trustee for one or more owners of an interest in a ship where the trustee is not expressly authorized by the trust instrument filed in the registry pursuant to subsection (2) to dispose of the interest in the ship to which the bill of sale relates."

70. *Page 67:* Strike out line 4 in clause BII-54 and substitute therefor the following:

"BII-54. (1) Subject to the provisions of this"

71. *Page 67:* Add to clause BII-54 immediately after line 8 on page 67, the following subclause:

"(2) Subject to any rights and powers appearing from the records in the registry to be vested in any other person, the registered owner of a Canadian ship or of any part interest therein as power absolutely to dispose of the ship or interest in the manner provided in this Code and to give effectual receipts for any money paid or advanced by way of consideration."

72. *Page 67:* Strike out line 36 in subclause BII-56(1) of the French version and substitute therefor the following:

"féré doit demander l'enregistre-"

73. *Page 68:* Strike out lines 13 and 14 in paragraph BII-56(1)(*d*) of the French version and substitute therefor the following:

"*d*) si la cession résulte d'une vente judiciaire, telle preuve que la loi relative à"

74. *Page 69:* Strike out line 9 in subclause BII-57(1) of the French version and substitute therefor the following:

"de celle-ci, soit versé à la personne y ayant droit"

75. *Page 70:* Strike out line 27 in subclause BII-60(1) of the French version and substitute therefor the following:

"vente d'un navire ou de toute part d'intérêt dans"

76. *Page 71:* Strike out lines 17 to 19 inclusive in subclause BII-61(1) and substitute therefore the following:

"therein, and the Court may stay or enjoin any party from instituting or continuing any proceeding in any other court during the time specified in the order."

77. *Page 71:* Strike out lines 40 to 44 inclusive in subclause BII-61(4) of the French version and substitute therefor the following:

"(4) A la demande de la personne qui a obtenu l'ordonnance prévue au paragraphe (1) ou de toute personne liée par elle, la Cour d'Amirauté peut toujours, après qu'avis en a été donné à toutes les personnes liées par l'ordonnance et à celle qui l'a obtenue, selon le cas,

a) la proroger jusqu'à une date donnée, avec"

78. *Page 72:* Add to clause BII-61, immediately after line 7 on page 72, the following subclause:

"(5) The Admiralty Court may, on application by an interested person, adjudicate on and cause to be rectified any error appearing on the face of the register or any certificate issued in respect thereof."

79. *Page 75:* Strike out line 44 in clause BII-69 of the French version and substitute therefor the following:

"du conservateur suite à un ordre qu'il a donné en"

80. *Page 78:* Strike out line 25 in paragraph BII-72(2)(*e*) of the French version and substitute therefor the following:

"que le conservateur estime satisfaisante."

Respecfully submitted,

J. Campbell Haig,

Chairman.

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

Senator Haig: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(c), I move, seconded by Senator Langlois, that the report be taken into consideration later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

CANADA WEEK

PROGRAM ON PARLIAMENT HILL—QUESTION ANSWERED

Senator Perrault: Honourable senators, on June 28 last Senator Smith (Colchester) asked a question related to certain ceremonies held on Parliament Hill on June 27. The question related specifically to the selection of the program and speakers, and whether it was arranged by a private organization and, if so, the name of that organization and the authority under which it operated.

The ceremonies launching Canada Week on Parliament Hill were the responsibility of the Canada Week Committee, which is a part of the Council for Canadian Unity, a private organization with headquarters in Montreal and branch offices in several provinces.

Authority to use Parliament Hill was granted to the Canada Week Committee by an interdepartmental committee which authorizes, on behalf of the Secretary of State, use of the grounds outside the Parliament Buildings by organizations.

The Secretary of State gave a grant of $450,000 to the Canada Week Committee to assist with their national program.

ATTORNEY GENERAL

POSSIBLE CHANGE OF SITE OF STAFF COLLEGE—QUESTION ANSWERED

Senator Perrault: Honourable senators, the following question was asked by Senator Olson on August 5 last:

> Honourable senators, I should like to ask the Leader of the Government if he could find out whether the Attorney General intends to move his staff college from Edmonton, Alberta, to Saskatoon, Saskatchewan. If that is true, perhaps the leader could also inform the Attorney General that that college is functioning very well in Edmonton and could try to discourage him from making that move.

I have now received the following reply:

> The Correctional Staff College operated by the Canadian Penitentiary Service in the City of Edmonton is using, on a rental basis, facilities owned by the Government of the Province of Alberta. The lease is due for expiration in 1979. Since it is known that the Government of Alberta is planning to use these facilities to satisfy their own correctional staff training requirements, the Canadian Penitentiary Service is at present considering plans for the development of its own correctional staff training facilities. However, at this point in time, it is too early in the planning phase of this project to define a geographical area for the location of these facilities.
>
> The representations of the honourable member of the Senate will receive due consideration in the development of this project.

ACQUISITION OR RENOVATION OF HOMES

GOVERNMENT ASSISTANCE FOR SINGLE PERSONS

Senator Perrault: Honourable senators, on August 1 Senator Grosart, Deputy Leader of the Opposition, asked a question concerning government assistance for single persons in respect of obtaining government assistance for the acquisition or renovation of homes. That question was answered on August 5, and at that time Senator Grosart asked a further question, which was as follows:

> . . . under a home assistance program the assistance would not be given unless the space to be occupied was occupied by more than one person. Would that still exclude a single person?

I have been advised by the Central Mortgage and Housing Corporation that to meet the objectives of AHOP, in obtaining a loan under the program, at least two persons must occupy the housing unit. Regulation 97.3(1) (National Housing Loan Regulations) does not require that the two persons be married; they may be single parent and dependent child, or two single adults. To qualify for contributions under section 34.16 of the National Housing Act, not less than two persons must occupy the units, one of whom is an adult and the other a dependent child of that adult. The adult may, for example, be a single parent.

Senator Grosart: Perhaps, then, I might suggest to the Leader of the Government that he, in turn, might suggest to those who make such regulations that they should be very careful in future to make a clear distinction between a single person, in the sense of one person, and a single person in the sense of an unmarried person. This confusion has arisen, I think, because somebody was not careful enough to make that distinction in drawing up the regulations.

Senator Perrault: That information will be duly communicated, senator.

ROYAL COMMISSION ON CONCENTRATION OF CORPORATE POWER

PRESENT STATUS—QUESTION

Senator Benidickson: Honourable senators, I should like to address a question to the Leader of the Government.

On March 26, 1975, on the morning before we were to adjourn for Easter that year, I directed an inquiry to the government concerning the corporate or monopolistic combinations of Argus Corporation and Power Corporation, outlined in the morning newspapers.

During the recess the government established a commission under the chairmanship of the highly respected Mr. Robert Bryce. I should like to know what is happening on that subject at the moment. I know, to my great sorrow, that the chairman, Mr. Bryce, was forced to resign due to ill health, but I have taken an interest in this matter from the day it was first raised, and I am wondering if we could have a report which would inform us as to the present situation respecting a commission report, et cetera.

• (1130)

Senator Perrault: Honourable senators, I shall most certainly make inquiries with respect to that commission's study on corporate concentration, and I hope a reply can be given to the Senate next week.

MARITIME CODE BILL

REPORT OF THE STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Transport and Communications on Bill C-41, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof, which was presented earlier this day.

Hon. J. Campbell Haig moved the adoption of the report.

He said: Honourable senators, this bill is divided into several books. As you know, the purpose of the act is to provide a maritime code, but certain schedules to it are called books—Book I and Book II, and two or three more that are intended to be produced.

During the course of its proceedings on Bill C-41 your committee met 23 times for a total of 51 hours and heard testimony from 15 witnesses. The bodies they represented were—not necessarily in order of importance: the Canadian Bankers' Association, who approved of the bill; the Canadian Bar Association, through its maritime law section, represented by Messrs. Gerity, Stone and Brisset; the industry, represented by Mr. Langlois—not the senator—and Mr. Barry; the Department of Transport, represented by John Mahoney; and the research division of the Library of Parliament, represented by two brilliant individuals, Grant Purves and France Biron, project officers of the research branch who assisted us greatly.

Before asking certain other members of the committee to speak, I shall just make a few remarks.

A number of factors account for the very large number of amendments contained in the report of the committee. Beginning with the second amendment, which refers to page 4, lines 1 to 5, inclusive, of the French version of the bill, you will notice a number of amendments which refer only to the French version.

Incidentally, I had nothing to do with that, it being the work of the translators assigned to the department. So if there are any mistakes in the French version, don't blame me!

These amendments arose because on close comparison of the French and English versions it was found that there was occasionally some divergence in sense between them. Before their adoption these amendments were carefully considered by members of the committee in conjunction with representatives of both the Department of Justice and the Department of Transport.

Early in its proceedings the committee became concerned about the provisions in Bill C-41 relating to enforcement officers and their powers, contained in Division B, pages 28 to 43. A number of senators commented on what might be called the criminal aspects of the bill, reasonable and probable cause, searches and seizures, and what appeared to be open warrants.

I am giving honourable senators a short resumé of the maritime code, because I, as chairman of the committee, knew nothing about the code until the committee hearings began. I then found out a good deal about it, such as how to use the flag, what was meant by arrest and seizure, and so on.

In subparagraphs BI-15(*d*) and BI-15(*e*), for example, some of the officers mentioned had been given powers beyond normal usage, powers, in fact, which, in the opinion of expert counsel, could not be exercised without a specific warrant. In this case, amendment 21 properly restricts and clarifies the type of officer empowered to enforce the code.

Later this morning Senator Bourget will discuss in some detail the amendments to section BI-20, dealing with "Arrest of a Ship," and BI-21, dealing with "Seizure and Forfeiture," because some of the amendments were a source of controversy.

The third factor which explains such a large number of amendments is that the committee decided to alter drastically the system of ship registration as set out in the bill. Although Senator Smith (Colchester), in his usual efficient manner, will provide further details regarding the ships' registry, it should be noted that the amendments to the registry provisions are

the only ones which, taken together, would introduce a significant and comprehensive change in the legislation. A decentralized registry based on port registration would replace the centralized registry based in Ottawa, as provided for in the bill.

Other amendments are consequential to the decision to change the system of ship registration and to revise those sections of the bill dealing with enforcement, detention, arrest and seizure. Finally, many amendments have been made to clarify the provisions and terminology of the bill.

Throughout the final stages of determining which amendments to accept and how they should be worded, the committee was fortunate to hear experts representing the Department of Transport, the Canadian Bar Association and the interests of shipowners and insurers. Their cooperation—I repeat, their cooperation—and ability to reach a consensus greatly assisted the committee in the preparation of these amendments.

I should like also to thank the members of the committee, some of whom knew something about maritime law while others had to learn as the hearings proceeded. On balance, your committee did an excellent job of revising the provisions of this bill.

Honourable senators, with your permission, may I ask Senator Langlois to assist me by speaking to the general provisions of the bill?

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

Hon. Senators: Agreed.

Hon. Leopold Langlois: Honourable senators, may I say at the outset of my brief remarks that I am proud to have been a member of this committee and to have had the opportunity of working with my colleagues in bringing about the amendments forming the subject matter of the report which has been introduced in this chamber.

Senator Haig mentioned that the committee sat on 23 occasions for a total of 51 hours and heard 15 witnesses. I should mention that included in the number of sittings were those which were held during the summer recess. The committee sat on Tuesday, October 4, Wednesday, October 5, and Thursday, October 6, for a total of 16 hours. Those times do not take into account the large number of hours which members of the committee spent in their private offices studying and discussing the bill now before us and the proposed amendments, which at one time totalled 132. These long hours, spent working in our private offices, are the main reason why we have attained the result that we have in returning to this chamber with an improved bill. I am sure that all members of the Senate will agree with me when I say that in doing this work the Standing Senate Committee on Transport and Communications has brought credit to this chamber and to Parliament as a whole.

● (1140)

Hon. Senators: Hear, hear.

Senator Langlois: Honourable senators, this bill is now before you in its amended form. I am sure that these amendments will be welcomed by members of the Senate and will receive your approval. This was a very technical bill, and I understand that it was quite a task for those not versed in shipping matters and admiralty law to follow and grasp the meaning of the various amendments which were proposed by expert witnesses. In this connection I wish to join Senator Haig in voicing our appreciation and thanks to all those witnesses who appeared before us and contributed so immensely to the drafting of the amendments now before you. I think it is worth mentioning also that the difficulties encountered in dealing with these amendments were further complicated in that they contained implications in relation to other acts, such as the Canada Shipping Act and the Federal Court Act. We have had to consider these implications thoroughly and see to it that nothing contained in this amended bill was in contradiction of the provisions contained particularly in the Federal Court Act, to which I have just referred.

Since Senator Haig has covered the ground so well in making general comments on the amendments proposed by the Standing Senate Committee on Transport and Communications, I do not think I should take any more of the time of the house in dealing with this aspect of today's debate. I wish, however, to repeat that we have a bill which is in a much better form than before and is a much better piece of legislation, thanks to the work done by our committee. I wish also to repeat that not only has our committee brought credit to the Senate and to Parliament as a whole, but it has also performed a great service for the entire country by working in the way it has to improve the bill as it was originally introduced in Parliament.

Hon. Senators: Hear, hear.

Hon. George I. Smith: Honourable senators, with your leave I would like to make a few comments on this bill and on the amendments which the report of the committee now proposes.

At the very beginning I would like to say how happy I am to be able to join in what has been said by the chairman and by Senator Langlois. While one should not anticipate what somebody else is going to say, I think that when we have heard Senator Bourget I shall also be able to agree heartily with his comments.

It has indeed been a most interesting and satisfying experience to spend so much time with so many colleagues whose interest simply was to produce legislation which would be better for the public of Canada, and also to see how much time, effort and joint knowledge all were prepared to expend in this work. In thinking of this work, we should not confine ourselves to members of the committee. We should think also of many other members of the Senate who, although not members of the committee, from time to time sat in on, and took part in, the proceedings.

I would like to join, too, in the comments about the high calibre of the witnesses who appeared before the committee, and the extremely useful representations they made in terms of

testimony as to facts, in terms of advice as to the law, and in terms of their own opinions as to the practicality of some of the things which were suggested. I do not wish to engage in the naming of names, because that would be, I suppose, somewhat invidious and unusual. Since, however, the names have been placed before the house, I just want to say how much and how warmly I concur in what has already been said. Perhaps one might, however, make a special comment about the representatives of the Canadian Bar Association, people who obviously have the very great ability and experience which comes from many years of practice in maritime law in its many aspects, and who were perfectly prepared to devote whatever time was necessary—and it was a great deal of time—to help the committee put together the many suggestions which were made and the many amendments which were proposed.

My task here is to deal—and I hope you will think, very briefly and perhaps usefully—with the change, already mentioned, with regard to the proposal for the registration of ships. In case there are some honourable senators who are not familiar with it—though I doubt this, since it is of such great importance throughout Canada—perhaps I might be permitted to say that currently the registration of ships, other than small craft—and for the moment I am concerned only with ships—is carried out in local ports. It is carried out in the customs ports throughout the coastal areas of this great country. It is essentially a port system of registry and is a system which has, for a great many years indeed, been used not only in Canada and throughout the Commonwealth but in many other maritime countries as well.

As a development of history it has one anomaly which I certainly think should be removed. Due to the way our registration system has developed, a Canadian ship is now not registered primarily as a Canadian ship but as a British ship registered in Canada. Certainly, the committee has no objection, and nothing but commendation, for the change in this bill which makes registry of such a nature that the registry is that of a Canadian ship, registered in Canada. By way of explanation, however, I might say that the centre of all registry in the Commonwealth is located at Cardiff, Wales, and has been for many years. There is a system of port registry in Commonwealth ports whereby each chief officer of customs acts as a registrar. This is also true in Canada now. If you wish to register a ship, you do your documentation at the local customs office, wherever it may be. The material is eventually forwarded to a central office in Ottawa and, in due course, to the Commonwealth Chief Registrar in Cardiff, Wales.

● (1150)

Official numbers for ships are assigned in blocks to all Commonwealth countries so that there is a more or less integrated system throughout the Commonwealth. This bill changes that. I shall deal with that in a little more detail in a moment.

It might be interesting for honourable senators to know that, according to the information given to the committee, during the last fiscal year, 1976-77, there was a total of 16,138 registration transactions carried out in Canada, of which 13,954, or approximately 86 per cent, were carried out at 16 principal ports of registry. It might be appropriate to place upon the record the names of those 16 principal ports, and the number of registrations at each. They are: Vancouver, 5,705; Victoria, 1,150; St. John's, 991; Halifax, 772; Toronto, 705; Prince Rupert, 589; Nanaimo, 562; Shelburne, 516; Yarmouth, 481; Saint John, 400; Digby, 398; Charlottetown, 361; Montreal, 347; Sorel, 332; Sydney, 325; and Cap Aux Meules, Quebec, 320.

By grouping some of those into regions, it will at once be noted that a preponderance of all registration—more than half—occurred in British Columbia. If my addition is correct, there were 8,006 registrations in British Columbia; in Nova Scotia there were 2,492; in Quebec there were 999, and in Ontario there were 705. In the whole Atlantic region, if one were to consider it as the four provinces, there were almost 4,000.

The remaining 2,184 registry transactions of the total of 16,138 I mentioned were performed at 41 other customs locations in the country. It is worth noting, too, that although the ship registries are located in many ports throughout Canada, a ship is described in respect of registration in two ways—that is, by the name of the ship, and by the port of registry. International law requires that each ship bears its name in large letters on its bow and its port of registry on its stern and, therefore, it is an easy matter to determine where the ship's documentation is located.

The bill, as it was introduced in the Senate, provided for a substantial change to this system. In addition to providing a system which would result in ships of Canadian registry being registered as Canadian ships, which I mentioned before, it would do away with the system of port registration throughout all the coastlines of the country, including the inland coastlines. The proposal, as it was explained by departmental witnesses in the early stages of the committee's hearings, indicated that what was in the minds of those who drafted the bill was that there should be one central registry in the country, namely, Ottawa, and that there should be five or six offices in the whole of the country to which people could go to deposit documents relating to the registry of the ship, encumbrances on the ship, or matters relating to ships, which in any way would have to be registered. From these five or six local offices the documents would be forwarded to Ottawa, the central registry, and the actual registry would take place there.

One of the essential features of the present system is not only that registration can take place locally in these 57 places I mentioned throughout Canada, but the actual search of title, or search of registry documents, to determine the ownership of a ship and to determine what encumbrances there may be against it, if any, can be carried out at each of those ports. Therefore, it can be a local transaction, dealt with by local people—local financial people, for instance, if it is mortgage, or local shipowners, local solicitors and local bankers. It would be an entirely local transaction, convenient to those who are shipowners and to all who have reasons to be interested in

ships from a financial standpoint. It would also be of substantial convenience to anyone who has to make a search of title.

It seemed to the committee that this system, having these two advantages among many others, had certainly served the shipping industry well. It had also served well all those whose activities led them to be concerned with shipping.

There were some reasons advanced, of course, by those who wished to change to a central registry. One reason was the consolidation of records in one place. However, it seemed to the committee, having regard to the convenience of the public, that these reasons were not at all persuasive and that, in so far as it was practicable to do so, the present system should be retained, at least in its essential features.

● (1200)

So, after many hours of discussion—and I suppose one could also say debate—the committee came to what I believe to be its unanimous conclusion, that the essential features of the present system would serve the public better than the system proposed in the bill. The amendments numbered from 53 to 60 in the report were therefore agreed to by the committee. The essential feature of these is that there will continue to be local registries, but the number will be substantially reduced because the great majority of all transactions is carried out in a relatively small number of ports throughout Canada. In fact, 86 per cent of them were carried out in 16 ports in 1976-77.

The basic amendment is that numbered 53. The general effect of this is that there shall be a central registry in Ottawa, but it shall be a place for gathering statistics, for keeping records, although something more than mere archives, because it is intended that frequent reference can be made thereto for any information that is desired. However, the actual registration will be carried out in a number of local ports.

I draw attention particularly to the amendment to which I have just referred, and to the second subsection thereof:

> The Governor in Council shall establish by regulation such a suitable number of ports of registry as may be required to provide an efficient and accessible ship registry system throughout Canada.

The reasoning behind that amendment is that it may be that we do not require as many ports as we have now, but the intention is that there should be a local registry system and that there should be sufficient registry ports to provide an efficient and accessible registry system throughout the country—that is, reasonably accessible to those whose business requires them to use the facilities of a registry port.

As a further safeguard—that is perhaps not the right word, but I will use it in any event—to compliance with the subsection I have just read, subsection (3) has been added, saying with respect to the subsection I have just read that the clause which requires publication of proposed regulations by the Governor in Council shall apply to any regulations setting out the identity of ports of registry in Canada. That means that when the Governor in Council decides to designate the number of ports and their locations, the regulations, before becoming effective, will have to be published in the *Canada Gazette,* and the public will have an opportunity to file objections. If objections are filed, hearings to determine the validity of those objections must be heard before the regulations become effective.

I think that gives the substance of the changes with regard to registration. I repeat, the central feature is that, whereas the bill as introduced proposed doing away with local registration, except for the deposit of documents for transmission to Ottawa in some five or six places in the country, the amendment provides for the continuance of local registration, with the central registry in Ottawa being simply a place for keeping records from which information may in due course be obtained.

Senator Connolly (Ottawa West): I wonder if Senator Smith would permit a question? Would he comment on subsection (1) of amendment 53, to which he has just alluded? I am particularly wondering what the status of the central office is. A search can be made in respect of the official record of a certain vessel at the local office, but is any legal status given to the record that is kept in the central office? If there is a discrepancy between the record in the central office and the record in the local office, is it correct to say that the record in the local office prevails?

Senator Smith (Colchester): I believe the answer to that question is that the legal significance lies in the records at the local office. That is the office where the search is made, and that is the office where the search can be completed. What you find there is what has the legal effect in any matter I can think of—at the moment, in any event. The status of the central office is intended to be simply that of a place where records are filed, but nothing more active than that. If, for instance, the Department of Transport wanted information about all the ships registered in Canada, it could turn to the central office and get that information. As far as title goes, as I understand it, the intent of the committee, and certainly my intent when I voted for this amendment, was that the whole legal effect should be at the local office.

Senator Langlois: The central office is merely an information office.

Senator Smith (Colchester): Yes.

Senator Langlois: May I ask a question of Senator Smith for the information of the house? I know the honourable senator has done extensive work on this bill, and has taken a great interest in it, particularly in the part dealing with the registration of ships. Can he tell me, as a result of his research, whether I am right in assuming that the large number of ships registered in the maritime provinces and in British Columbia is accounted for by the fact that there is a large number of fishing boats that operate out of those provinces?

● (1210)

Further, if his answer is in the affirmative, can the honourable senator say that this change was made in the proposed new system in order to preclude the necessity of the owners of smaller boats having to go to the expense of coming to Ottawa

to register their ships, or to research documents having to do with ship transactions?

Senator Smith (Colchester): The answer to both questions is yes. I am very grateful to Senator Langlois for having brought this point forward, because it is one which I should have made.

Senator McElman: Honourable senators, in addition to the central registry serving as an informational point at which data is brought together from the several regional, district or local registry offices, it is my understanding that the central office can also serve as a point of original registration, and will do so in a minority of cases, and in those cases it will be the point of search. However, for registrations taking place at local offices it is only an informational office.

Hon. J. J. Greene: Honourable senators, I should like to make some small contribution, if I may, to the debate. First of all, as a non-member of the committee, I should like to take the liberty and presume to compliment the committee and its chairman on the work they have done in connection with this bill. To my mind, during the short time I have had the honour of being a member of this Senate, this is an example of the Senate at its best. Last spring I felt that we saw the Senate at its worst when some alleged theory of complete independence of each senator and a denial of the party affiliation of senators was put forward, with which I disagree most violently. In my opinion, the party system gives stability to the processes of government, and I thought it very bad that the Senate tried to assert its independence of the other place and of the government merely for the joy of beating its breast and showing that it is independent. I do not believe that was a particularly edifying example of the best work of the Senate. It is conversely, in my opinion, the bipartisan system which will work in a chamber the members of which do not have to be re-elected every four or five years, as the case may be.

So in a case such as this fine revision of this code, I do think senators have a great deal of independence from the party line in their efforts to improve the legislation, and not in voting for or against government measures. I do not think we need to show the government, in a general vote of the Senate, that there is independence in the revision and improvement of legislation by the Senate. In my opinion, this is a very good example.

It would seem to me that this bill, in its original form, brought forth a legislative monstrosity beyond the wildest imagination of those concoctors of horrors, whether they be Conrad, Edgar Allan Poe, whoever conceived Frankenstein or any other monster as the creation of literary genius in that direction. I believe that reference was made to some 132 mistakes in the legislation, and if God ever created an offspring with 132 defects we would consider it to be a monster and it would be characterized as such.

In my opinion, the committee, by its diligence, patience and hard work, together with the degree of talent apparent among its members, in addition to that of the witnesses who appeared before it, have improved that monster to the degree that it is now a reasonably presentable legislative creation which can be of service to those engaged in the maritime commerce and industry of Canada. I am sure that in revising such legislation, in that sense, it has been of very great service to the country as a whole and the maritime community in particular.

In the first instance, among those 132 errors were a very great number in the translation, which is a point I wish to make as strongly as I possibly can. I took the liberty of attending the committee, although I am not a member, to question the translators with respect to this very point. They had first envisaged some theory of translation which I found to be most abhorrent. That was that they translated in some general sense and could not be explicit in the translation in every case and in every word. As the translators very honestly admitted, they are not experts in this esoteric field. They are given a bill to translate, but they are not experts in maritime law. Therefore, they translate it in a general rather than a specific and exact manner.

I can think of nothing more reprehensible, in light of the sensitive state of our constitutional balance at the present time, than to have inexact and imprecise translations which create one right and one responsibility in one language and, perhaps, a different right and a different responsibility in the other language. In other words, if a case were tried in the French language one decision might result, and in the English language there might be another result. I can think of nothing worse that could be done at the federal level at this time than to allow such a possibility to exist. The committee has in this bill rectified, I believe, each and every one of those shortcomings on the part of the original translators.

However, I believe there is more to it than that. It is not sufficient to leave it each time, hopefully, to a wide-awake and diligent Senate committee to correct these errors. In my opinion, clearly inherent in what has happened in this case is that our translation system needs some refurbishing if we are truly to live up to the spirit of the Official Languages Act and make exactly the same legislation applicable throughout Canada. The translators must have time to become expert in the subject matters which they translate in order that there be no possibility that they will create laws which lead to differing results in either of our official languages.

One very general conclusion is to be drawn from the errors which the committee has rectified in this case. A much more sophisticated system of translation is needed if we are to achieve the effect that each bill passed by the Parliament of Canada results in exactly the same meaning in either language in order that every court would find the same result, whether the trial be in the French language or in the English language.

● (1220)

I hope that the government, taking notice of the fact that this committee, through its work, has pulled its chestnuts out of the fire in this instance, will take a very careful look at its system of translation and the translation facilities available so as to make sure that never again will a bill come before Parliament with as many errors in translation as occurred in the original draft of this bill—errors which could result in differing legal consequences.

While I support the work of the committee and wholeheartedly endorse its conclusions, that does not mean that I agree in every particular with the ultimate result. I think the committee did a noble work and as effective a work as any human institution could possibly have done. That does not mean, however, that in the judgment of each and every one of us we achieved perfection. I am still concerned with the provision respecting stay of proceedings contained in section BII-61. Under that section the power to stay proceedings still remains with the Admiralty Court, which is the Federal Court under the new definition. That section states:

> The Admiralty Court may, on application by an interested person, by order prohibit, for a time specified in the order, any dealing with a ship or any part interest therein, and the Court may stay any proceedings pending in any other court in relation to the ship or any interest therein.

The power of the Federal Court to stay proceedings in any other court troubles me. As the committee did not see fit to delete that section, I can only express the hope that the Federal Court will resist the temptation of intervening in properly instituted proceedings before any of the various courts of the provinces. We must remember that some of the subject matters deal with private property and civil rights, and each of the provinces has its own code of practice respecting such actions. There are Rules of Procedure of the Supreme Court of Ontario, for example, and it would be invidious if the Federal Court were to intervene in a properly instituted action before the Supreme Court of Ontario and stay those proceedings. Such a step would be an unwarranted intrusion in our court system, which has evolved over the years into one of the pillars of our Constitution.

If the Federal Court is to achieve its ultimate destiny of being a useful complement to our judicial system, and not a supplement to the present courts, it must strongly resist the temptation to intrude into jurisdictions which have properly been conferred on the superior, county and district courts of the various provinces. To have the Federal Court evolve into a court which could at any time suck in matters which to that time had properly been within the jurisdiction of the provinces would be doing a great disservice, not only to the judicial system as a whole but to the ultimate utility of the Federal Court within the very sensitive bounds of our federal Constitution.

I regret that section BII-61 has not been deleted altogether. I can only urge the Federal Court to deny any application to stay proceedings that have been properly instituted under the respective rules of any of the provinces. I can think of nothing that would be less likely to help our present sensitive constitutional position vis-à-vis the Province of Quebec than to have the Federal Court stick its nose into proceedings properly initiated in Quebec and dealing with matters of property or civil rights within that province. To have the Federal Court stay such proceedings, notwithstanding the fact that they are perfectly within the constitutional responsibility of the province, would result in a great disservice to the very tender situation existing in our federal-provincial constitutional relationship at the present time.

It is an unfortunate section, and I trust that the Federal Court will use it very gingerly, if at all. It would have been a great blessing had it been deleted altogether. Notwithstanding the fine work the committee has done, I do not think any committee can achieve all things for all men. Certainly, the committee's report as a whole is entirely commendable, and I intend to support it. I only regret that it did not go a little further and delete section BII-61.

Senator Ewasew: Honourable senators, I wonder if I might direct a question to Senator Smith (Colchester) regarding the effect of amendment 53. The proposed amendment states:

> A central office for the recording of such information as is prescribed—

And the word "recording" is underlined, whereas the original draft reads:

> A central office for the filing—

Should there be a discrepancy between the documents on file at the central office and those on file at the port of registry, which would prevail?

Senator Smith (Colchester): I am not sure that I understand the honourable senator's question. If it relates to a discrepancy between documents on file at the central office and those on file at the port of registry, there is absolutely no doubt in my mind that the documents at the port of registry would prevail.

• (1230)

[*Translation*]

Hon. Maurice Bourget: Honourable senators, I would like at the outset to join our chairman, Senator Haig, and Senator Langlois and Senator Smith, in thanking the staff who have helped us study this legislation. It can be said that without their help, co-operation and the many hours they have spent working on this bill, we would have been unable to do such a good job. This does not mean, as Senator Greene remarked a moment ago, that the legislation as amended by us is now perfect, but I do think the committee members have managed to improve the initial bill after many hours of work and with the assistance, as I said earlier, of the research office, the committee's secretary and our Law Clerk.

I wish to say also that throughout our study, the openness of mind of all committee members has been remarkable. As a matter of fact, we were given a rare example of that spirit this morning when two opposition and two government members spoke on the report. It means that throughout our study all politics were cast aside and committee members really tried to bring forward the best legislation possible.

This morning I shall confine my remarks to such amendments, which are of a legal nature, even though I am not a lawyer, as I have learned a lot about maritime law in the few weeks I have sat on that committee.

I have therefore been asked to comment on the amendments to clauses BI-20 and BI-21, dealing with the provisions concerning arrest, seizure and forfeiture of a ship.

The new provisions introduced by the proposed maritime code for Canada under the heading "Arrest of a ship" (clause BI-20) are in conflict with the formal and procedural provisions already written in the Federal Court Act. As this act sets out in detail the jurisdiction of the Federal Court in admiralty procedures, and as section 43 of the said act provides for the procedures to be followed in this regard, the committee was of the opinion that paragraph 1 of clause BI-20 of the legislation should not include any such provisions. The witnesses representing private interests and the special committee of the Canadian Bar were unanimous in making such a recommendation to the committee. The committee therefore concluded that the government should now consider that problem and decide whether the Federal Court Act should be amended accordingly.

The committee therefore proposes that clause BI-20 only provide a link-up with the provisions concerning the detention, seizure and forfeiture of a ship and set only a minimum obligation for those people authorized to give clearance to a ship involved in such procedures.

So that amendment to clause BI-20 reads as follows:

> No person who knows or who ought reasonably to know that a ship has been detained, arrested or seized, shall give clearance in respect of that ship unless he has reasonable grounds to believe that the ship has been released from arrest, detention or seizure.

As to clause BI-21 dealing with the seizure and forfeiture here is what the committee decided.

That part of Bill C-41 dealing with the seizure and forfeiture to be found in clause BI-21 came under strong discussion, particularly subclause (5) dealing with leased equipment on board and the passage of a new provision providing for a notice of seizure.

So the new subclause reads as follows:

> BI-21 (1.1) A seizure is made by serving upon a ship, the ship and cargo, or the cargo, the person in charge thereof and the person empowered to give a clearance in respect thereof a notice of seizure describing the offence alleged to have been committed, which notice of seizure shall also be filed in the Admiralty Court within ten days of the serving thereof."

This amendment aims at enabling the people concerned to be informed that a ship has been seized and confiscated and about the nature of the infraction because of which such action was taken, and this as soon as possible. The main objective is therefore to protect the right of the accused and the third parties involved to contest the seizure and forfeiture and to take all other conservation action required in such circumstances.

The amplitude of the economic results of a ship being immobilized for any period whatsoever and consequently the importance for those whose interests are involved to be informed of the charges against them so as to be able to obtain the required legal assistance as soon as possible are at the basis of this amendment. This is why the committee insisted on the need for an official document constituting a notice of seizure and describing the infraction involved to be served to the person in charge of the ship at the time of the seizure.

Under the same heading, the committee has also decided to amend subclause 5 of clause BI-21 of the bill by striking out lines 6 to 17 inclusive and substituting therefor the following:

> (5) The owner of any cargo of a ship seized under subsection (1)—

—and the following are underscored because of their importance—

> —or of any leased equipment thereon may apply to the Admiralty Court for an order requiring any person in whose custody such cargo or the proceeds of any sale thereof or any such equipment is, to deliver the cargo, proceeds or equipment to him, and the Court may make such an order where it is satisfied that the applicant is the owner of the cargo or equipment to which the application relates and that there are not reasonable grounds for believing that such cargo or equipment is subject to forfeiture.

The amendment to clause BI-21 dealing with ship seizure exempts leased equipment. It is well known in specialized circles, as stated in committee, that small boat or trawler owners can seldom afford to pay cash for ship equipment, and therefore the committee wanted to protect those who lease it or sell it on terms so it would not be seized.

In view of the variety of items involved in seizure cases, the amendment is broad enough to include such pieces of equipment as sonar for instance, which was referred to and which is quite expensive according to Senator Langlois, an expert in such matters. This example was given to illustrate the need to protect those who sell such equipment on credit or lease it to shipowners. There was also reference to cargo containers which are quite costly as honourable senators are aware. This is why we wanted to protect the owners of such equipment. The committee therefore recognized that it will be left to the courts to determine the scope of the provision.

Honourable senators, such were my comments on those two questions. I hope you have grasped the meaning of this legal language with which I had difficulty at certain times in committee. I would say once more that the committee's work was excellent, and it was a pleasure to work with all committee members.

● (1240)

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Haig, seconded by the Honourable Senator Langlois, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

THIRD READING

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

Senator Cook: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill, as amended, be now read the third time.

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

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read third time and passed.

NATIONAL PAROLE SERVICE

STATISTICS—INQUIRY ANSWERED

Senator Hastings inquired of the government pursuant to notice of May 12, 1977:

1. What was the number of individuals under the supervision of the National Parole Service and other agencies as of March 31, 1972, and March 31, 1977, detailed as to region, as follows:

(a) parole from federal institutions,

(b) parole from provincial institutions,

(c) day parole community correction centres,

(d) day parole from other federal institutions,

(e) day parole from provincial institutions,

(f) mandatory supervision federal institutions, and

(g) mandatory supervision provincial institutions?

2. What was the total authorized complement, detailed as to headquarters and region, as of March 31, 1972, and March 31, 1977, of

(a) the National Parole Board, and

(b) the National Parole Service?

3. What was the actual complement, detailed as to headquarters and region, as of March 31, 1972, and March 31, 1977, of

(a) the National Parole Board, and

(b) the National Parole Service?

Senator Petten: Answered.

Canadian Penitentiary Service and National Parole Service: 1. March 31, 1972: (a, b, d, and e) Pacific, 654; Prairies, 886; Ontario, 1615; Quebec, 1440; Atlantic, 469.

NOTE: A breakdown of figures is not available as the records of the National Parole Board were not kept in a manner so as to permit the extraction of such information for provincial and federal institutions separately.

(c) Community Correction Centres not in operation for parolees;

(f) Pacific, 29; Prairies, 24; Ontario, 52; Quebec, 42; Atlantic, 24;

(g) Mandatory Supervision applies to federal inmates only.

December 31, 1976:

NOTE: December 31, 1976 is the last quarter for which figures are available. a, b—Pacific, 347; Prairies, 600; Ontario, 971; Quebec, 856; Atlantic, 329.

NOTE: The records of the National Parole Service are not kept in a manner that would enable this agency to provide a breakdown of figures for provincial and federal institutions.

c—Pacific, 45; Prairies, 105; Ontario, 29; Quebec, 54; Atlantic, 27;

d, e—Pacific, 90; Prairies, 46; Ontario, 109; Quebec, 156; Atlantic, 60.

NOTE: The records of the National Parole Service are not kept in a manner that would enable this agency to provide a breakdown of figures for provincial and federal institutions.

f—Pacific, 256; Prairies, 413; Ontario, 455; Quebec, 396; Atlantic, 185;

g—Mandatory Supervision applies to federal inmates only.

2. (a) To be answered elsewhere (NPB).

(b) March 31, 1972: The National Parole Service was under the National Parole Board in 1972. No information on authorized complement for 1972 is available in this agency (CPS & NPS).

March 31, 1977: Headquarters: 53; Atlantic: 94; Quebec: 172; Ontario: 194; Prairies: 168; Pacific: 106; Total, 787.

3. (a) To be answered elsewhere (NPB).

(b) March 31, 1972: The National Parole Service was under the National Parole Board in 1972. No information on actual complement for 1972 is available in this agency (CPS & NPS). March 31, 1977: Headquarters, 44; Atlantic, 84; Quebec, 172; Ontario, 201; Prairies, 184; Pacific, 105; Total 790.

National Parole Board: 1. To be answered elsewhere (CPS). 2. (a) March 31, 1972: Headquarters: 116; Regions: Nil. Total authorized complement: 116.

March 31, 1977: Headquarters: 110; Regions: 110; Pacific, 20; Prairies, 23; Ontario, 25; Quebec, 24; Atlantic, 18. Total authorized complement: 220.

(b) March 31, 1972: Headquarters: 54; Regions: 305, Pacific, 46; Prairies, 74, Ontario, 82; Quebec, 73, Atlantic, 30. Total authorized complement: 359.

March 31, 1977: To be answered elsewhere (CPS).

3. (a) March 31, 1972: Headquarters: 110; Regions: Nil. Total actual complement: 110

March 31, 1977: Headquarters: 122; Regions: 99, Pacific, 22; Prairies, 20; Ontario, 20; Quebec, 21; Atlantic, 16. Total actual complement: 221.

(b) March 31, 1972: Headquarters: 49; Regions: 288; Pacific, 44; Prairies, 70; Ontario, 75; Quebec, 70; Atlantic, 29. Total actual complement: 337.

March 31, 1977: To be answered elsewhere (CPS).

NOTE: In 1972, there was no NPB separate from the NPS, and regionalization had not yet been instituted. For the purpose of this reply, therefore, case preparation, case investigation, parole supervision and police liaison complement at headquarters was ascribed to NPS and the district offices complement to NPS regions. These figures were deducted from the totals to arrive at the NPB figures.

BUSINESS OF THE SENATE

Senator Grosart: Honourable senators, I wonder if I could ask the Leader of the Government if he would be good enough to indicate to us the proposed program for the sittings of the Senate for the remainder of this week and also for next week so that we may make whatever arrangements are necessary.

Senator Perrault: Honourable senators, in view of the expeditious progress made this morning, the proposal is to adjourn today—in just a few moments—and to call honourable senators back for prorogation at three o'clock on Monday afternoon.

Of course, Her Majesty the Queen will be arriving in Ottawa at 3.05 this afternoon, and the highlight of Her Majesty's Silver Jubilee visit to Canada, which all of us await with keen anticipation, will be Her Majesty's presence in this chamber on Tuesday, at which time she has graciously consented to open Parliament at 4 o'clock in the afternoon.

With respect to this chamber, the opening of Parliament on Tuesday will be followed on Wednesday with speeches by the mover and seconder of the Address in Reply to the Speech from the Throne, and then on Thursday there will be speeches by the Leader of the Opposition and the Leader of the Government.

It is proposed that we adjourn then on Thursday afternoon to reassemble on the following Tuesday evening.

Senator Riley: Assuming the House of Commons passes Bill C-41 as amended, will it not be necessary to have royal assent before prorogation?

Senator Perrault: It will be possible to have royal assent immediately prior to prorogation. That poses no difficulty.

Senator Grosart: Honourable senators, in response to the appropriate reference by the Leader of the Government to the presence of Her Majesty and her visit to Canada, which will be commencing shortly, may I join with him on behalf of this group in indicating the pride and pleasure we feel in the fact that she will be honouring us with the royal presence once again.

• (1250)

Perhaps it is appropriate on this occasion to remind ourselves of the great distinction—and perhaps even renewal—of the concept of constitutional monarchy that Her Majesty has brought to that great institution. It is of special interest to us that she will honour this chamber with her presence, and I am sure that honourable senators share with me the pride that we traditionally feel when we have the honour of seeing, in actual personal terms, the presence of the Crown in Parliament.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Senator Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, October 17, 1977, at 3 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Monday, October 17, 1977, at 3 p.m.

THE SENATE

Monday, October 17, 1977

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

Prayers.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following Communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

October 4, 1977

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber at 3.15 p.m., approximately, on Monday, October 17th, for the purpose of proroguing the Second Session of the Thirtieth Parliament of Canada.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Senator Langlois tabled:

Report of the Agricultural Products Board for the fiscal year ended March 31, 1977, pursuant to section 7 of the Agricultural Products Board Act, Chapter A-5, R.S.C., 1970.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1977, pursuant to section 14 of the Agricultural Stabilization Act, Chapter A-9, R.S.C., 1970.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1977, pursuant to section 20(1) of the Atomic Energy Control Act, Chapter A-19, R.S.C., 1970.

Copies of Amended Statement of the Canadian Forces Supplementary Retirement Benefit Account, which forms part of the Report on the administration of the Canadian Forces Superannuation Act, for the fiscal year ended March 31, 1977, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Copies of Report of the Auditor General of Canada on the examination of the accounts and financial statements of the Custodian of Enemy Property for the year ended December 31, 1976, pursuant to section 3 of the Trading with the Enemy (Transitional Powers) Act, Chapter 24, Statutes of Canada, 1947.

Report of the Economic Council of Canada, including its financial statement certified by the Auditor General, for the fiscal year ended March 31, 1977, pursuant to section 21(1) of the Economic Council of Canada Act, Chapter E-1, R.S.C., 1970.

Report of the Auditor General of Canada on the examination of the accounts and financial statements of the National Battlefields Commission for the fiscal year ended March 31, 1977, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, Chapter 57, Statutes of Canada, 1907-08, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

National Capital Fund Budget of the National Capital Commission for the fiscal year ended March 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1977-2263, dated August 4, 1977.

Report on operations under the Regional Development Incentives Act for the month of January 1977, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Capital Budget of the Royal Canadian Mint for the year ended December 31, 1976, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1976-1557, dated June 22, 1976.

Capital Budget of the Royal Canadian Mint for the year ending December 31, 1977, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1977-1277, dated May 5, 1977.

Report on Actuarial Examination of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1976, together with Treasury Board Order,

dated August 24, 1977, pursuant to sections 56(3) and 57(3) of the Royal Canadian Mounted Police Pension Continuation Act, Chapter R-10, R.S.C., 1970.

Statement of expenditures and financial commitments made under the Veterans' Land Act for the fiscal year ended March 31, 1977, pursuant to section 49 of the said Act, Chapter V-4, R.S.C., 1970.

Copies of Reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, respecting certain compensation plans, as follows:

1. The Alberta Government Telephones, Edmonton, Alberta and the group of its traffic employees, represented by the International Brotherhood of Electrical Workers, Local 348. Order dated September 19, 1977.

2. Arborg Memorial Hospital, Arborg, Manitoba and its executive group, dated September 12, 1977.

3. Canadian Carborundum Company Ltd., Niagara Falls, Ontario and the group of its salaried bargaining unit employees, represented by the United Steelworkers of America, Local 5953. Order dated August 10, 1977.

4. Canadian Carborundum Company Ltd., Niagara Falls, Ontario and the group of its hourly bargaining unit employees, represented by the United Steelworkers of America, Local 4151. Order dated August 10, 1977.

5. Charterways Company Ltd., Mississauga, Ontario and the group of its air terminal transport drivers, represented by the Teamsters Union, Local 352. Order dated August 15, 1977.

6. Collingwood Shipyards, Collingwood, Ontario, Division of Canadian Shipbuilding and Engineering Limited and the group of its office employees, represented by the United Steelworkers of America, Local 8234. Order dated August 22, 1977.

7. Perolin-Bird Archer Limited, Cobourg, Ontario and the group of its plant hourly employees, represented by the United Steelworkers of America, Local 7175. Order dated September 13, 1977.

8. Richelieu Raceways Inc., Montreal, Quebec and the group of its pari-mutuel employees represented by Local 1999, Teamsters, Brewery, Soft Drink and Miscellaneous Workers, formerly represented by the Construction and Supply Drivers and Allied Workers, Teamsters Local 903. Order dated August 10, 1977.

9. St. Boniface School Division No. 4, Winnipeg, Manitoba and the group of its executive employees. Order dated September 19, 1977.

10. Silverwood Industries Ltd. and the group of its Toronto plant and driver personnel, represented by the Canadian Union of Operating Engineers, Local 101. Order dated August 24, 1977.

11. Souris Valley School Division, No. 42, Souris, Manitoba and the group of its teachers represented by the Souris Valley Division Association No. 42 of the Manitoba Teachers' Society. Order dated August 18, 1977.

12. Trailways of Canada Limited, Thornhill, Ontario and the group of its full-time drivers, represented by the Canadian Brotherhood of Railway, Transport and General Workers, Local 305. Order dated August 11, 1977.

13. The Regional Municipality of Waterloo, Ontario and the group of its regional police executives. Order dated September 6, 1977.

14. Wellesley Hospital, Toronto, Ontario and the group of its nurses represented by the Ontario Nurses Association. Order dated August 29, 1977.

15. The City of Winnipeg, Manitoba and the group of its firefighters, represented by the United Fire Fighters of Winnipeg, Local 867 of the International Association of Fire Fighters. Order dated August 24, 1977.

Report of operations under the Canada Water Act for the fiscal year ended March 31, 1977, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Auditor General's Report to the Minister of Manpower and Immigration on the accounts and financial statements of the Unemployment Insurance Commission for the year ended December 31, 1976, pursuant to section 138 of the Unemployment Insurance Act, 1971, Chapter 48, Statutes of Canada, 1970-71-72.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1977, pursuant to section 5 of the Department of National Revenue Act, Chapter N-15, R.S.C., 1970.

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1976, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

BUSINESS OF THE SENATE

Senator Robichaud: Honourable senators, may I ask the deputy leader what the seating arrangements will be for the opening of the new session of Parliament tomorrow?

Senator Langlois: Honourable senators, the seating arrangements in this house will be the same tomorrow as they are today. We shall be using these benches and we shall be sitting in the same order as for regular sittings of the Senate.

Senator Denis: May I ask the deputy leader for information with respect to Bill C-41?

An Hon. Senator: It will be back in the next session.

Senator Langlois: Honourable senators, Bill C-41 is now before the House of Commons and we shall have to wait until

we receive a message from that place to know what its disposition will be.

The Senate adjourned during pleasure.

PROROGATION SPEECH

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to close the Second Session of the Thirtieth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The Second Session of the Thirtieth Parliament opened on October 12, 1976. In the 370 days since then, the Senate has held 103 sittings and the House of Commons has held 175 sittings. Of the 64 bills brought before Parliament by the Government in this session, 44 have been enacted. In addition, 13 bills proposed by private members have been passed into law.

Members of the House of Commons:

During this session you took the decision to permit the television and radio broadcasting of your proceedings. Citizens in every corner of Canada will now have regular opportunities to see and hear you transact the business of the nation. Their response to what they observe will provide great incentive to you to organize your business in a manner that reflects the needs and interests of contemporary Canadians.

Honourable Members of the Senate:

Members of the House of Commons:

During this session, Canadians have focussed their attention more sharply on the future of Confederation. The Government of Canada has appointed a Minister of State for Federal-Provincial Relations and created a Task Force on Canadian Unity. You have approved the appointment of a new Commissioner of Official Languages and enacted a new Federal-Provincial Fiscal Arrangements Act and Established Programs Financing Act. The development of our federal system, however, will continue to be evaluated and, perhaps, altered in the next several years and Canadians in every province and territory will have to exercise great understanding and reason as they plan their future together.

The Canadian economy has been in this session, as in all, an area of major interest. The program of controls of prices and incomes has been extended through its second year while the Government has engaged in discussions with the provinces, with labour and with industry about the removal of controls and the guidance of the economy afterward.

You have enacted measures to restrain government expenditures and to give greater authority to the Auditor General. The Government has appointed a Royal Commission on Financial Management and Accountability.

The less fortunate people in society have not been forgotten in this session. You have created a new Department of Employment and Immigration and a Canada Employment and Immigration Commission which together will assist Canadians in finding employment, assist those who cannot and administer the new Immigration Act, passed in this session. You have also enacted a Canadian Human Rights Act and have amended the Old Age Security Act and the Canada Pension Plan to improve benefits under those programs.

Canada has continued to attempt to bring together the rich and the poor nations of the world so that all may agree on a system of organizing the international economy so that all nations may share prosperity and live in peace. The Conference on International Economic Co-operation was chaired by Canada and our country played leading roles at the Commonwealth Conference of Heads of Governments and at the economic summit conference of the seven greatest industrial countries.

Many other actions of great importance have been undertaken during this session.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the previous and in the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

• (1510)

The Honourable the Speaker of the Senate then said:

Honourable Members of the Senate:

Members of the House of Commons:

It is the will and pleasure of the Right Honourable the Deputy of His Excellency the Governor General that this Parliament be prorogued until four o'clock in the afternoon tomorrow, Tuesday, the 18th day of October, 1977, to be here holden; and this Parliament is accordingly prorogued until four o'clock in the afternoon tomorrow, Tuesday, the 18th day of October, 1977.

END OF VOLUME II

Abbreviations

1r, 2r, 3r	=	First, second, third reading
amdts	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
ref	=	referred
rep	=	report
r.a.	=	royal assent

Acts passed during the Session

PUBLIC ACTS

Chapter *Bill No.*

Assented to October 22, 1976

1. Port of Halifax Operations Act C-14

Assented to December 15, 1976

2. Appropriation Act No. 5, 1976 ..... C-28

Assented to December 22, 1976

3. Government Expenditures Restraint Act C-19

Assented to February 24, 1977

4. Statute law, an Act relating to income tax C-22
5. Customs Tariff Act (No. 1) amendment C-15
6. Excise Tax Act amendment C-21

Assented to March 29, 1977

7. Appropriation Act. No. 1, 1977 ..... C-44
8. Appropriation Act. No. 2, 1977 ..... C-45
9. Old Age Security Act amendment C-35

Assented to March 31, 1977

10. Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 ..... C-37

Assented to May 12, 1977

11. Unemployment Insurance Entitlements Adjustment Act C-52
12. Advance Payments for Crops Act C-2
13. Pension Act amendment C-11

Acts passed during the Session - *Continued*

PUBLIC ACTS - *Continued*

Chapter		*Bill No.*
	Assented to June 16, 1977	
14.	Customs Tariff Act (No. 2) amendment	C-55
15.	Excise Tax Act (No. 2) amendment	C-54
16.	Bank Act and the Quebec Savings Banks Act amendment	C-39
17.	Export Development Act amendment	C-47
18.	Financial Administration Act amendment and repeal of Satisfied Securities Act	C-8
19.	Motor Vehicle Safety Act amendment	C-36
20.	Historic Sites and Monuments Act amendment	C-13
21.	Railway Act amendment	C-207
	Assented to June 29, 1977	
22.	Appropriation Act No. 3, 1977	C-58
23.	Farm Improvement Loans Act, Small Businesses Loans Act and Fisheries Improvement Loans Act amendment	C-48
24.	Government Organization (Scientific Activities) Act, 1976	C-26
25.	Judges Act amendment and amendments to other Acts in respect of judicial matters	C-50
26.	Aeronautics Act and National Transportation Act amendment	C-46
27.	Canada Deposit Insurance Corporation Act amendment	C-3
28.	Miscellaneous Statute Law Amendment Act, 1977	C-53
29.	Income Tax conventions between Canada and the countries of Morocco, Palestine, Singapore, Philippines, Dominican Republic and Switzerland, an Act respecting	C-12
30.	Canada Lands Surveys Act amendment	C-4
31.	Diplomatic and Consular Privileges and Immunities Act	C-6
	Assented to July 14, 1977	
32.	James Bay and Northern Quebec Native Claims Settlement Act	C-9
33.	Canadian Human Rights Act	C-25
34.	Auditor General Act	C-20
35.	Fisheries Act and Criminal Code amendment	C-38
36.	Canada Pension Plan Act amendment	C-49
37.	Bretton Woods Agreements Act amendment	C-18
38.	Currency and Exchange Act amendment and consequential amendments to other Acts	C-5
39.	Canadian and British Insurance Companies Act and Foreign Insurance Companies Act amendment	S-3
40.	Electoral Boundaries Readjustment Act (Beauharnois-Salaberry)	C-283
41.	Electoral Boundaries Readjustment Act (Blainville-Deux-Montagnes)	C-427
42.	Electoral Boundaries Readjustment Act (Brampton-Georgetown)	C-392
43.	Electoral Boundaries Readjustment Act (Cochrane)	C-433
44.	Electoral Boundaries Readjustment Act (Huron-Bruce)	C-394
45.	Electoral Boundaries Readjustment Act (Kootenay East-Revelstoke)	C-406
46.	Electoral Boundaries Readjustment Act (Laval)	C-418
47.	Electoral Boundaries Readjustment Act (Lethbridge-Foothills)	C-405
48.	Electoral Boundaries Readjustment Act (London-Middlesex)	C-422
49.	Electoral Boundaries Readjustment Act (Saint-Jacques)	C-428
50.	Electoral Boundaries Readjustment Act (Saint-Léonard-Anjou)	C-429
51.	Electoral Boundaries Readjustment Act (Wellington-Dufferin-Simcoe)	C-393

Acts passed during the Session - *Concluded*

PUBLIC ACTS - *Concluded*

Chapter		*Bill No.*
	Assented to August 5, 1977	
52.	Immigration Act, 1976	C-24
53.	Criminal Law Amendment Act, 1977	C-51
54.	Employment and Immigration Reorganization Act	C-27
55.	Statute Law (Metric Conversion) Amendment Act, 1976	C-23
56.	Canadian Wheat Board Act and Western Grain Stabilization Act amendment	C-34
	Assented to August 10, 1977	
57.	Air Traffic Control Services Continuation Act	C-63

LOCAL AND PRIVATE ACTS

	Assented to July 14, 1977	
58.	Continental Bank of Canada Act	C-1001

Adams, Hon. Willie (Introduced in the Senate Apr. 26/77)
Energy, construction of natural gas pipeline, 1284-5
Costs of gas to northerners, 1285
Mackenzie Valley route, 1285
Native people's land claims, 1284-5
Yellowknife Assembly concerns, 1285

Address in reply to Speech from the Throne
Consideration of Speech from the Throne, 6; termination date of Address in reply, 9; engrossing and presenting of Address to His Excellency the Governor General, 120
Motion for Address in reply, Hon. Paul H. Lucier, 10-13; seconded, Hon. Augustus Irvine Barrow, 13-17

Speakers: Senators

Asselin, Martial, 89-93
Austin, Jack, 118-20
Barrow, A. Irvine, 13-17
Buckwold, Sidney L., 32-36
Carter, Chesley W., 115-18
Connolly, John J., 41-44, 51
Desruisseaux, Paul, 81-84
Flynn, Jacques, 19-21, 22-24
Forsey, Eugene A., 103-10
Fournier, Edgar E., 61-62
Graham, B. Alasdair, 112-15
Inman, F. Elsie, 98-99
Laird, Keith, 36-38
Lucier, Paul H., 10-13
Macdonald, John M., 39-41
Perrault, Raymond J., 24-31
Quart, Josie D., 87-90
Rowe, Frederick William, 53-57
Smith, George I., 99-103
Stanbury, Richard J., 57-61
Walker, David J., 76-81

Address to Queen Elizabeth II
Address of congratulations on completion of twenty-fifth year of reign; address to Governor General re transmission of message, 306-07; message from Commons, 374; acknowledgment from the Queen, 395

Adjournments of the Senate
Christmas, 267-8, 272
Easter, 629-30
Summer, 1288-9, 1311 (Parliament recalled Aug. 9/77)

Advance payments for crops
Administrative costs, 644
Agriculture acts, consolidation suggested, 652
Applications, 645, 651
Defaults in payments, 644
Delivery restrictions, 643
Financial risk to organization, 653
Grains covered for advance payments, 643, 653
Maximum advance to individual, 644
Organization, definition of, 652
Prairie Grain Advance Payments Act background, 656
Repayment guarantee, 643, 644, 652
Requirements for, 644, 652
Services supplied by organization, 653, 655-6
'Significant portion of the crop', 655
Storable crops, 643-4, 651
Speakers: Senators
Connolly, John J., 653
Ewasew, John, 652-3
Macdonald, John M., 645, 651-2
Molgat, Gildas L., 643-5, 653, 655-6

Advance Payments for Crops bill C-2. 1r, 637; 2r, 643-5, 651-3, 655-6; ref to com, 656; rep without amdt, 673; 3r, 679; r.a., 703

Aeronautics and national transportation
Approval of Governor in Council for transfer of stock of air carrier or for issuance of licence, 937
Canadian Transport Commission authority, 973
Control of airlines by federal-provincial governments, 973
Pacific Western Airlines, Supreme Court decision re, 937, 972, 973
Penalty, 937
Speakers: Senators
Flynn, Jacques, 972-3
Haig, J. Campbell, 972
Lang, Daniel, 937, 973

Aeronautics and National Transportation bill C-46. 1r, 874; 2r, 937, 972-3; ref to com, 973, rep without amdt, 975; 3r, 985; r.a., 1031

Agreements, conventions and treaties
Constitution of Canada, patriation of
Correspondence between the Prime Minister and the Premier of Alberta, 69-71
Letters from the Prime Minister to Provincial Premiers and draft resolution respecting the Constitution, 297-303
Economic Community-Canada Trade Agreement, 152-3, 159-60
Great Lakes Water Quality Agreement, Canada-US, 808, 983-4
Helsinki Agreement
Motion that Senate of Canada support principles of Helsinki Declaration, 962
USSR violation of terms, 428-9

Agreements, conventions and treaties - *Concluded*
James Bay and Northern Quebec Native Claims Settlement, 673, 679-82, 717-21, 739-40, 958-9, 1006-25, 1038-49, 1053-67, 1092-7, 1098, 1161
Nuclear supplies, 960, 1126-7
Offshore mineral rights, Federal-Provincial Memorandum of Understanding and Joint Communique between Canada, Nova Scotia, New Brunswick and Prince Edward Island, 304-5
RCMP, federal-provincial agreements for use or employment of, 686, 757-8
Wheat Agreement, 1005, 1165, 1182

Agriculture
Advance payments for crops, 637, 651-3
Beef industry, 198, 482, 1140, 1313
North American Beef Congress, 963
Tomato industry, 1287, 1290-2
Employee statistics, 1290
Surtax order, 1287, 1290-2
Date of extension, 1291, 1292
GATT provisions, 1291, 1292
Taiwan imports, 1290-1
United States imports, 1292

Agriculture
Kent County can be Saved, rep of Agriculture Committee, 143, 197-200, 480-3
Agricultural potential for economic activity and employment, 482
Beef industry, 198, 482
Bilingualism, difficulties of French-speaking farmers, 199
Enrolment of French-speaking students at Laval University, 199
Conclusions and recommendations of committee, 199-200
FAFAM, letters from chairman, 481
Gleaner, Fredericton, article titled 'A Valuable Study', 482
L'Evangeline, Moncton, reports on committee work, 480, 481
Maritime Cooperative Services Ltd., brief presented to com by general manager, 482
NewStart Inc., comment from director, 483
Production costs in relation to land, fertilizer, machinery, 199
Reduction in agricultural acreage, 198
Rural deterioration in Kent County, 481-2
Times, Moncton, article titled 'Act on the Report', 482
Speakers: Senators
Argue, Hazen, 143, 197-200
Michaud, Herve J., 480-3

Agriculture, Standing Senate Committee
Expenses, 143
Meetings during Senate sittings, 237, 374, 434-5, 478, 544, 588, 678, 805
Reports
Advance Payments for Crops bill C-2, rep without amdt, 673
Beef industry, 1140, 1313
Canadian Wheat Board and Western Grain Stabilization bill C-34, rep with recommendation that bill be not proceeded with, 1152-3, 1175-80, 1183-95, 1214-18, neg, 1218
Kent County can be Saved, 143, 197-200, 480-3
Terms of reference, 145

Air traffic control services continuation
Anti-Inflation Board guidelines and recommendations, 1294, 1297, 1303, 1306-07, 1308, 1309-10
Areas of dispute, 1293-4
Classification plan, 1295, 1309
Management rights, 1294
Reclassification and pay increases, 1293-4, 1296, 1297
Vacation time, 1294
Breakoff of negotiations, 1295, 1297
Collective bargaining, 1305, 1306, 1309
Compulsory arbitration, 1300-01, 1308-09
Conciliation Board's recommendations, 1294-5, 1307, 1308, 1310
Economic and other effects of CATCA strike, 1293, 1298
Emergency legislation precedents, 1303
Free collective bargaining, non-existence of, 1303-04
Government role in dispute, 1301, 1302, 1308
Monopoly power of CATCA, 1293
Railway and other strikes in essential services, 1303-04
Rates of pay (effective Jan. 1/77), 1295
Reconsideration by arbitrator, 1295, 1297, 1299
Recommendations of Committee on Employer-Employee Relations in the Public Service, 1304-05
Responsibility of unions in protection of public interest, 1296, 1300, 1301, 1304
Right to strike, 1293, 1300, 1302, 1303, 1305
Right to strike and CATCA, 1296
Irresponsibility in use of power, 1296
Right to strike and the government, 1296-7, 1299
Government negotiations, 1296-7
Right to strike, Parliament and the public, 1296, 1298
Prevention of strikes by order in council, 1298-9
Rotating strikes, 1305-06
Special Senate committee to deal with labour disputes, suggestion, 1308
Third party negotiations, 1304
Union leaders, irresponsibility of, 1302, 1303, 1304
Unions status, 1301
Speakers: Senators
Buckwold, Sidney L., 1304-05
Flynn, Jacques, 1295-9, 1301, 1311
Forsey, Eugene A., 1303-04, 1308, 1310
Grosart, Allister, 1305-07, 1309
Lang, Daniel A., 1310
Marchand, Jean, 1299-1303
Perrault, Raymond J., 1293-5, 1297, 1298, 1307, 1308-11

Air Traffic Control Services Continuation bill C-63. 1r, 1293; 2r, 1293-1311; 3r, 1311; r.a., 1311

Air transport
Air Canada, 53
Air traffic controllers service continuation, 1293-1300
Atlantic provinces, subsidy, 203
Bilingual air communications, 1970 report, question re, 257, 276, 1114
Possibility of air traffic controllers' strike, question, 1265-6
Canadian Pacific Airlines, international and domestic routes, 243
Transportation by land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402, 430-2

Alberta
Constitution of Canada, correspondence between Prime Minister and Alberta Premier, 69-71
Gas reserves, 1280, 1281, 1282
Maintenance of domestic oil price, 226

Amendments, observations or recommendations in or re committee reports
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, rep with amdts, 476, 490
Canadian Wheat Board bill C-34, 1152-3, 1175-80, 1183-95, 1214-18, 1246-8
Government Organization (Scientific Activities) bill C-26, 959, 971-2, 976-7, 999
Immigration bill C-24, 1244, 1248-56
James Bay and Northern Quebec Native Claims Settlement bill C-9, 958-9, 1006-12, 1019-25, 1038-49, 1053-67, 1092-8
Maritime Code bill C-41, 1313-18, 1319-25
Petroleum Corporations Monitoring bill S-4, 970-1, 977-8, 985
Solar Energy Application bill C-309, 759-65, 790-6, 809-11, 845-8

Andras, Hon. Robert, P.C., President of Treasury Board
Appropriation bill No. 1, 1977 C-44, 574-84
Amdts to other legislation through appropriation bills, 575, 576, 580, 581, 582-3
Authority of government to meet commitments, 579
Dollar items, 575
Projection of figures in dollars only, 583-4
Statutory items, 579
Time schedule for passage of bill, 580
Title of bill, confusion in calendar year notation, 575
Transfer payments to provinces, 578

Anti-inflation program, 13, 20-21, 26-31, 49
Air traffic controller's refusal of AIB guidelines and recommendations, 1293-1311
Business profits, 29
Canadian Brotherhood of Railway Transport and General Workers, speech of president, 28-29
Commodity prices, 29
Detrimental effects of, 20-21
Employment increase, 29-30
Government responsibility, 31
Inflation, statistics re, 27-28
Other countries, 28
Labour-management disputes, 27
Port of Halifax longshoremen and other employees refusal of AIB guidelines, 64-68

Appendixes
Banking legislation, rep of Banking, Trade and Commerce Committee, *see Debates of June 28/77*
Borrowers and depositors protection, rep of Banking, Trade and Commerce Committee on subject matter of Bill C-16, *see Debates of July 11/77*
Canada-United States, Inter-Parliamentary Group, Victoria meeting, 1225-42
Canadian Parliamentarians visit to Mexico, 713-14
Clerestory of the Senate Chamber, rep of com, 852-61
Competition Policy, rep of Banking, Trade and Commerce Com, *See Debates of July 13/77*
Constitution of Canada, patriation of
Correspondence between Prime Minister and Alberta Premier, 69-71
Letters from Prime Minister to provincial Premiers and copy of draft resolution respecting the Constitution, 297-303
Estimates, Manpower Div., Dept. of Manpower and Immigration, rep of review of com recommendations, 512-30

Appendixes - *Concluded*
Estimates year ending Mar. 31/77
Supplementary (B), rep of com, 217-21
Supplementary (C), rep of com, 221
Supplementary (D), rep of com, 484-8
Estimates year ending Mar. 31/78, rep of com, 923-7
Federal-Provincial Conference of Finance Ministers, Notes for remarks by Federal Finance Minister, 308, 370-3
Foreign affairs, loans to foreign countries, 1077-91
Income tax, rep of com on subject matter of Bill C-22, 213-16
Mexico-Canada Interparliamentary meeting
Address by Senator Belisle, 872-3
Joint Communiqué of Canadian delegation, 713-14
National unity, statement by Vancouver Board of Trade, 786
North Atlantic Assembly, Twenty-second Annual Assembly, Williamsburg, Virginia, *see Debates of Feb. 1/77*
Northern affairs, government policy report, 1257-63
Northwest Territories, Special Government Representative for Constitutional Development, 1257-58
Yukon Territory, constitutional development, 1262-3
Offshore mineral resources, Federal-Provincial Memorandum of Understanding and Joint Communiqué, 304-05
Prime Minister Trudeau's address at joint meeting of United States Congress, *see Debates of Feb. 22/77*
Regulations and other Statutory Instruments, second report of committee, 315-69
Regulations and other Statutory Instruments, third report of committee, 694-7

Appropriation bill No. 5, 1976 C-28. 1r, 224; 2r, 225-6, 230-3; 3r, 237-8; r.a., 243

Appropriation bill No. 1, 1977 C-44. 1r, 552-3; 2r, 558-60, 563-6; ref to Committee of the Whole, 566; bill committed to Committee of the Whole, Hon. Alan A. Macnaughton in the Chair, Hon. Robert Andras, President of the Treasury Board, taking part in debate, 574-84; rep without amdt, 584: 3r, 588-9; r.a., 600

Appropriation bill No. 2, 1977 C-45. 1r, 574; 2r, 585-6, 589-91; ref to Committee of the Whole, 591; bill committed to Committee of the Whole, Hon. Alan A. Macnaughton in the Chair, 592-4; rep without amdt, 594; 3r, 594; r.a., 600

Appropriation bill No. 3, 1977 C-58. 1r, 975; 2r, 978, 1012-15; 3r, 1025; r.a., 1031

Argentina
United Nations Water Conference, 587-8

Argue, Hon. Hazen
Agriculture
Kent County can be Saved, 197-200
Beef industry, 198
Bilingualism, difficulties of French-speaking farmers; enrolment of New Brunswick French-speaking students at Laval University, 199
Conclusions and recommendations of committee, 199-200
Production costs in relation to land, fertilizer, machinery, 199
Reduction in agricultural acreage, 198
Agriculture, Standing Senate Committee
Expenses, 143

Argue, Hon. Hazen - *Concluded*

Agriculture, Standing Senate Committee - *Concluded*
Reports
Beef industry, authorization to publish and distribute report, 1140; report tabled, 1313
Canadian Wheat Board and Western Grain Stabilization bill C-34, recommendation that bill be not proceeded with, 1152-3, 1175-80, 1183-95, 1214-18, 1247-8
Kent County can be Saved, report tabled, 143; discussion, 197-200, 480-3
Terms of reference, 145
Canadian Wheat Board, Western Grain Stabilization bill C-34, 962-4, 1152-3, 1175-80
Agricultural produce, definition, 1176
Canadian Wheat Board pooling system, 963-4
Excerpts from speeches of senators in committee, 1176-7
Feeds bill amdt by Senate cited, 1178
Initial payment, 1176
Marketing of rapeseed and other grains through Board, 964
Merits of legislation questioned, 963-4
Necessity of bill, question of, 1176
Permit book endorsation, 1178
Voluntary pooling, objections, 1177
Witnesses invited to appear before committee, 1177, 1179-80
North American Beef Congress, 963
Seal hunt, resolution of US House of Representatives protesting event, 553-4
Senate
Committee meeting during Senate sitting, 806
Lack of press coverage, 963
Solar Energy Application bill C-309, 763-4
Referral of subject matter to com, 763-4
Steuart, Hon. David Gordon, 223
Yuzyk, Hon. Paul, felicitations on degree of Doctor of Laws, University of Saskatchewan, 789-90

Asselin, Hon. Martial, P.C.

Address in reply to Speech from the Throne, 89-93
Air transport
Bilingual air communications, 1970 report, question re, 257, 276
Quebec pilots, bilingualism, 92
Constitution of Canada, 92-93
Economic problems, 90-91
DREE, assistance to Quebec, 91-92
Lack of coordination with Canada Manpower, 91-92
Government objectives, 91
Housing costs, 91
IBM, government grant to, 91
Legislation for alleviation of, 90
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 612-15
Constitution of Canada, report of joint committee, 613
Minority report on behalf of Quebec, 613
Decentralization, 613-14
National unity, 612-15
Parti Québécois, 612, 613
Quebec pilots, French language rights, 612-13
Immigration bill C-24, 1206-08, 1254
Appeals, 1207-08
Contributions to social security programs by temporary workers, 1208
Conviction of crime abroad, 1206
Deportation orders, 1206, 1207

Asselin, Hon. Martial, P.C. - *Concluded*
Immigration bill C-24 - *Concluded*
League for Human Rights, 1207
National security, 1207
Parkdale Community Legal Aid Service, 1206
Powers of Governor in Council, 1206, 1208, 1254
Urban Alliance on Race Relations, 1207
Violation of civil liberties, 1208
James Bay and Northern Quebec Native Claims Settlement bill C-9, 682, 717-21, 1009-10
Injunction filed by Indians to have recognition of rights, 717-18
Parliamentary oversight of amending agreements, 718-19
Political problems of agreement, 718
Rights of native non-signatories, 719-21, 1009-10
Letter from M. Narvey, Manitoba University, to Premier Lévesque, 719-30
Safeguarding of rights of third parties, 719
Statement of Mount-Royal representative, 718
Statement of Premier Lévesque re negotiations, 719
Witnesses appearing before Commons committee, 719, 720
National Capital Region, reconstitution of joint committee, 229
National unity
Joint Committee on the Constitution, question re consideration of report, 664
Proposed committee on regional interests, question, 149-50, 641
Senate participation in debate on, 92, 93, 278
Personality disorders and criminal behaviour, 238-40
Anthropologist's findings, 239
Anti-social behaviour and depression, 239-40
'Modern Perspective in International Child Psychiatry', 239
Recommendations of task force on role of services in field of criminal justice, 240
Research, suggestions re, 240
Social and family relationships, 239
Stress during pregnancy, 239
Violence in society, 238-9
Quebec
Constitutional crisis, 92-93
Separatism, 93
Radio-Canada, proposed appearance before Senate committee of CBC President and commentators, 419
Solar Energy Application bill C-309, 845-6
Incorporation as private institute, 845
Parliamentary process of bill vs letters patent, question of, 845-6
Referral of bill to Banking, Trade and Commerce Com, question of, 845-6
Upper Volta visitors, Mr. and Mrs. Abdulaye Dicko, 700

Atlantic provinces
Atlantic Provinces Transportation Program, 772
DREE, 100
East Coast Marine and Ferry Service, 242
Energy, benefits from lower-than-international price of oil, 157
Fisheries, 200-mile zone, 16
Lumber industry, tariff on importation of softwood plywood, effect on Canadian industry, 189-90, 478-80, 556-8
New Brunswick, *Kent County can be saved,* 143, 197-200, 480-3
Regional disparities, 100-01
Transportation, land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402, 430-2
Transportation problems, 15-16, 101
User-pay concept, 101
Veterans Affairs Dept. personnel, move to PEI, 99
See names of individual provinces

Attorney General's staff college, change of site from Edmonton to Saskatoon, 1264, 1318

Auditor General
Atomic Energy of Canada Limited and Polysar, 1116
Crown corporations, auditors for, 1050, 1068
Employees of Auditor General's office, status of, 1114-15
Letter from Chairman of Public Commission, 1115
Government finances, lack of control of, 1115
Printing Bureau costs, exposé by Public Accounts Committee, 1068
Report of Auditor General, examination by Senate committee, 1116-17
Responsibility of Auditor General, study re, 1049-50
Senate role in relation to Auditor General's office, 1116
Submission of reports and estimates to Commons only, 1050, 1116-17
Value of money concept, 1050
Speakers: Senators
Barrow, Irvine, 1049-51
Benidickson, W. M., 1115-16, 1117
Grosart, Allister, 1114-15, 1116-17
Walker, David J., 1068

Auditor General bill C-20. 1r, 1032; 2r, 1049-51, 1067-8; ref to com, 1068-9; rep without amdt, 1106; 3r, 1114-17; r.a., 1161

Austin, Hon. Jacob
Address in reply to Speech from the Throne, 118-20
British Columbia
Confederation, financial contribution of British Columbia, 640
Railwest rolling stock facility, 1141
Canada-United States relations
Diversion of water from Lake Michigan, 237, 309, 391, 435-6
Question re discussions between US President and Prime Minister of Canada, 391, 435-6
Ross Dam, Skagit Valley flooding, 787-9
Energy
Acquisition of oil supplies from Mexico, 651, 770
Atlantic provinces, benefits from lower-than-international price of oil, 157
Organization of Petroleum Exporting Countries (OPEC), proposed increase in prices, 157, 229
Petroleum and Natural Gas Administration Act, implementation, 98, 150
Energy, construction of natural gas pipeline, 1268-71, 1276
Alaska Natural Gas Transportation Act (US), 1269
Canada-US relations, 1270-1
Exchange of reserves, 1271
Costs and benefits, 1268
Indian land claims, 1276
Maritimes, energy supplies and costs, 1271
Exploration needs, 1271
Oil spills potential, 1268
Studies and recommendations:
AlCan, 1270
Arctic Gas Pipeline, 1269, 1270, 1276
Berger Commission, 1269
El Paso, 1268
Foothills Pipe Lines (Yukon), 1269, 1270
Mackenzie Valley route, 1269, 1270

Austin, Hon. Jacob - *Continued*
Energy, construction of natural gas pipeline - *Concluded*
US pipelines supplying needs in Canada, 1271
Interprovincial Pipeline, 1271
Portland Oil Pipeline, 1271
Trans-Canada Gas Pipeline, 1271
Environment, construction of coal-fired power plant in Saskatchewan, US representations re, 1016, 1180
Grain, provision of rail cars to Peace River, 125-6
Labour
Bank branches as bargaining agents, 976, 1017-18
Worker representation on boards of directors of corporations, 279, 376-7
Mackenzie Valley pipeline
Representations from NWT Council re Berger report, 757
Study of Berger report by Transport and Communications Committee, 678, 686-7
Monarchy, The, 118
Excerpt from speech of Queen Elizabeth at Olympic Games, 118
National unity, economic and cultural aspirations of various regions, 778-83, 786
British Columbia, 779-80
Brief from South Cariboo Labour Council of Williams Lake to federal Liberal caucus, 780
British Colonist, Victoria, article of 1871 re BC joining Confederation, 781
Statement by Vancouver Board of Trade, 780, 786
Statement of Attorney General in BC Legislature, 781
Economic prosperity and future of Canada, 779
Prime Minister's statement (Nov. 24/76), 781
Quebec separatism, 779-80
Misunderstandings, 780
Regional grievances, 779
Senate role, 779
Suggestion that debates be published in documentary form, 779
Yukon and Northwest Territories, political development, 781
Dene and Inuit, 782-3
Native communities and rights, 782-3
Northern Frontier, Northern Homeland, by Mr. Justice Berger, 781-3
Northern affairs, government policy report, 1182, 1245-6
Political residency test, 1246
See Appendix to Debates, 1257-63
Oil or gas pipeline corridors, Canada-United States, 1165
Oil transshipments to Pacific coast ports, public hearings re environmental aspects, 308-09, 390-1
Prairie provinces, drought conditions, 654-5
Beef cattle production, 654-5
Current situation with respect to water, 654
Grain prices, 654
Grain quantities on 1977 crop year, 654
Prospective conditions for grain growing and agricultural crops, 654
Rules of the Senate
Pecuniary interest of senator in matter ref to com, 910
Report re changes in Rules, 910
Saskatchewan, construction of coal-fired power plant on Poplar River, 1016
Senate
Appointments, question re Hon. Robert Stanfield, 687-8
Use of Senate chamber by Commons, request for, 1154
Western Canada representation, 120
Separatism, excerpt from report of meeting of Committee for Western Independence, 119

Austin, Hon. Jacob - *Concluded*

Solar Energy Application bill C-309, 726-9, 760-1, 762, 764, 765, 792, 795, 847
Citizen article re, 727
Energy crisis, 727
Incorporation as private institute, 761
Legal aspects, 728
Members and organization of institute, 761
Non-renewable energy resources, 727
Principle of bill, 760-1, 792
Referral of subject matter to com, 764, 765, 792
Research expenditures, Canada and US, 727, 728; PEI, Manitoba, BC, 727
Transportation
CNR link with Fairbanks, Alaska, 977, 1126
Pacific Coast subsidized services, 111, 157-8
Pacific Western Air Lines, judgment of Supreme Court of Canada, 436-7, 442-4, 457-8
Western European Union Assembly, Paris conference, 391-4
Assembly functions, 393
Cyprus, Greece and Turkey, 403-04
Continental shelf in Aegean Sea, 403-04; oil prospecting, 404
Defence of Western Europe, 392, 393, 402-04
Anti-submarine warfare, 404
British Army of the Rhine, 403
Canadian contribution, 403, 404
Conflicts between US and European nations, 402
NATO Pact vs Warsaw Pact, 403
Strategic Arms Limitation Talks, 404
USSR power, 402, 403, 404
Warsaw Pact countries, 402
Weapons standardization, 402-03; research in, 402-03
Energy supplies, 404-05
Oil moving to Western Europe through Mediterranean, 405
USSR ships in area of Indian Ocean, 405
European Common Market, 393
European Parliament, 392-3, 406
Helsinki Agreement, 404-06
Lebanon, 404
Mediterranean problems, 403
National unity in Canada, 393
Quebec separatism, questions in relation to NATO, 403

Baltic Honorary Consuls, visitors to Senate, 463

Bank Act
See Competition policy, 670-2, 1146-51 and *Appendix to Debates of July 13/77*

Bank Act and Quebec Savings Banks
Background of bills related to banking, 731-2
Collusion among banks, 732
Consumer loan rates, 732-3
Dicennial revision, reasons for delay, 675
Explanatory notes re bill as passed by Commons, lack of, 731
Extension of date of power to do business, 675, 679
Precedents, 675
Immobility of interest rate on consumer loans, 732
Personal loans by chartered banks, statistics on, 733
Statement of Minister of Consumer and Corporate Affairs, 732

Bank Act and Quebec Savings Banks - *Concluded*

Speakers: Senators

Benidickson, W. M., 731-3
Choquette, Lionel, 733
Flynn, Jacques, 679
Macnaughton, Alan A., 675-6

Bank and Quebec Savings Banks bill C-39. 1r, 653; 2r, 679, 731-3; 3r, 738; r.a., 941

Banking legislation, 86, 110, 120-1, 122-4, 126-36, 1000-04, 1018-19, 1142-4, *see also Debates of June 28/77*
Canadian Payments Association, 1000-01, 1002-03
Chartered bank's reserves, 1000, 1001-02
Citicorp, 1003-04
Conflict of interest, resignation of committee members, 122-4, 126-36
Costs of committee study, 126-36
Financial leasing and factoring, 1003
Foreign banks, 1003-04
Incorporation of banks by letters patent, 1004
Pecuniary interest
Excerpt from *Beauchesne's Parliamentary Rules and Forms,* 135
Excerpt from *Bourinot's Parliamentary Procedure,* 134-5
Excerpt from *May's Parliamentary Practice,* 134
Excerpt from Senate and House of Commons Act, 134
Residential mortgages, 1003
Resumé of discussion on Bank Act (1967), 133
Right of provincial governments to shareholding in new banks, 1000

Speakers: Senators

Connolly, John J., 1143-4
Croll, David A., 110, 122, 124, 126-30
Flynn, Jacques, 122-3, 126, 1018, 1142-3
Greene, John J., 131-2
Hayden, Salter A., 120-1, 133-6, 1000-04, 1018-19
Macnaughton, Alan A., 122
Molson, Hartland de M., 130-1, 132
Perrault, Raymond J., 122
Rowe, Frederick William, 132
Smith, George I., 123-4
van Roggen, George C., 132, 133
Walker, David, J., 128, 130

Banking, Trade and Commerce, Standing Senate Committee

Banking legislation
White Paper on the Revision of Canadian Banking Legislation, motion to authorize com to make study, 86, 110, 120-1, 122-4, 126-36; agreed, 136
Temporary resignation of certain members of committee, 122-4, 126-36
Competition policy, authorization to examine and report on subject matter of Bill C-42, 670-2
Expenses, 148
Income tax, authorization to examine and report on subject matter of Bill C-22, 143-4
Meetings during Senate adjournments, 156
Meetings during Senate sittings, 173, 193, 276, 471-2, 544, 561, 685, 730, 756, 807, 863, 944, 1016, 1052
Members, 52, 144
Protection of borrowers and depositors, authorization to examine and report on subject matter of Bill C-16, 144

Banking, Trade and Commerce, Standing Senate Committee - *Concluded*

Reports
Banking legislation, 1000-04, 1018-19, 1142-4, *see Appendix to Debates of June 28/77*
Canada Deposit Insurance Corporation bill C-3, rep without amdt, 958
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, rep with amdts, 476, 490-1
Customs Tariff bill C-15, rep without amdt, 448-9
Customs Tariff bill C-55, rep without amdt, 787
Excise Tax bill C-54, rep without amdt, 829
Export Development bill C-47, rep without amdt, 845
Farm Improvement Loans, Small Businesses Loans, Fisheries Improvement Loans bill C-48, rep without amdt, 975
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, rep without amdt, 624
Fisheries bill C-38, rep without amdt, 1126
Income tax, rep on subject matter of Bill C-22, 204, 213-16
Petroleum Corporation Monitoring bill C-4, rep with amdts, 970-1, 977-8, 985
Protection of borrowers and depositors, rep on subject matter of Bill C-16, 1106, 1120-5, 1144-51, *see Appendix to Debates of July 11/77*
Terms of reference, 86, 110, 120, 670

Barrow, Hon. Augustus Irvine
Address in reply to Speech from the Throne, 13-17
Anti-inflation program, 13
Atlantic provinces
Fisheries, 200-mile zone, 16
Transportation problems, 15-16
Auditor General bill C-20, 1049-51
Crown corporations, auditors for, 1050
Independence of office, 1050
Responsibilities of Auditor General, study re, 1049-50
Special reports to Commons, 1050
'Value of money concept', 1050
Bilingualism, 13-14
Excise Tax bill C-21, 312-14, 379
Air conditioners for motor vehicles, 313, 379
Energy conservation, 312-13
Items used in development of energy sources, 313
Licensed wholesalers, 313
Manufacturer's exemption, 313-14
Weight limits of motor vehicles, 313, 379
Labour disputes and strikes, 16-17
Nova Scotia
Canstel project, Cape Breton Island, 15
Electrical energy costs, 14
Energy conservation and alternate power sources, 14
Oil prices, 14
Regional economic disparities, 15
Subsidy request, 14-15
Petroleum Corporations Monitoring bill S-4, 721-2, 752, 765-6, 977-8
Authority of minister, 765
Crown corporations, 752, 765
Default penalty, 752
Disclosure of information, 977

Barrow, Hon. Augustus Irvine - *Concluded*
Petroleum Corporations Monitoring bill S-4 - *Concluded*
Energy crisis, 721-2
Energy Strategy for Canada, 721
Husky Oil Operations Ltd., 978
Penalties for non-compliance, 722
Reporting of financial and statistical information, 721, 722
Return of documents, records, etc., 978
Revenues for further exploration, 765
Statutory form to be completed, 752
Senate role, 13
Small businesses and free enterprise system, 13

Basha, Hon. Michael G. (Resigned Nov. 18/76 - Deceased Nov. 26/76)
Tributes, 168-9

Beef Industry, report of Agriculture Committee
Authorization to publish and distribute report, 1140; report tabled, 1313

Beetz, Hon. Jean, Puisne Judge of the Supreme Court of Canada
Royal assent, 68, 243, 703, 940, 1161

Belisle, Hon. Rheal
Historic Sites and Monuments bill C-13, 864-5
Board composition and functions, 864
Yukon Territory and Northwest Territories representation, 864
Sites designated, persons and events commemorated, 864
Mexico, Interparliamentary meeting Canada-Mexico, 869-71, 872-3
Address at meeting, 872-3
Canadian-Mexican trade, 870
Energy resources, utilization and research, 870
Foreign investment laws of Mexico, 870
International relations, 870-1
Nuclear weapons, Treaty of Tlatcloclo, 871
Political background of Mexico, 869
Tourism, 870
Old Age Security bill C-35, 536-40
Background of old age pension legislation, 537
Date of proclamation, 538
International reciprocal agreements, 538
Single eligibility requirement, 537-8
Spouses benefits, cessation upon death of receiver, 501-02, 539-40
Statute Law (Metric Conversion) Amendment bill C-23, 1203-05
Acts amended:
Consumer packaging and labelling, 1204
Gas inspection, 1204
Grain, 1204
Oil and gas protection and conservation, 1203
Regional development incentives, 1204
Weights and measures, 1204
Wheat Board, 1203
Difficulty of adapting to new system, 1204
International system, 1205; US, 1205
Metric Commission, 1203
Metric equipment costs, 1204
Price profiteering from new packaging, 1204, 1205

Belisle, Hon. Rheal - *Concluded*

Western European Union Assembly, Paris conference, 186-9
Armaments control, 187
Brussels Treaty Organization, 186-7
Civil and military technological and scientific cooperation, 187
Europe's dependence on US for protection and economic prosperity, 188
Security and defence, 187-8
USSR defence expenditures, 188-9
Yuzyk, Hon. Paul, felicitations on degree of Doctor of Laws, University of Saskatchewan, 790

Bell Canada

Alexander Graham Bell Museum, 183
American Telephone and Telegraph Co., 185, 195
Ancillary and incidental powers, 182
Capital structure, borrowing powers, 181, 182, 183-4, 195
Charter amendments, 181, 182
CRTC, 181, 194-5
Employees, 182, 184
Bell Northern Research Ltd., 182
Northern Telecom Ltd., 182
Letters patent, 182
Microsystems, 183
Parliamentary control, 195, 196
Research projects, 184, 194
Shareholders and directors, 181, 195
Speakers: Senators
Buckwold, Sidney L., 197
Choquette, Lionel, 183
Deschatelets, Jean-Paul, 181-2, 183, 184, 185, 195-6, 197
Greene, John J., 185
Grosart, Allister, 183, 184-6, 194-5, 196, 197
Hicks, Henry D., 183-4, 186
McIlraith, George J., 196
Perrault, Raymond J., 197

Bell Canada bill S-2. 1r, 178; 2r, 181-6, 194-7; ref to com, 197; rep without amdt, 227; 3r, 237

Bell, Hon. Ann Elizabeth

Criminal Law Amendment bill C-51, 1248
Energy, construction of natural gas pipeline, 1286-7
Natural Resources Committee, reconstitution suggested, 1286-7
Lumber industry, effect of tariff on importation of softwood plywood, 478-9, 480
Investment improvements, 478-9
Plywood demonstrations in Japan, 479
Problems of high taxes, production and transportation costs, 478, 480
Tariff differential Canada-US, 478, 479
US imports, 478
Wastewood chips, 479
Senate, welcome to new senators, 240
Swine influenza, question re confirmed diagnoses in Canada or United States, 125, 150-1

Bell, Hon. Ann Elizabeth - *Concluded*
Transportation, land, sea and air, 240-3
BC coastal communities, difficulties of, 242-3; *Malibu Princess*, 242
BC ferry service between Victoria and San Francisco, federal financing of, 242
BC subsidies, withdrawal of, 242
BNA Act provisions re provincial jurisdiction of transportation, 241
Canadian Pacific Airlines, 243
Competition in rail transports, 241
East Coast Marine and Ferry Service, 242
Ferry subsidies, Vancouver *Province* article re, 242
Illegal strikes, 243
National policy, 241, 242
Railway passenger and freight services, abandonment of, 243
Shipping between Canadian ports by Canadian vessels, 241
Transport Dept. annual report, implementation of recommendations, 241
Transport ministry, Vancouver *Sun* article re, 241

Benidickson, Hon. W. M., P.C.
Agriculture Committee report, 1153
Auditor General bill C-20, 1115-16, 1117
Atomic Energy of Canada Limited and Polysar, 1116
Government finances, lack of control of, 1115
Senate role in relation to Auditor General's office, 1116
Submission of estimates to Commons only, 1116, 1117
Bank bill and Quebec Savings Banks bill C-39, 731-3
Background on bills related to banking, 731-2
Collusion among banks, 732
Consumer loan rates, 732-3
Explanatory notes re bill as passed by Commons, lack of, 731
Immobility of interest rate on consumer loans, 732
Personal loans by chartered banks, statistics on, 733
Statement of Minister of Consumer and Corporate Affairs, 732
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1153
Carter, Hon. Chesley W., retirement, 1138
Committee meetings during adjournments of the Senate, 1160
Crown corporations, responsibility of ministers and boards of directors, 1114
Customs Tariff bill C-15, 289-93, 311-12, 450
British preferential tariff on compressor sets and electricity generating sets, 290-1
Canned herring, 290
Foods and other consumer goods, 312
Goods produced by prison labour, 291
Miscellaneous tariff reductions, 290-1
Non-consumer goods, 312
Quotas from other countries, 312
Scientific items for hospitals and other institutions, 290, 291, 292
Scientific Preparations Remission Order, 450
Temporary tariff legislation, 290, 311
Withholding of temporary reduction of duty, 291
Employment and Immigration Reorganization bill C-27, 1201-02
Income Tax bill C-22, 454-5, 456
Charitable organizations, 455
RRSP, 455
Legislation, amendments omitted in reprinting of bills, 456, 731
Regulations and other statutory instruments, 388
Royal Commission on Concentration of Corporate Power, resignation of Chairman Robert Bryce, 678, 687, 1319
Senate, parking space for senators' cars, 944

Bilingualism, biculturalism and multiculturalism, 57, 99, 114
Air Canada pilots in Quebec, 92, 257, 268, 276
Tabling of report re, 1114
Education in a Free Society, 56
Multiculturalism, 1285-6
National unity, economic and cultural aspirations of various regions, 698, 707-12, 733-7, 741-4, 752-4, 767-9, 772-4, 778-83, 799-802, 811-13, 825-8, 837-9, 866-9, 914-15, 949-57, 985-8, 1005, 1117-19, 1132-5, 1141-2, 1154-8
School training, 56, 57

Bills, general data
Committee recommendation that Bill C-34 be not proceeded with, 1152-3, 1175-80, 1183-95, 1214-16; m that rep be ref back to com, 1216-17, neg, 1217-18; m that rep with recommendation be adopted, 1218, neg, 1218
Commons amdt to Senate bill S-3, 996-9, 1072-4
Explanatory notes and amdts omitted in reprinting of bills, 456, 731
Omnibus bills
Canadian Wheat Board, Western Grain Stabilization C-34, 887, 939-40, 947-8, 962-5, 1152-3, 1175-80, 1183-95, 1214-18, 1246-8, 1288
Criminal Law C-51, 1162, 1165-7, 1196-7, 1243, 1248, 1288
Income Tax Conventions C-12, 829, 880-2, 900, 932-6, 945, 1031
Miscellaneous Statute Law Amendment C-53, 820, 865-6, 908-09, 928, 945, 1031
Order brought forward, Bill C-49, 1159-60
Private member's public bill for which no petition has been received, 790-1
Excerpt from *May's Parliamentary Practice* re, 790-1
Votes
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1217, 1218
Immigration bill C-24, 1155-6
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1097-8
Solar Energy Application bill C-309, 794, 796

Bills, Numerically, Commons
C-2 Advance Payments for Crops
C-3 Canada Deposit Insurance Corporation
C-4 Canada Lands Surveys
C-5 Currency and Exchange
C-6 Diplomatic and Consular Privileges and Immunities
C-8 Financial Administration and Satisfied Securities
C-9 James Bay and Northern Quebec Native Claims Settlement
C-11 Pension
C-12 Income Tax Conventions
C-13 Historic Sites and Monuments
C-14 Port of Halifax Operations
C-15 Customs Tariff (No. 1)
C-18 Bretton Woods Agreements
C-19 Government Expenditures Restraint
C-20 Auditor General
C-21 Excise Tax (No. 1)
C-22 Income Tax
C-23 Statute Law (Metric Conversion) Amendment
C-24 Immigration
C-25 Canadian Human Rights
C-26 Government Organization (Scientific Activities) 1976
C-27 Employment and Immigration Reorganization
C-28 Appropriation No. 5, 1976

Bills, Numerically, Commons - *Concluded*

C-34 Canadian Wheat Board, Western Grain Stabilization
C-35 Old Age Security
C-36 Motor Vehicle Safety
C-37 Federal-Provincial Fiscal Arrangements and Established Programs Financing
C-38 Fisheries
C-39 Bank and Quebec Savings Banks
C-41 Maritime Code
C-44 Appropriation No. 1, 1977
C-45 Appropriation No. 2, 1977
C-46 Aeronautics and National Transportation
C-47 Export Development
C-48 Farm Improvements, Small Businesses, Fisheries Improvement Loans
C-49 Canada Pension Plan
C-50 Judges
C-51 Criminal Law Amendment
C-52 Unemployment Insurance Entitlements Adjustment
C-53 Miscellaneous Statute Law Amendment 1977
C-54 Excise Tax (No. 2)
C-55 Customs Tariff (No. 2)
C-58 Appropriation No. 3, 1977
C-63 Air Traffic Control Services Continuation
C-207 Railway
C-256 Criminal Code (counterfeit of rare coins and notes)
C-283 Electoral Boundaries Readjustment (Beauharnois-Salaberry)
C-309 Solar Energy Application
C-392 Electoral Boundaries Readjustment (Brampton-Georgetown)
C-393 Electoral Boundaries Readjustment (Wellington-Dufferin-Simcoe)
C-394 Electoral Boundaries Readjustment (Huron-Bruce)
C-405 Electoral Boundaries Readjustment (Lethbridge-Foothills)
C-406 Electoral Boundaries Readjustment (Kootenay East-Revelstoke)
C-418 Electoral Boundaries Readjustment (Laval)
C-422 Electoral Boundaries Readjustment (London-Middlesex)
C-427 Electoral Boundaries Readjustment (Blainville-Deux-Montagnes)
C-428 Electoral Boundaries Readjustment (Saint-Jacques)
C-429 Electoral Boundaries Readjustment (Saint-Léonard-Anjou)
C-433 Electoral Boundaries Readjustment (Cochrane)
C-1001 Continental Bank of Canada

Bills, Numerically, Senate

S-1 Railways (*pro forma*)
S-2 Bell Canada
S-3 Canadian and British Insurance Companies, Foreign Insurance Companies
S-4 Petroleum Corporations Monitoring

Bills, Private and Local, Commons

Continental Bank of Canada C-1001. 1r, 983; 2r, 1025-7; ref to com, 1027-8; rep without amdt, 1032; 3r, 1038; r.a., 1161

Bills, Private and Local, Senate

Bell Canada S-2. 1r, 178; 2r, 181-6, 194-7; ref to com, 197; rep without amdt, 227; 3r, 237

Bills, Private Member's (Public), Commons

Solar Energy Application C-309. 1r, 638; 2r, 726-9, 740-1, 745-7, 759-60, m in amdt that bill be not read second time but that subject matter be ref to com, 760-5; Speaker's ruling on point of order, 790-1; m in amdt neg, 791-4; m to ref bill to com, m in amdt, 794-6, 809-11, 845-8; ref to Banking, Trade and Commerce Com, 848

Bills, Public, Commons

Advance Payments for Crops C-2. 1r, 637; 2r, 643-5, 651-3, 655-6; ref to com, 656; rep without amdt, 673; 3r, 679; r.a., 703

Aeronautics and National Transportation C-46. 1r, 874; 2r, 937, 972-3; ref to com, 973; rep without amdt, 975; 3r, 985; r.a., 1031

Air Traffic Control Services Continuation C-63. 1r, 1293; 2r, 1293-1311; 3r, 1311; r.a., 1311

Appropriation No. 5, 1976 C-28. 1r, 224; 2r, 225-6, 230-3; 3r, 237-8; r.a., 243

Appropriation No. 1, 1977 C-44. 1r, 552-3; 2r, 558-60, 563-6; ref to Committee of the Whole, 566; bill committed to Committee of the Whole, Hon. Alan A. Macnaughton in the Chair, Hon. Robert Andras, President of the Treasury Board, taking part in debate, 574-84; rep without amdt, 584; 3r, 588-9; r.a., 600

Appropriation No. 2, 1977 C-45. 1r, 574; 2r, 585-6, 589-91; ref to Committee of the Whole, 591; bill committed to Committee of the Whole, Hon. Alan A. Macnaughton in the Chair, 592-4; rep without amdt, 594; 3r, 594; r.a., 600

Appropriation No. 3, 1977 C-58. 1r, 975; 2r, 978, 1012-15; 3r, 1025; r.a., 1031

Auditor General C-20. 1r, 1032; 2r, 1049-51, 1067-8; ref to com, 1068-9; rep without amdt, 1106; 3r, 1114-17; r.a., 1161

Bank and Quebec Savings Banks C-39. 1r, 653; 2r, 679, 731-3; 3r, 738; r.a., 941

Bretton Woods Agreements C-18. 1r, 996; 2r, 1028-9, 1102-04; 3r, 1108; r.a., 1161

Canada Deposit Insurance Corporation C-3. 1r, 874; 2r, 900-02; ref to com, 902; rep without amdt, 958; 3r, 971; r.a., 1031

Canada Lands Surveys C-4. 1r, 887; 2r, 948-9, 965-6; 3r, 971; r.a., 1031

Canada Pension Plan C-49. 1r, 1111; 2r, 1111-13, 1127-32; ref to com, 1132; rep without amdt, 1152; 3r, 1159-60; r.a., 1161

Canadian Human Rights C-25. 1r, 820; 2r, 840-4, 876-8, 887-93; ref to com, 893; rep without amdt, 1052; m for 3r, 1098, 1107-08; 3r, 1108; r.a., 1161

Canadian Wheat Board, Western Grain Stabilization C-34. 1r, 887; 2r, 939-40, 947-8, 962-5; ref to com, 965; rep with recommendation that bill be not proceeded with, 1152-3, 1175-80, 1183-95, 1214-16; m that rep be ref back to com, 1216-17, neg, 1217-18; m that rep with recommendation be adopted, 1218, neg, 1218; 3r, 1246-8; r.a., 1288

Criminal Code (counterfeit of rare coins and notes) C-256. 1r, 1036; 2r, 1098-9, 1108-10; ref to com, 1110

Criminal Law Amendment C-51. 1r, 1162; 2r, 1165-7, 1196-7; ref to com, 1197; rep without amdt, 1243; 3r, 1248; r.a., 1288

Currency and Exchange C-5. 1r, 996; 2r, 1029-30, 1069-72; 3r, 1098; r.a., 1161

Customs Tariff (No. 1) C-15. 1r, 273; 2r, 289-93, 309-12; ref to com, 312; rep without amdt, 449-50; 3r, 458; r.a., 462

Customs Tariff (No. 2) C-55. 1r, 715; 2r, 766-7, 775-8; ref to com, 778; rep without amdt, 787; 3r, 809; r.a., 940

Diplomatic and Consular Privileges and Immunities C-6. 1r, 874; 2r, 902-06; ref to com, 906; rep without amdt, 959; 3r, 971; r.a., 1031

Electoral Boundaries Readjustment C-283 (Beauharnois-Salaberry). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment C-427 (Blainville-Deux-Montagnes). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment C-392 (Brampton-Georgetown). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment C-433 (Cochrane). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment C-394 (Huron-Bruce). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment C-406 (Kootenay East-Revelstoke). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Bills, Public, Commons - *Concluded*

Electoral Boundaries Readjustment C-418 (Laval). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161
Electoral Boundaries Readjustment C-405 (Lethbridge-Foothills). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161
Electoral Boundaries Readjustment C-422 (London-Middlesex). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161
Electoral Boundaries Readjustment C-428 (Saint Jacques). 1r, 1036; 2r, 1105; 3r, 1105, r.a., 1161
Electoral Boundaries Readjustment C-429 (Saint Leonard-Anjou). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161
Electoral Boundaries Readjustment C-393 (Wellington-Dufferin-Simcoe). 1r, 1036, 2r, 1105; 3r, 1105; r.a., 1161
Employment and Immigration Reorganization C-27. 1r, 1163; 2r, 1167-71, 1197-1203; ref to com, 1203; rep without amdt, 1213; 3r, 1246; r.a., 1288
Excise Tax (No. 1) C-21. 1r, 273; 2r, 312-14, 376-9; ref to com, 379; rep without amdt, 390; 3r, 396; r.a., 462
Excise Tax (No. 2) C-54. 1r, 738; 2r, 747-9, 796-9; ref to com, 799; rep without amdt, 829; 3r, 840; r.a., 941
Export Development C-47. 1r, 787; 2r, 821-3, 829-34; ref to com, 834; rep without amdt, 845; 3r, 864; r.a., 941
Farm Improvement, Small Businesses, Fisheries Improvement Loans C-48. 1r, 887; 2r, 931-2, 945-6; ref to com, 946-7; rep without amdt, 975; 3r, 985; r.a., 1031
Federal-Provincial Fiscal Arrangements and Established Programs Financing C-37. 1r, 561; 2r, 594-600, 602-18; m to ref bill to Banking, Trade and Commerce Com, 618-20; m in amdt that bill be ref to Legal and Constitutional Affairs Com, neg, 620-2; bill ref to Banking, Trade and Commerce Com, 622; rep without amdt, 624; 3r, 624-8; r.a., 636
Financial Administration and Satisfied Securities C-8. 1r, 820; 2r, 836-7; 3r, 840; r.a., 941
Fisheries C-38. 1r, 1016; 2r, 1033-5, 1099-1102; ref to com, 1102; rep without amdt, 1126; 3r, 1141; r.a., 1161
Government Expenditures Restraint C-19. 1r, 250; 2r, 253-6, 257-65; ref to com, 265; rep without amdt, 267; 3r, 268-70; r.a., 272
Government Organization (Scientific Activities) 1976 C-26. 1r, 820; 2r, 848-51; 879-80, 893-900; ref to com, 900; rep with amdt, 959, 971-2; 3r, 976-7; Commons agreement to amdt, 999; r.a., 1031
Historic Sites and Monuments C-13. 1r, 820; 2r, 851, 864-5; 3r, 876; r.a., 941
Immigration C-24. 1r, 1163; 2r, 1174-5, 1206-11; ref to com, 1211; rep without amdt but with statement re powers of Governor in Council, 1244; m for 3r, 1248-9, m in amdt, 1249-55, neg, 1255-6; 3r, 1256; r.a., 1288
Income Tax C-22. 1r, 407; 2r, 408-09, 419-25; ref to com, 425; rep without amdt, 451-7; 3r, 458; r.a., 462
Income Tax Conventions C-21. 1r, 829; 2r, 880-2, 900, 932-6; 3r, 945; r.a., 1031
James Bay and Northern Quebec Native Claims Settlement C-9. 1r, 673; 2r, 679-82, 717-21, 739-40; ref to com, 740; rep with comments but without amdt, 958-9; m for 3r, 1006-08, m in amdt, 1008-12, 1019-25, 1038-49, 1053-67, 1092-7, m neg, 1097; 3r, 1098; r.a., 1161
Judges C-50. 1r, 787; 2r, 823-5, 834-6, 882-6; ref to com, 886; rep without amdt, 928; 3r, 945; r.a., 1031
Maritime Code C-41. 1r, 677; 2r, 701-03, 722-6; ref to com, 726; rep with amdts, 1313-18, 1319-25; 3r, 1325-6
Miscellaneous Statute Law Amendment 1977 C-53. 1r, 820; 2r, 865-6, 908-09; ref to com, 909; rep without amdt, 928; 3r, 945; r.a., 1031
Motor Vehicle Safety C-36. 1r, 874; 2r, 906-08, 913-14; 3r, 930; r.a., 941
Old Age Security C-35. 1r, 489; 2r, 499-504, 536-40; ref to com, 540; rep without amdt, 561; 3r, 574; r.a., 600
Pension C-11. 1r, 637-8; 2r, 645-6, 665-9; ref to com, 669; rep without amdt, 677-8; 3r, 678; r.a., 703
Port of Halifax Operations C-14. 1r, 64; 2r, 64-67; 3r, 67; r.a., 68
Railway C-207. 1r, 704; 2r, 731, 771-2; 3r, 775; r.a., 941
Solar Energy Application C-309. 1r, 638; 2r, 726-9, 740-1, 745-7, 759-60; m in amdt that bill be not read second time but that subject matter be ref to com, 760-5; Speakers's ruling on point of order, 790-1; m in amdt neg, 791-4; m to ref bill to com, m in amdt, 794-6, 809-11, 845-8; ref to Banking, Trade and Commerce Com, 848
Statute Law (Metric Conversion) Amendment C-23. 1r, 1163; 2r, 1171-4, 1203-06; 3r, 1214; r.a., 1288
Unemployment Insurance Entitlements Adjustment C-52. 1r, 677; 2r, 688-90; 3r, 700-01; r.a., 703

Bills, Public, Senate
Canadian and British Insurance Companies, Foreign Insurance Companies S-3. 1r, 434; 2r, 458-60, 468-9; ref to com, 469; rep with amdts, 476, 490; 3r, 499; Commons amdts, 996-9, 1072-4; r.a., 1161
Petroleum Corporations Monitoring S-4. 1r, 700; 2r, 721-2, 749-52, 765-6; ref to com, 766; rep with amdts, 970-1, 977-8, 985; 3r, 1006
Railways S-1 (*pro forma*). 1r, 6

Blois, Hon. Frederick M. (Resigned October 12/76)
Tributes, 72-74

Bonnell, Hon. M. Lorne
Mexico, Interparliamentary meeting Canada-Mexico, 1104-05
Developing countries, economic activity and living standards, 1104-05
Discussion subjects, 1104
International Economic Cooperation, conference on, 1105
International relations, 1104
Personality disorders and criminal behaviour, 505-06
Transportation, land, air, sea, regional differences in Canada, 201-03, 396, 430-2
Air fare, Charlotte Islands to British Columbia, 431
Atlantic provinces, dependence on transportation services, 201-03
Federal assistance in relation to regional differences, 201-02
Freight rates and freight assistance, 203
Prince Edward Island and New Brunswick, 201, 431
Ice-breaking ferry, 431
Shipments of potatoes and other perishables, 431
Statement of Hon. Otto Lang to PEI Tourist Assoc. and Restaurant Assoc., 201, 430
Subsidies, 202-03; Prince Edward Island, Nova Scotia and Newfoundland, 202-03
Tourism, increased ferry rates, 202
Commission appointed by federal and Newfoundland governments, 430-1
User-pay policy, 201, 430, 431
Question, 396

Borrowers and depositors protection, 1220-5, *see appendix of July 11/77*

Bosa, Hon. Peter (Introduced in the Senate Apr. 26/77)
Energy, construction of natural gas pipeline, 1285-6
Yukon Indians and Inuit, preservation of culture, 1285-6
Gold rush and Alaska Highway effects, 1286
Immigration bill C-24, 1211, 1256
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1049
Multiculturalism, 1256, 1285-6
National unity, economic and cultural aspirations of various regions, 664, 767-9
Bilingualism and biculturalism, 767-8
Air pilots' strike, Quebec, 767
Canadian Consultative Council on Multiculturalism, 767-8
Misunderstandings by Quebecers, 768
Multiculturalism, 768
Senate public relations, 769
Railway bill C-207, 731
Reactivation of lines, abandonment of lines or expansion, announcement of, 731

Bourget, Hon. Maurice
James Bay and Northern Quebec Native Claims Settlement bill C-9, 679-82, 721, 739-40
Agreement between Crees, Inuit, federal and provincial governments, 680-1. 739-40
Injunction to stop James Bay project, 680
Monetary compensation to Northern Quebec natives, 681

Bourget, Hon. Maurice - *Concluded*
James Bay and Northern Quebec Native Claims Settlement bill C-9 - *Concluded*
Native participation in Territory administration, 681-2
Non-signatory Indians or Inuit rights, 681, 721, 739
Obligations and jurisdiction re native land settlement claims, 680, 740
Quebec Boundaries Extension Act, 680
Maritime Code bill C-41, 1324-5
Senate committee meeting during Senate sitting, 806
Speaker *pro tem,* 650, 770, 775, 829

Bretton Woods Agreements
Exchange rate system, 1029
Gold, status in exchange between countries, 1029, 1103
International Bank for Construction and Development, 1028
International Monetary Fund, 1028, 1103, 1104
Subscriptions to IMF and World Bank, 1028-9, 1103, 1104
Surveillance powers of IMF, 1029
US currency and gold holdings, 1028
US Monetary and Financial Conference (1944), 1102-03
Excerpt from speech of Secretary Morgenthau, 1102-03
World Bank, 1103, 1104
Speakers: Senators
Everett, Douglas D., 1028-9
Smith, George I., 1102-04

Bretton Woods Agreements bill C-18. 1r, 996; 2r, 1028-9, 1102-04; 3r, 1108; r.a., 1161

British Columbia
Financial contribution to Confederation, 640
Grain, provision of rail cars to Peace River district, question, 125
National unity, 709, 779-8, 786
Oil transshipments to Pacific coast ports, public hearings re environmental aspects, 308-09
Railwest rolling stock facility, question, 1141
Transportation problems
BNA Act provisions re jurisdiction of transportation, 241
Canadian Pacific Airlines, 243
Coastal communities, 242-3; *Malibu Princess*, 242
Competition in rail transport, 241
Ferry service, Victoria-San Francisco, federal financing of, 242
Province article by Norman Hacking re subsidies, 242
Illegal strikes, 243
Railways, abandonment of passenger and freight services, 243
Transport ministry, *Sun* article by Paul St. Pierre re, 241
See Transportation by land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402, 430-2

Buckwold, Hon. Sidney L.
Address in reply to Speech from the Throne, 32-36
Air Traffic Control Services Continuation bill C-63, 1304-05
Recommendations of Committee on Employer-Employee Relations in the Public Service, 1304-05
Responsibility of unions in protection of public interest, 1304
Right to strike, 1305
Bell Canada bill S-2, 197

Buckwold, Hon. Sidney L. - *Concluded*
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1179, 1180, 1189-90, 1192
Endorsation of permit books, 1190
Necessity of bill, question of, 1190
Rapeseed producers, 1190
Confederation, separatist appeal to NB French minority, 447
Diefenbaker, Olive E., the late, 271
Employer-Employee Relations in the Public Service, Special Joint Committee
Expenses, 148
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1044
Extinguishment of claims, 1044
Lapointe, Hon. Renaude, Speaker of the Senate, tribute to, 32
National unity, role of Senate, questions re, 277-8
Prairie provinces, drought conditions, 674
Public service, collective bargaining system, 33, 36
Illegal strikes, 34-36; penalties for, 35, 36
Public Service Staff Relations Board, Chairman Jacob Finkleman, 33
Recommendations of Committee on Employer-Employee Relations in the Public Service, 34
Right to strike, 34
Saccharin, m that Health, Welfare and Science Com inquire into proposed ban on, 623, 630, 631-3, 682-4, 690-2; agreed to, 692
Dental caries, 691
Diabetics, 691
Genetic effects, 633
Precautionary measures to be taken by government, 631, 691-2
Precipitous action of government in enforcement of ban, 632-3, 691
Protests on ban, 691
Scientific comments as result of study on ban, 632-3
Globe and Mail, 633
International convention of toxicologists, 632
Time magazine, 633
United Press dispatch, Washington, 632
Saskatchewan, grain crop, 33
Senate business, 1292
Steuart, Hon. David Gordon, 223
Transportation
Possibility of air traffic controllers' strike, 1265-6, *see* 1304-05
Transportation by land, air and sea, regional differences in Canada, 246-9
Crowsnest Pass, 248
Freight rates, regional differences, 247
Grain shipments, Saskatchewan, 247-8
Statement issued by Saskatchewan government, 247-8
Rail service in western Canada, Hall Inquiry, 247
Snavely Commission on transportation, 248-9
Costs and revenues of moving grain, 248-9
Railway costing procedures, 249

Budget Speech
Accommodation for senators in Senate gallery of Commons, 624

Burchill, Hon. G. Percival (Deceased Aug. 22/77)
Air Canada service during closing of Ottawa airport, 551
Lumber industry
Tariff on importation of softwood plywood, effect on Canadian industry, 189-90
Globe and Mail article 'Dropping Behind Against World Competition', 189
Unemployment in lumber plants, 189-90
US imports, 189
Tributes, 1312-13
Veniot, Hon. Clarence Joseph, the late, 463-4

Cameron, Hon. Donald
Energy, construction of natural gas pipeline, 1271
Prowse, J. Harper, the late, 8

Canada Day
Celebration program, arrangements by National Unity Council, 1005
Parliament Hill celebration, parking for senators' cars, 1033

Canada deposit insurance corporation
Corporation members, 902
Coverage, increase suggested, 902
Debentures or securities payable outside Canada, 901
Deposits, definition of, 901
Expenses of liquidator of member institution, 901
Losses, 901
Premium on insured deposits, 900
Purpose and history of act, 900-01
Quebec plan, 901
Rebates of premiums, 901
Repayment to government of original capital, 901
Speakers: Senators
Macnaughton, Alan A., 900-02
Walker, David J., 902

Canada Deposit Insurance Corporation bill C-3. 1r, 874; 2r, 900-02; ref to com, 902; rep without amdt, 958; 3r, 971; r.a., 1031

Canada lands surveys
Application for commission or certificate, 949
Dominion land surveyor, change of name, 949, 965
Land surveyor's monument, 949
Public lands, 949
Quadrilateral township lands, 949
Torrens system of land registration, 965, 966
Speakers: Senators
Haig, J. Campbell, 965-6
Riley, Daniel, 948-9, 966

Canada Lands Surveys bill C-4. 1r, 887; 2r, 948-9, 965-6; 3r, 971; r.a., 1031

Canada Pension Plan
Administrative amdts, 1113
Background of Plan, 1111
Children's benefits, 1113

Canada Pension Plan - *Concluded*
Contributions, provincial borrowing of, 1128, 1131
Contributory period stipulations, 1112
Drop-out provision, 1112, 1129, 1132
Equality credits for spouses upon breakup of marriage, 1111-12, 1127-31
Funding of Plan, 1127-8, 1131
Ontario power of veto, 1112, 1129-30
Payments to Advisory Committee members, 1113, 1130, 1132
Quebec Pension Plan, 1113, 1129
Recognition of women who work in home, 1130-2
Retroactivity for late applications, 1112, 1130
Survivors benefits, 1112
Speakers: Senators
Carter, Chesley W., 1111-13, 1132
Flynn, Jacques, 1131
Macdonald, John M., 1130-1
Smith, George I., 1127-30

Canada Pension Plan bill C-49. 1r, 1111; 2r, 1111-13, 1127-32; ref to com, 1132; rep without amdt, 1152; 3r, 1159-60; r.a., 1161

Canada-United States Inter-Parliamentary Group, Victoria meeting, 1213, 1225-42
Automotive trade, 1231-2
Beaufort Sea, 1228-30, 1237
Champlain-Richelieu flood control, 1230
Coastal pollution, 1226-7
Cross-border workers, 1234-5
Delegations, Canada and United States, 1225
Dickey-Lincoln dam project, 1230
Energy issues and multilateral concerns, 1235-6
Environmental issues, 1226-31
Flathead River, water degradation, 1230
Gas pipeline, 1236
Great Lakes, 1237
Non-tariff barriers, 1233
Oil pipeline, 1236-7
Remarks at Opening Plenary Session, by Martin O'Connell, M.P., 1239-42
St. Lawrence Seaway tolls, 1233-4
Security and cooperation in Europe, 1237
South Africa, 1237-8
Tourist trade, 1232-3
Trade and economic issues, 1231-5
Trident submarine base, 1227
Two-hundred mile fishing limit, 1230-1
Speaker: Senator
Lang, Daniel A., 1213, 1225-42

Canada-United States relations
Diversion of water from Lake Michigan, question, 237, 309, 391, 435-6
Great Lakes Water Quality Agreement, 808, 983-4
Implementation of terms of agreement, 983-4
Review of agreement, 984
Pipeline construction, 1270-1, 1273, 1279, 1283-4
Ross Dam, Skagit Valley flooding, 787-9
Trade competition, 212

Canada Week
Parliament Hill program, question, 1005, 1318

Canadian and British Insurance Companies, Foreign Insurance Companies
Acquisition costs of life insurance, 459
Amalgamations, 490
Assets for deposit by British company to cover Canadian liabilities, 490
Audit requirements, 460
Calculation of actuarial reserves, 459, 1073
Capital and surplus requirements for property and casualty insurance companies, 460, 461
Conduct of business ancillary to insurance, 460
Definition of British company, 460
Investment powers, 460, 490, 1072-3
Jurisdiction over insurance companies, 468-9
Excerpt from Revised Statutes (1970), 469
Question ref to Privy Council, 469
Reserves, 490
Shares and changing of values, 490
Valuation of assets, 459-60, 468, 1073
Speakers: Senators
Flynn, Jacques, 468-9
Godfrey, John M., 458-61, 469, 1072-4
Grosart, Allister, 1073, 1074
Hayden, Salter A., 476, 490

Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3. 1r, 434; 2r, 458-60, 468-9; ref to com, 469; rep with amdts, 476, 490; 3r, 499; Commons amdts, 996-9, 1072-4; r.a., 1161

Canadian Armed Forces
Participation in and costs of international peacekeeping, question, 143, 285-6
Retired personnel, alleviation of hardships, question, 971, 984
Senate Chamber paintings depicting World War I and World War II, 1158, 1219-23
Canadian achievements and sacrifices in field of battle, 1219-20
Poetic tributes to Canadians who died in service, 1222

Canadian Broadcasting Corporation
Accountability to Parliament, 675
CRTC inquiry into CBC activities, 489, 499, 533-6
Documentary program *The Fifth Estate* re McCain Foods, 229-30
Questions re, 245-6, 280-1, 286, 465-8
Proposed appearance before Senate Committee of CBC President and commentators, 419
Radio Canada
Freedom of information, 414
Lack of professional ethics in reporting, 414
Role in promoting national unity, 470
Salary of former employee, 467-8, 675
Request for further answer to question, 771, 808-09

Canadian Flag, *see* Flag, Canadian

Canadian human rights
Appeals, decision of Privacy Commissioner, 1108
Bill of Rights, 841, 877

Canadian human rights - *Concluded*
Canadian identity and the Constitution, excerpts from report of Committee on the Constitution of Canada, 876-7, 878
Complaints, procedure for dealing with, 843
Equal pay formula, 842
Exemptions to right of information, etc., 1108
Freedom from discrimination, 841-2, 844, 890
Human Rights Commission, members and powers, 842-3, 877, 891
Indian women, loss of rights on marriage to white men, 878, 892
International covenants on human rights, 877
Labour Code, provisions against discrimination, 841
Language rights, 878, 884, 891-2
Ministerial powers, 887-9, 1107-08
Physically handicapped persons, 892
Political beliefs discrimination, 888-90, 891
Senate appointments, 890
Privacy Commissioner, 877
Privileged communications between lawyer and client, 888, 889
Prohibited grounds of discrimination, 842
Racism and discrimination, 841-2, 878
Regulation and guideline, definition of, 888, 889
Sexual orientation, 891
Subdelegation on recommendation of Commission, 888
Tribunal hearings, 889
Speakers: Senators
Flynn, Jacques, 891, 1107-08
Forsey, Eugene A., 878, 887-9
Goldenberg, H. Carl, 840-4, 890-3, 1108
Greene, John J., 844
Hicks, Henry D., 890
Molson, Hartland de M., 844
Smith, George I., 889-90, 891, 892
van Roggen, George C., 890
Yuzyk, Paul, 876-8, 892

Canadian Human Rights bill C-25. 1r, 820; 2r, 840-4, 876-8, 887-93; ref to com, 893; rep without amdt, 1052; m for 3r, 1098, 1107-08; 3r, 1108; r.a., 1161

Canadian Parliamentary Guide, 273-4
Corrections, time limit for, 273
Review of contents, suggestion for, 273

Canadian Wheat Board, western grain stabilization
Administration of Wheat Board operations, 1194-5
Agricultural produce, definition, 1176
Canadian Wheat Board pooling system, 963-4, 965, 1177, 1184, 1185
Costs and administration of, 1185-6, 1189
Excerpts from com rep and of speeches of senators in com, 1176-7, 1193-4
Feeds bill amdt by Senate cited, 1178
Initial payments guarantee agreement, 939, 1176
Levies from marketing pools, 939
Marketing of rapeseed and other grains through Board, 964
Marketing plans, submission of proposal for, 948

Canadian Wheat Board, western grain stabilization - *Concluded*
Marketing pools for producers of rapeseed and other grains, 939, 964
Merits of legislation questioned, 963-4
Obligation of producers to complete crop year with pool, 940, 947-8, 964
Permit book endorsation, 1187, 1190, 1192-3, 1194
Rapeseed industry, 947, 1189, 1190, 1214-15
Markets, 1214-15
Prices, 1184, 1215
Recovery of losses, 939, 964
Reversal of vote for pooling, possible effect of, 1194
Selling outside pool, 964, 1184, 1194
Voluntary pools, 939, 940, 947, 963, 1177, 1184, 1185
Witnesses invited to appear before committee, 1177, 1179-80, 1184-5, 1191-2, 1216-17
Speakers: Senators
Argue, Hazen, 962-4, 1152-3, 1175-80
Benidickson, W. M., 1153
Buckwold, Sidney L., 1179, 1180, 1189-90, 1192
Flynn, Jacques, 1153, 1246-7
Forsey, Eugene A., 1188
Greene, John J., 1153, 1186, 1188, 1189, 1247
Grosart, Allister, 1187-8
Hays, Harry, 1187, 1214-15, 1216
Molson, Hartland de M., 1184
Olson, Horace Andrew, 939-40, 964-5, 1183-7, 1216-17
Perrault, Raymond J., 1188, 1217, 1247
Sparrow, Herbert O., 1191-4
Steuart, David G., 1194-5, 1216
Yuzyk, Paul, 947-8, 1188-9, 1217

Canadian Wheat Board, Western Grain Stabilization bill C-34. 1r, 887; 2r, 939-40, 947-8, 962-5; ref to com, 965; rep with recommendation that bill be not proceeded with, 1152-3, 1175-80, 1183-95, 1214-16; m that rep be ref back to com, 1216-17, neg, 1217-18; m that rep with recommendation be adopted, 1218, neg, 1218; 3r, 1246-8; r.a., 1288

Carter, Hon. Chesley W. (Retired July 13/77)
Address in reply to Speech from the Throne, 115-18
Baltic Honorary Consuls, visitors to Senate, 463
Basha, Hon. Michael G., the late, 168-9
Canada Pension Plan bill C-49, 1111-13, 1132
Administrative amdts, 1113
Background of Plan, 1111
Children's benefits, 1113
Contributions, provincial borrowing of, 1131
Contributory period stipulations, 1112
Drop-out provision, 1112, 1132
Equality credits for spouses upon breakup of legal marriage, 1111-12
Funding of Plan, 1131
Ontario power of veto, 1112
Payments to Advisory Committee members, 1113, 1132
Quebec Pension Plan, 1113
Recognition of women who work in home, 1132
Retroactivity for late applications, 1112
Survivors benefits, 1112

Carter, Hon. Chesley W. - *Continued*
Clerestory of the Senate Chamber, 1158-9
Pictures depicting World War I, 1158
Traditional dress of Speaker, officials and pages, 1159
Unity theme, 1158-9
Evidence of Dr. Jacques Monet, Canadian Historical Association, 1159
Walls, 1158
Windows, 1158
Confederation, 437-41
Newfoundland-Labrador boundaries, 439
Boundaries of Canada (1964), 439
Encyclopedia Canadiana, excerpt re Labrador boundaries, 439
Senate role in inquiry into Confederation and separatism, 438-40
Defining of democracy, 440
Fact finding, 438-9
Promotion to counter-ideology, 439
Provincial awareness, 440
Separatism, 437-41
Defence aspects, 439
Economic aspects, *Citizen* article by D. Fullerton, 440
Federal responsibility to native peoples, 439
Newfoundland, consideration of separatism and possible joining with US (1948-49), 438
Other provinces, 438
Quebec, 437-9; Parti Quebecois, 438
Constitution of Canada, 116
Freedom, erosion of, 116
Free enterprise and free democracy, 116-17
Government Expenditures Restraint bill C-19, 255
Government Organization (Scientific Activities) bill C-26, 848-51, 898, 899, 959, 971, 972, 976-7
Act of Creation, 899
Budgets of councils, 850, 899, 976-7
Coordination of council granting policies and budgets, 849-50
Defence Research Council, 850
Dictionary of Canadian Biography, 848
Lobster hatchery research, 899
Medical Research Council, 849, 850
MIT study, 898
National Research Council, 850, 898
Natural Sciences and Engineering Research Council, 849, 850
Objectives of councils, 849
Separation of granting powers from existing councils, 898
Social Sciences and Humanities Council, 849, 850
Technology Transfer: Government Laboratories to Manufacturing Industry, 850
University projects, 848, 850-1
Report of Professor Symons, 848
Government policies and plans, 115
Excerpt from press release of Chamber of Commerce re, 115
Health, Welfare and Science Committee
Reports
Government Organization (Scientific Activities) bill C-26, rep with amdt, 959, 971-2, 976-7
Helsinki Agreement, motion that Senate support principles of, 962
Manpower and Immigration Dept., Manpower Division, 136-8

Carter, Hon. Chesley W. - *Concluded*
National unity, economic and cultural aspirations of various regions, 825-8
Education, 827
Indians, derogatory history teachings re, 827
Indoctrination of political view through media, 827-8
Provincial jurisdiction, 827
Student unemployment, 828
Teacher training, 827
Excerpt of letter from Dr. Paul Campbell (Moral Re-Armament), 828
Human dignity, 826-7, 828
Misunderstandings, 826
Newfoundland, 826
Disappearance of culture, historic sites and monuments, 826
Lack of federal capital, 826
Public debt, 826
Resource limitations, 826
Senate role, 825-6
Pension bill C-11, 645-6, 667-9
Background of pension legislation, 645
Backlog of claims, 646
Categories of pension and percentages granted, 668
Cessation of pension upon death, 668
Correlating of former medical reports with present disability, 669
Entitlement Board, 645
Medical officers of Pension Commission, 668
Newfoundland veterans, 667-8
Pension Commission, 667
Personality disorders and criminal behaviour, 251-2
Background of previous study by committee, 251
Deprivation in background of criminals, 252
Financial aspect of crime, 252
Globe and Mail article re mentally ill babies, 252
Research, suggestions re, 252
Quebec province, area and boundary, 267, 468
Senate business, 268
Social values and luxury spending, 117
Solar Energy Application bill C-309, 792
Referral of subject matter to com, 792
Transportation, 116
Tributes, 1137-9, 1161
Reply, 1139
World hunger, 115

Childhood experiences as causes of criminal behaviour
See Personality disorders and criminal behaviour, 190-2, 206-09, 238-40, 249, 251-2, 265-6, 496-7, 505-06, 547-9, 554-6

Choquette, Hon. Lionel
Bank bill and Quebec Savings Banks bill C-39, 733
Bell Canada bill S-2, 183
Microsystems, 183
Competition policy, 672
Fisheries bill C-38, 1100
Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate, 170-1

Choquette, Hon. Lionel - *Concluded*
National unity, 1033
Parliament, reintroduction of legislation in next session, 757

Citizenship
Contradictory information emanating from Dept. of Secretary of State, 109
Statement from Prime Minister's office re the late Lord Thomson, 109

Clerestory of the Senate Chamber, recommendations of committee and discussion on, 878-81, 1158-9, 1218-24
Artists for renovation projects, 857
Furnishings, 1136
Galleries, 980
Jurisdiction and authority for suggested changes, 853
Locus of Parliament, 853, 1219
Pictures depicting World War I, 1158, 1219-23
Canadian achievements and sacrifices in field of battle, 1219-20
Poetic tributes to Canadians who died in service, 1222
Significance of war on Canada's history and industry, 1220-3
Throne area, 858, 981, 1219
Unity theme, 1158-9
Walls, 854-7, 979-80, 1219, 1223
Windows, 854, 856, 979, 1222

Clerestory of the Senate Chamber, Special Senate Committee
Appointment, 465, 483
Members, 532
Reports
First report, 840, 852-61, 978-81, 1135-6, 1158-9, 1218-24
Terms of reference, 465, 483

Clerk of the Senate
Receipts and disbursements (1976-77) ref to com, 770

Combines investigation
See Competition policy, 670-2, 1146-51 and *Appendix to Debates of July 13/77*

Commissions, inquiries, etc.
Berger Inquiry on gas pipeline from western Arctic to southern Canada and continental United States, 1269, 1276, 1277
Concentration of Corporate Power, 678, 687
Hall Inquiry on rail service in western Canada, 247
Lysyk Report on gas pipeline from western Arctic to southern Canada and continental United States, 1272, 1273, 1276-9, 1283
MacPherson Commission on Transportation, 247, 396-8
Skeoch-McDonald Commission, report titled *Dynamic Change and Accountability in the Canadian Market Economy*, 1148
Snavely Commission on Transportation, 248-9

Committee of Selection
Appointment, 6
Members, 6
Reports
Standing Committees, members, 51-52; report, as amended, adopted, 84; question re membership, 85

Committee of the Whole
Appropriation bill No. 1, 1977 C-44, Hon. Alan A. Macnaughton in the Chair, Hon. Robert Andras, President of Treasury Board, taking part in debate, 574-84
Appropriation bill No. 2, 1977 C-45, Hon. Alan A. Macnaughton in the Chair, 592-4

Committee on Orders and Customs of the Senate and Privileges of Parliament
Appointment, 6

Committees, general data
Agriculture
Expenses re study of Kent County, 143
Banking, Trade and Commerce
Budget, 756, *see Journals*
Expenses, five-year period, 128-9
Expenses, special, re study of legislation, 148
Resignation of certain members due to possible conflict of interest, 122-4, 126-36
Committee meetings during Senate sittings, 374-6, 805-07, 1211-12
Committee of the Whole
Appropriation bill C-44, 575-84
Appropriation bill C-45, 592-4
Confederation, special Senate committee proposed, 275, 293-6, 437-41, 444-7, 566-73
Employer-Employee Relations in the Public Service
Expenses, special, 148
Foreign Affairs
Expenses re study of Canada-US relations, 124
Health, Welfare and Science
Budget, 673, *see Journals*
Internal Economy, Budgets and Administration
Organization meeting, 85
Salary revisions, 673
Sub-committee on classifications, 87
Labour disputes, special Senate committee proposed, 1308
Legal and Constitutional Affairs
Expenses, special, re study of Bill S-19, 148
Members, *see Journals*
National Finance
Expenses re examination of legislation and other matters, 124
National unity, proposed special Senate committee, 149-50
Natural Resources
Reconstitution of committee, suggestion for, 1286-7
Organized crime, proposed joint committee, 912-13
Reading of committee report in English only, 1153
Recommendations of Senate committees accepted by government, 424
Regulations and other Statutory Instruments
Expenses, special, 143
Science Policy
Budget, 673, 756, *see Journals*
Senate committees role in amending legislation, 1249-55

Committees, Joint, Standing
Library of Parliament
Printing of Parliament
Regulations and other Statutory Instruments
Restaurant of Parliament
See Journals for information respecting membership

Committees, Senate, Special
Clerestory of the Senate Chamber
Science Policy
See Journals for information respecting membership

Committees, Senate, Standing
Agriculture
Banking, Trade and Commerce
Foreign Affairs
Health, Welfare and Science
Internal Economy, Budgets and Administration
Legal and Constitutional Affairs
National Finance
Orders and Customs of the Senate and Privileges of Parliament (Committee of Privileges)
Rules and Orders
Selection
Transport and Communications
See Journals for information respecting membership

Commonwealth Parliamentary Association
Secretary General Sir Robin Vanderfelt, visitor to Senate, 730

Communism
Euro-communists, 235, 282

Competition policy, com authorized to study subject matter of Bill C-42, 670-2; rep of com, 1146-51
Action for damages, 1149
Air travel industry, 1146-7
Appeals, limitations on, 1148-9
Civil remedies, mergers and monopolies, 670
Class actions, 1149-50
Competition in world and domestic markets, 1150-1
Competition Policy Advocate, powers of, 1147
Compulsory licensing re trade marks, 1149
Conscious parallelism, 1148, 1151
Dynamic Change and Accountability in the Canadian Market Economy, report of Skeoch-McDonald Commission, 1148
Letter from Dr. Skeoch, 1148
Joint monopolization, 1148
National Transportation Act, extract from, 1147
Regulated industries, 1146-7
Withdrawal of Bill C-42 and status as white paper, 671-2, 1146

Competition policy - *Concluded*
Speaker: Senators
Deschatelets, Jean-Paul, 1151
Ewasew, John, 1149-50
Greene, John J., 1150
Hayden, Salter A., 670, 671-2, 1146-51
See Appendix to Debates of July 13/77

Concentration of Corporate Power, Royal Commission
Resignation of Chairman Robert Bryce, 678, 687

Confederation
Financial contribution of British Columbia, question, 640
Montreal *Star* report of speech by Senator Forsey, question of privilege, 376

Confederation, proposed special joint committee to examine matters of interest to all Canadians, 275, 293-6, 437-41, 444-7, 566-73
Bilingualism 445-7
Airline pilots, 447
Bigotry and lack of understanding of French and English cultures and aims, 445-6
NB Telephone Company incident, 446
Professional and educational fields, 445-6
Consent of provinces for changes to BNA Act, 567
Exploitation by 'Englishocracy', 445
Flexibility and decentralization in arrangements, 570-2
Globe and Mail article on economic costs of decentralization, 572-3
Jurisdiction in provincial matters, 446-7, 571-2
Cablevision, 446
Communications, 571
Immigration, 571
Licences for buses and trucks, 446; *Winner* case, 446
Urban affairs, 571
Legality of separation of any province, 566
Minority rights, 447
Montreal *Star* report of speech by Senator Forsey, question of privilege, 376
National unity, 572
Negotiation problems in event of Quebec separation, 567-70
Boundaries, 568-9
Corridor to link Atlantic provinces to western Canada, 569
Economic questions, 569-70
National assets and debt, 567-8
St. Lawrence Seaway, 567
New Brunswick, 445-7
Acadians, 445; merchant exploitation of, 445
Educational opportunities, 445-6
Moncton University, 445
Program instituted by former Premier Robichaud, 445
Separatist minority, 445
Newfoundland, ownership of Labrador, 293-4, 439, 444-5, 447
Boundaries of Canada (1964), 439
Churchill Falls hydro development, Quebec contract re, 294
Quebec profits, 294
Termination of contract in event of Quebec status as foreign power, 294

Confederation - *Concluded*
Newfoundland, ownership of Labrador - *Concluded*
Encyclopedia Canadiana, excerpt re Labrador boundaries, 439
'Power Play in Labrador', article in *Globe and Mail*, 293
Referral of question to Court of International Justice, requirement of Nfld's consent for, 293-4
Terms of Union, excerpt from BNA Act, 293
Secession by act of Parliament, 566-7
Senate role in inquiry into Confederation and separatism, 438-40
Defining of democracy, 440
Fact finding, 438-9
Promotion to counter-ideology, 439
Provincial awareness, 440
Separatism, 294-5, 447
Communication by land, air or water, 295
Joint parliamentary committee to study matter, suggestion for, 296
Quebec status, 294-5
Questions re assets, obligations, boundaries, communication, currency, etc., 296
Treaty of Paris (1763), 295
Speakers: Senators
Buckwold, Sidney L., 447
Carter, Chesley W., 437-41
Cook, Eric, 275, 293-6
Desruisseaux, Paul, 441
Forsey, Eugene A., 566-73
Riley, Daniel, 444-7
See National unity, economic and cultural aspirations of various regions, 698, 707-12, 733-7, 741-4, 752-4, 767-9, 772-4, 778-83, 799-802, 811-13, 825-8, 837-9, 866-9, 914-15, 949-57, 985-9, 1005-06, 1117-19, 1132-5, 1141-2, 1154-8

Conferences
Canada-United States Inter-Parliamentary Group, Victoria meeting, 1213, 1225-42
Council of Europe, Parliamentary Assembly, 813-19
European Parliament, 151-5, 158-62, 173-4
Federal-Provincial Conference of Finance Ministers, 308, 370-3
Federal-Provincial Conference of First Ministers, 173, 181, 193-4, 205-06, 225, 228
Mexico-Canada Interparliamentary meeting, 705-07, 713-14, 869-71, 872-3, 1104-05
North American Beef Congress, 963
North Atlantic Assembly, Williamsburg, Virginia, 233-6, 281-5, *see appendix to Debates of Feb. 1/77*
United Nations Water Conference, Argentina, 587-8
Western European Union Assembly, Paris conference, 186-9, 391-4

Conflict of interest
Banking legislation, resignation of committee members on discussion of, 122-4, 126-36
Income tax, Bill C-22, question, 143-4
Pecuniary interest
Excerpt from *Beauchesne's Parliamentary Rules and Forms*, 135
Excerpt from *Bourinot's Parliamentary Procedure*, 134-5
Excerpt from *May's Parliamentary Practice*, 134
Protection of borrowers and depositors, 144

Connolly, Hon. John J., P.C.
Address in reply to Speech from the Throne, 41-44, 51
Question of privilege re omission of intended remarks, 51
Advance Payments for Crops bill C-2, 653
Services supplied by organization, 653
Air Traffic Control Services Continuation bill C-63, 1299
Appropriation bill No. 1, 1977 C-44, 577
Banking legislation, 1143-4
Carter, Hon. Chesley W., retirement, 1138
Clerestory of the Senate Chamber, recommendations of committee and discussion on, 978-81, 1223-4
Artists for renovation project, 857
Galleries, 980
Jurisdiction and authority for suggested changes, 853
Locus of Parliament, 853
Significance of war on Canada's history depicted in pictures, 1223
Style, composition and treatment for decor, 853-4
Throne area, 858
Walls and pictures, 854-7, 979-80, 1223
Windows, 854, 856, 979, 1222
Clerestory of the Senate Chamber, Special Senate Committee
Appointment, 465, 483
Members, 532
Report, 840, 852-61, 978-81, 1135-6, 1158-9, 1218-24
Terms of reference, 465, 483
Continental Bank of Canada bill C-1001, 1025-7
Criminal Code (counterfeit of rare coins and notes) bill C-256, 1098-9, 1109-10
Definition of counterfeit money, 1098
Hobbies Protection Act, US, 1098
Minting of copies of coins of numismatic interest, foreign countries, 1098
Offences, 1098-9
Estimates, transfer payments, 577
Export Development bill C-47, 821-3, 833-4
Borrowers of large amounts, 833
Export credits insurance, 822-3
Ceiling on, 822-3
Increase in Canadian program, 822
Guarantees made by Canadians abroad and risks covered, 823
Liability of corporation or of government, 823
Loans to foreign buyers of Canadian capital goods and services, 821-2, 833-4
Default and rescheduling, 834
Interest rate, 822, 834
Powers of corporation, 821
Retained earnings of corporation, 823
Statistics on earnings, exports of Canadian GNP, etc., 823
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 599
Levelling adjustments, 599
Tax collection agreements, 599
Illness of, 120, 150; return to Senate, 463
James Bay and Northern Quebec Native Claims Settlement bill C-9, 720, 721
Judges Act and other Acts in Respect of Judicial Matters bill C-50, 884-5
Attorney General and Minister of Justice, 884-5
Lapointe, Hon. Renaude, Speaker of the Senate, tribute to, 42
Leonard, Hon. Thomas D'Arcy, the late, 755
Maritime Code bill C-41, 1322

Connolly, Hon. John J., P.C. - *Concluded*
Olympics
Canadian and International Olympic Committees, 43
Canadian Broadcasting Corporation coverage, 44
Mayor of Montreal and Premier of Quebec, efforts on behalf of Games, 42-43
Record-breaking athletes, 43-44
Withdrawal of African teams, 42
Queen Elizabeth and Prince Philip, visit to Canada and United States, 42
Senate, television appearance of senators, 42

Constitution of Canada, 76-78, 92-93, 104-06, 116
Equalization payments, 102-03
Newfoundland, formula for assistance to, 103
Provincial conferences (1968), 102
Provincial veto, 104-05
Quebec, 104-05
Regional disparities, 102
See Confederation,
National unity.

Constitution of Canada, patriation of
Correspondence between Prime Minister and Premier of Alberta, 63-64; appended to *Debates,* 69-71
Correspondence from Prime Minister to provincial premiers, 276-7, 280, 287-9, 297-303

Continental Bank of Canada bill C-1001. 1r, 983; 2r, 1025-7; ref to com, 1027-8; rep without amdt, 1032; 3r, 1038; r.a., 1161

Cook, Hon. Eric
Basha, Hon. Michael G., the late, 168
Confederation, proposed special joint committee to examine matters of interest to all Canadians, 275, 293-6
Newfoundland, ownership of Labrador, 293-4
Churchill Falls hydro development, Quebec contract re, 294
Quebec profits, 294
Termination of contract in event of Quebec status as foreign power, 294
Excerpt from BNA Act re Terms of Union, 293
'Power Play in Labrador', article in *Globe and Mail,* 293
Referral of question to Court of International Justice, requirement of Nfld's consent for, 293-4
Separatism, 294-5
Communication by land, air or water, 295
Joint parliamentary committee to study matter, suggestion for, 296
Quebec status, 294-5
Questions re assets, obligations, boundaries, communication, currency, etc., 296
Treaty of Paris (1763), 295
Fisheries bill C-38, 1034-5, 1102
Destruction of fish, 1034
Minister's consultation with provinces, 1034
Peace officers, 1034
Poachers' activities, 1034
Pollution, 1034
Sealing regulations, 1034
Income Tax bill C-22, 408-09
Capital gains on principal residence, 409
Charitable organizations, 409
Child care expenses, 409

Cook, Hon. Eric - *Concluded*
Income Tax bill C-22 - *Concluded*
Exploration expenses, 409
Individual surtax, 408
Registered retirement savings plans, 408-09
Retroactive effect, 409
Small business deduction limits, 409
Social insurance numbers on ownership certificates, 409
Maritime Code bill C-41, 701-03
Administrative and other improvements, 703
Canadian registry, 703
Canadian shipowners N.M. Paterson and Sons, 702
Canadian ships in foreign waters, foreign ships in Canadian waters, 702
Detention of ships, 702
Load lines, 702
National character and status of ship, 703
Offences and penalties, 702
Ownership provisions, 703
National unity, economic and cultural aspirations of various regions, 799-802
Newfoundland and Labrador, 799-801
Economic prospects, 800
Excerpt from speech of Nfld. Finance Minister, 800
Fisheries, 801
Government expenditures, provincial and federal, 800
Hydro and oil potential, 800, 801
Industries, depletion of, 799-800
Labrador Mining and Exploration Company and other private enterprises, 800-01
Social welfare and standard of living benefits, 800
Quebec, question of separatism, 801-02
Economic relationship, 801
Parti Québécois, 802
Problems of negotiation settlement, 801-02
Boundaries, 801-02
National and minority rights, 801
National assets and debt, etc., 801
Transportation and right of access, 801
Terms of separation, 801
Treaty of Paris (1763), 802

Corporate power, Royal Commission on concentration of, 678, 687, 1319

Côté, Hon. Jean-Pierre, P.C.
Port of Halifax Operations bill C-14; 67

Cottreau, Hon. Ernest George
National unity, economic and cultural aspirations of various regions, 772-4
Heirs of Lord Durham, report re anglicizing of French-speaking Canadians outside Quebec, 773
Nova Scotia
Acadians, 773-4
Bilingualism, 773
Economic life, 774
Ferry services, 774
Fishing industry, 774
Intermarriage of French and English, 774

Council of Europe, Parliamentary Assembly, Strasbourg meeting, 813-19
Background of Council, 814
Canadian delegation, 813
Czechoslovakian refugees, 814
Estonians imprisoned, 816-17
Excerpt from speeches of MP Herbert Breau, 815, 819
Excerpt from speech of Rt. Hon. David Owen, UK, 819
Excerpt from speech of US Congressman re USSR repressions, 817
Flow of information, 816
Helsinki Agreement, implementation of, 813-14
Humanitarian and other fields, cooperation in, 816
Hungary invasion, 814, 815
Imprisonment of Lithuanian girl, 817
Karlovy Vary Declaration, 815
Military manoeuvres, advance notification of, 816
Peaceful settlement of disputes, 815
Principles on human rights, 815
Ukrainians in Mordovia, 814, 816
USSR occupations and ill-treatment of dissidents, 813-17
Customs duty on parcels to relatives in USSR, 816
Disregard of Helsinki Agreement terms, 815-17
Treaty violations, 817
Warsaw Pact, 816
Western solidarity re principles of freedom, 818
Speakers: Senators
Rowe, Frederick William, 817
Thompson, Andrew, 813-19

Counterfeit of rare coins and notes
See Criminal Code (counterfeit of rare coins and notes) bill C-256, 1036, 1098-9

Crime
Administration of justice and law enforcement, 55
Organized crime, proposed joint committee to inquire into, question, 912-13
Personality disorders and criminal behaviour, 190-2, 206-09, 238-40, 249, 251-2, 265-6, 496-7, 505-06, 547-9, 554-6
Rape, 55

Criminal Code (counterfeit of rare coins and notes)
Definition of counterfeit money, 1098
Hobbies Protection Act, US, 1098
Minting of copies of coins of numismatic interest, foreign countries, 1098
Offences, 1098-9, 1108, 1109
Reproduction of original, second edition or second issue, 1109
Speakers: Senators
Connolly, John J., 1098-9, 1109-10
Grosart, Allister, 1108-09

Criminal Code (counterfeit of rare coins and notes) bill C-256. 1r, 1036; 2r, 1098-9, 1108-10; ref to com, 1110

Criminal law
Custody and release of inmates, 1166
Dangerous offenders, 1166-7, 1248

Criminal law - *Concluded*
Electronic surveillance, 1166, 1196-7, 1248
Admissibility of evidence, 1197
Firearms control, 1165-6, 1196, 1248
Acquisition certificate, 1165
Careless handling, 1165
Long guns, 1248
Possession of firearms during commission of offence, 1166, 1196
Seizure of firearms, 1165
Weapons other than for sports use, 1165
Parole Board members, 1166
Prisons and reformatories, administration of, 1166
Speakers: Senators
Bell, Ann Elizabeth, 1248
Flynn, Jacques, 1195-6, 1248
Godfrey, John M., 1166-7
McIlraith, George J., 1165-6, 1167

Criminal Law Amendment bill C-51. 1r, 1162; 2r, 1165-7, 1196-7; ref to com, 1197; rep without amdt, 1243; 3r, 1248; r.a., 1288

Croll, Hon. David A.
Appropriation bill No. 2, 1977 C-45, 593
Banking, Trade and Commerce Committee
Expenses of committee (5 yr. period), 128-9
Carter, Hon. Chesley W., 1137
Conflict of interest
Resignation of members of BT&C Committee on discussion of banking legislation, 124, 126-30
Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate, 169-70
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1059-61
Extinguishment of claims, 1059-61
Quebec undertaking to negotiate, 1060
Old Age Security bill C-35, 501-04
Guaranteed income
Excerpt from speech of Health and Welfare Minister, 501-02
Recommendations of Poverty Committee, 501-04
Poverty line updated, 502
Spouse's benefits, cessation upon receiver's death, 501
Statistics Canada poverty report, 501-02
Prowse, Hon. J. Harper, the late, 7-8
Senate
Simultaneous interpretation, 6, 9
Special committees, 503-04
Solar Energy Application bill C-309, 793
Expenditures, provision for, 793
Parliamentary process of bill vs letters patent, question of, 793
Referral of subject matter to com, 793

Crown corporations, responsibility of ministers and boards of directors, 1114

Crown revenues, casual or any other not provided by Parliament, 75, 984, 1038

Currency and exchange
Assets modification and valuation of Exchange Account, 1030, 1070
Auditing of account, 1030, 1070-1
Bretton Woods Agreement and International Monetary Fund Agreement, 1029, 1030, 1069, 1070
Special drawing rights, 1030, 1069-70
Value of Canadian dollar, 1071
Speakers: Senators
Grosart, Allister, 1069-72
Lang, Daniel A., 1029-30, 1072

Currency and Exchange bill C-5. 1r, 996; 2r, 1029-30, 1069-72; 3r, 1098; r.a., 1161

Customs tariff
Canned tomato surtax, motion that Senate approve order re, 1287, 1290-2; agreed, 1292
Date of extension of surtax and authority for, 1291, 1292
GATT provisions in relation to, 1291, 1292
Taiwan imports, 1290-1
Tomato industry employees, 1290
United States imports, 1292

Customs tariff (Bill C-15)
British preferential tariff on compressor sets and electricity generating sets, 290-1, 311
Canned herring, 290
Delay in implementation of legislation, 309-10
Foods and other consumer goods, 312
GATT, 310
Goods produced by prison labour, 291
Miscellaneous tariff reductions, 290-1
Non-tariff barriers, 311
Overruling of Tariff Board decisions, 310
Quotas from other countries, 312
Scientific items for hospitals and other institutions, 290, 291, 292, 310, 449-50
Scientific Preparations Remission Order, 449-50
Temporary tariff legislation, 290, 311
Withholding of temporary reduction of duty, 291
Speakers: Senators
Benidickson, W.M., 289-93, 311-12, 450
Forsey, Eugene A., 450
Grosart, Allister, 309-11
Hayden, Salter A., 449-50
Hicks, Henry D., 292

Customs Tariff bill (No. 1) C-15. 1r, 273; 2r, 289-93, 309-12; ref to com, 312; rep without amdt, 449-50; 3r, 458; r.a., 462

Customs tariff (Bill C-55)
Action of Senate committee in rectifying over-correction in legislation, 777, 778
Agricultural produce, 777, 778
Cameras, 776-7
Concessions to Third World countries following international negotiations, 777, 778
Cost-benefit assessment of legislation, 775-6
Effect of tariffs on prices and employment, 775-6, 777
GATT renegotiations, Tokyo Round, 776
Machinery and equipment, 776

Customs tariff (Bill C-55) - *Concluded*
Miscellaneous amendments, 766, 776
Products of interest to developing countries, 766
Protection vs free trade, 778
Refined sugar, 766
Scientific apparatus, preparations for industrial use, 767
Temporary tariff reductions, 766
Tropical products, 766, 776
Speakers: Senators
Frith, Royce, 766-7, 778
Greene, John J., 777, 778
Grosart, Allister, 775-8

Customs Tariff (No. 2) C-55. 1r, 715; 2r, 766-7, 775-8; ref to com, 778; rep without amdt, 787; 3r, 809; r.a., 940

Cyclamates, 664, 678-9
See Saccharin

Davey, Hon. Keith
Toronto *Sun* articles re interest in racing business, question of privilege, 942-4

Deaths
Basha, Hon. Michael G., 168-9
Burchill, Hon. G. Percival (Aug. 22/77)
Diefenbaker, Olive E., wife of Rt. Hon. John Diefenbaker, 271
Hopkins, E. Russell, former Law Clerk and Parliamentary Counsel of the Senate, 169-71
Petten, Marjorie, mother of Hon. W. J. Petten, 544
Prowse, Hon. J. Harper, 7-9
Veniot, Hon. Clarence Joseph, 463-4

Denis, Hon. Azellus, P. C.
Electoral boundaries readjustment bills, 1105
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1046
Minutes of the Proceedings of the Senate, bilingual format, 181
Personality disorders and criminal behaviour, 191-2, 252
Seal hunt protestors, 554

Deschatelets, Hon. Jean-Paul, P.C.
Bell Canada bill S-2, 181-2, 183, 184, 185, 195-6, 197
American Telephone and Telegraph Company, 195
Ancillary and incidental powers, 182
Capital increase, 181-2
CRTC, 181, 196
Employment potential, 182
Letters patent, 182
Parliamentary control, 195, 196
Shareholders and directors, 181, 195
Canada-United States relations, 212
Clerestory of the Senate Chamber, 981
Competition policy, 1151
Conscious parallelism, 1151
Customs Tariff bill C-15, 292

Deschatelets, Hon. Jean-Paul, P.C. - *Concluded*
Estimates year ending Mar. 31/77, supplementary (C), 212
Labour-intensive projects, 212
Government Organization (Scientific Activities) bill C-26, 851
Haiti, assistance to relieve shortage of food and drinking water, 808, 1017
Income Tax Conventions bill C-12, 936
National Capital Region, Special Joint Committee, reconstitution of, 193
Personality disorders and criminal behaviour, 191-2, 266
Rules of the Senate, suspension of rule re 2r of bill, 184, 185
Science policy, hiring of personnel for scientific research, 174
Solar Energy Application bill C-309, 765, 791, 792
NRC role, 791
Parliamentary process of bill vs letters patent, question of, 791
Principle of bill, 791
Referral of subject matter to com, 791, 792
Research, 791

Desruisseaux, Hon. Paul
Address in reply to Speech from the Throne, 81-84
Canadian Armed Forces, international peacekeeping, 143, 285-6
Canadian Broadcasting Corporation, role in promoting national unity, 470
Confederation, 441
National unity, 441
Privy Council, London, decision re territorial rights (1927), 441
Quebec-Labrador boundaries, 441
Energy, construction of natural gas pipeline, 1276-7
Economic advantages, 1276
Heritage Fund, 1277
NWT native people's reaction, 1277
Studies and recommendations:
Berger Commission, 1276, 1277
Lysyk Report, 1276, 1277
National Energy Board, 1277
Foreign affairs, loans to foreign countries, question, 875, 1052-3, 1077-91, 1265
Government policies in economic areas, 82-83
Labour relations, effects on Canadian economy, 469-71
National unity, economic and cultural aspirations of various regions, 914-15
Quebec aspirations, 914-15
Ban on Canadian history, flag and national anthem, 915
Teaching of Marxism in Quebec schools, 915
Senate role, 914, 915
Olympic Games, 83-84
Costs and compensation in alleviation of unemployment and welfare payments, 83
Mayor Drapeau's role, 83-84
Withdrawal of African teams, 83
Quebec, 470-1
Égalité ou Indépendance, by Daniel Johnson, excerpts from, 470-1
Option Quebec, by Premier Rene Levesque, 471
Textile industry, 82
Unemployment, 82

Dickson, Hon. R.G.B., Puisne Judge of the Supreme Court of Canada
Royal assent, 462, 635-6, 1287-8, 1311

Diefenbaker, Olive E., the late, wife of Rt. Hon. John G. Diefenbaker, P.C., 271

Diplomatic and consular privileges and immunities
Common law jurisdictions, 903, 904
Commonwealth representatives, 904
Consular convention, 904
Diplomatic and consular relations, articles re, 903-04
International law based upon custom, 903
Provincial jurisdictions, 904, 906
Quebec legislation, 905
Reciprocal implementation of provisions, 904
Vienna Convention on Diplomatic Relations, 903
Speakers: Senators
Grosart, Allister, 906
Smith, George I., 904-05
Thompson, Andrew, 902-04, 905-06

Diplomatic and Consular Privileges and Immunities bill C-6. 1r, 874; 2r, 902-06; ref to com, 906; rep without amdt, 959; 3r, 971; r.a., 1031

Discrimination
See Canadian Human Rights bill C-25, 820, 840-4, 876-8, 887-93, 1052, 1098, 1107-08, 1161

Documents tabled, *see Journals of the Senate*

Dominican Republic
Income Tax Conventions bill C-12, 829, 880-2, 900, 932-6

Duggan, Hon. James
Ferry service between North Sydney, NS. and Port-aux-Basques, Nfld., 699, 789

Economic conditions and prospects
DREE, assistance to Quebec, 91-92
Economic growth of principal nations, *Fortune* article re, 60
Government objectives, 91
Growth, Employment and Price Stability, study of Canadian economy, 45
Housing costs, 91
IBM, government grant to, 91
Legislation for alleviation of, 90

Economy of Canada, unemployment and failure of government to deal with problem, 919-22
Canada Works and Young Canada Works programs, 922
Cape Breton *Post* article re Statistics Canada report on unemployment, 920
Costs of welfare and UIC benefits, 921
Decline in export markets, 921
Nova Scotia, 920
Problems of seeking employment, 920, 921
Regional statistics, 921
Unemployment record, 920
Women in work force, 922
Speaker: Senator
Phillips, Orville H., 919-22

Electoral Boundaries Readjustment bill C-283 (Beauharnois-Salaberry). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-392 (Brampton-Georgetown). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-393 (Wellington-Dufferin-Simcoe). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-394 (Huron-Bruce). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-405 (Lethbridge-Foothills). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-406 (Kootenay East-Revelstoke). 1r, 1036; 2r, 1105; 3r, 1105; ra., 1161

Electoral Boundaries Readjustment bill C-418 (Laval). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-422 (London-Middlesex). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-427 (Blainville-Deux-Montagnes). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-428 (Saint-Jacques). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-429 (Saint-Léonard-Anjou). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Electoral Boundaries Readjustment bill C-433 (Cochrane). 1r, 1036; 2r, 1105; 3r, 1105; r.a., 1161

Emergency legislation
- Air Traffic Control Services Continuation bill C-63, 1293-1311
- Port of Halifax Operations bill C-14, 64-68

Employer-Employee Relations in the Public Service, Special Joint Committee
- Expenses, 148

Employment and immigration reorganization
- Atlantic provinces, difficulties of seasonal-work employees, 1198
- Employment and Advisory Council, 1167, 1168, 1198, 1202
  - Regional and local advisory boards, 1168
- Employment and Immigration Commission, 1167-8
  - Field offices, 1168
- Improvements in service to the public, 1167
- Unemployment insurance program amdts, 1168-9, 1198-9
  - Appeals by individuals, 1171
  - Developmental use of fund, 1170, 1171, 1199, 1202
  - Disincentives to work, 1169
  - Government contribution to fund, 1199, 1203
  - Regional extended benefits, 1169
  - Three-phase benefit structure, 1168-9
  - Variable entrance requirement, 1169-70, 1200-01, 1203
  - Work-sharing arrangements, 1170-1, 1202
- Unemployment statistics, 1197-1200, 1201
  - Cape Breton, 1199
  - Government role in providing employment, 1200-01
  - *Weekend Magazine* article, 1199
- **Speakers:** Senators
  - Benidickson, W.M., 1201-02
  - Everett, Douglas D., 1198
  - Forsey, Eugene A., 1201
  - Hicks, Henry D., 1167-71, 1202-03

Employment and immigration reorganization - *Concluded*
Speakers: Senators - *Concluded*
Macdonald, John M., 1199-1201
Phillips, Orville H., 1197-9
Rowe, Frederick William, 1201

Employment and Immigration Reorganization bill C-27. 1r, 1163; 2r, 1167-71, 1197-1203; ref to com, 1203; rep without amdt, 1213; 3r, 1246; r.a., 1288

Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1266-87
Administration agency, 1279
Canada's gas reserves, 1277-8, 1280-2
Alberta, 1280, 1281, 1282
Exchange, Canada-US, 1271, 1277-8, 1280, 1281
Economic impact, 1268, 1273, 1274-5, 1276, 1281, 1284
Construction material supplies, 1281
Employment, 1281
Environmental aspects, 1267-8, 1283
Maritimes, energy supplies and costs, 1271
Exploration needs, 1271
Native people's land claims, 1268, 1272, 1273, 1276, 1278, 1280, 1284-5
Excerpt from the *National Indian*, 1268
Northwest Territories
Gas costs to northerners, 1285
Mackenzie Valley route, 1285
Native people's reaction, 1277
Yellowknife Assembly concerns, 1285
Ontario benefits, 1286
Quebec-Maritime pipeline, 1277, 1280, 1281
Studies and recommendations:
AlCan, 1273, 1274, 1275, 1279
Arctic Gas, 1269, 1270, 1272, 1275, 1276
Berger Commission, 1269, 1276, 1277
El Paso, 1268, 1274
Foothills Pipe Lines (Yukon), 1269, 1270, 1272
Lysyk Report, 1272, 1273, 1276-9, 1283
Mackenzie Valley route, 1269-70, 1274, 1278-9, 1281, 1285
National Energy Board, 1269, 1275-7, 1278
US pipelines supplying needs in Canada:
Interprovincial Pipeline, 1271
Portland Oil Pipeline, 1271
Trans-Canada Gas Pipeline, 1271
Valdez, liquefied natural gas line to US, 1284
Yukon
Council of Yukon Indians, participation as advisers and observers, 1282
Employment for Indians, 1283
Environmental, social and economic disruption, 1273
Heritage Fund, 1272, 1274, 1277
Yukon administration of, 1272
Hydro potential, development needs, 1272
Indian land claims, 1268, 1272, 1273, 1276, 1278, 1280, 1282, 1284-6
Talingets, 1282

Energy - *Concluded*
Speakers: Senators
Adams, Willie, 1284-5
Austin, Jack, 1268-71, 1276
Bell, Ann Elizabeth, 1286-7
Bosa, Peter, 1285-6
Cameron, Donald, 1271
Desruisseaux, Paul, 1276-7
Forsey, Eugene A., 1284
Frith, Royce, 1286
Greene, John J., 1279-80, 1283-4
Grosart, Allister, 1267-8
Lucier, Paul Henry, 1271-3
Olson, Horace Andrew, 1280-2
Paterson, Norman McL., 1273
Perrault, Raymond J., 1266-7
Smith, George I., 1277-9, 1280
van Roggen, George C., 1273-6, 1282
Walker, David J., 1275, 1276
Williams, Guy, 1282-3, 1284

Energy resources
Acquisition of oil supplies from Mexico, 651, 770
Atlantic provinces, benefits from lower-than-international price of oil, 157
Mackenzie Valley pipeline, implications arising from Berger Commission report, 915-19, 1266
Northern pipeline, 1037, 1183-4, 1266-87
Nuclear power, 61, 107
Organization of Petroleum Exporting Countries (OPEC), proposed increase in prices, 157, 229
Petroleum and Natural Gas Administration Act, question re implementation of, 98, 150
Solar energy application, 638
Transshipments of oil to Pacific coast ports, 209, 290-1

Environment
Protection of coastal waters and shorelines from oil pollution, 699, 944-5, 1016
Construction of coal-fired power plant in Saskatchewan, question, 1016
Oil tankers en route from Alaska to US ports, 944, 945
Risks caused by oil tankers in area of Strait of Juan de Fuca, 944-5
Territorial waters, territorial sea, definition of, 944

Eskimos
See Indians, Eskimos and Inuit

Estimates (Appropriation bill C-28)
Alberta, maintenance of domestic oil price, 226
Assurance that passage of Appropriation bill will not preclude further discussion of estimates, 237-8
Budgetary and non-budgetary items, 226
Contracting out payments and fiscal transfers to provinces, 226
Government expenditures and control of, 231-3
Auditor General's report, 230-3
Treasury Board President's report, 232
Housing, 226
Indian and Eskimo affairs, 226
Labour-intensive projects, 226

Estimates (Appropriation bill C-28) - *Concluded*
Language education, 226
Local initiatives programs, 226
Manpower training, 226
Swine flu immunization, 226

Estimates (Appropriation bill C-44)
Amdts to other legislation through appropriation bills, 565, 575-6, 580-3
Authority of government to meet commitments, 578-9
Canadian Broadcasting Corporation, 580
Dollar items, 564-5, 575, 579, 583
Government restraints, 564
Motion to delete items 52b and L116d, 583; defeated, 584
Projection of figures in dollars only, 583-4
St. Lawrence Seaway Authority debt, 565, 583, 589
Statutory items, 579
Time schedule for passage of bill, 579-80
Title of bill, confusion in calendar year notation, 575
Transfer payments, 565, 577-8
VIA Rail Canada Inc., 565, 583, 588

Estimates (Appropriation bill C-45)
Borrowing authority, 585-6, 590-1, 593
Communications, 592-3
External affairs, 593
Government contingencies, centrally financed programs, student summer and youth employment, 592, 594
Governor General's warrants, 590
Great Lakes Pilotage Authority, 592
Heavy water plant purchase, 592
Municipal grants, 592, 593
Regional economic expansion, 592
Time schedule for passage of bill, 591
Title of bill, confusion in calendar year notation, 592
Varying percentages of votes, 585, 590-1

Estimates (Appropriation bill C-58)
Atomic Energy of Canada, 1013-14
CNR bonds, 1015
Energy, Mines and Resources, 1013, 1014-15
Pickering Airport, 1014

Estimates referred to National Finance Committee
Year ending Mar. 31/75, Manpower Div., Dept. of Manpower and Immigration, rep of com, 44-50; authority to review com recommendations, 477; rep of com, 498, 512-30
Year ending Mar. 31/77, main, 97
Supplementary (B), 144; rep of com, 209-12, 217-21
Supplementary (C), 173; rep of com, 209-12, 217-21
Supplementary (D), 465; rep of com, 477, 484-8, 491, 549-51
Year ending Mar. 31/78, main, 429; rep of com, 911, 923-7, 937-9, 966-7

Estimates year ending Mar. 31/75, Manpower Div., Dept. Manpower and Immigration, 44-50, 93-95, 136-9, 477, 498, 512-30
Comments on conclusions and recommendations of Senate report, 515-30
Editorials re report, 47
Education and training, 46-47, 95, 514

Estimates year ending Mar. 31/75 - *Concluded*
Excerpt from statement of Hon. Robert Andras, 47
NewStart Program, 137
On-the-job training, 137
Role as employment agency, 46, 50, 94, 95, 136
Statement by Minister of Manpower and Immigration, 512-15
Divergent views on report, 514-15
Employment service, 513-14
Job creation, 514
Manpower training, 514
Welfare assistance, 47

Estimates year ending Mar. 31/77, 97
Supplementary (B) and (C), 209-12, 217-21
Dollar items, 211, 218-21
Expenditures vs Gross National Product, 210, 217-18
Explanation of requirements, 209, 211, 217
Housing, 210, 217
Indian land claims, 210, 217
Labour-intensive projects, 210-11, 212
Local initiatives programs, 210, 211, 217
Non-discretionary programs, 217
Professional and special services, 210, 218
Public Service restraints, 210, 218
Public Works, 212
Supplementaries, decrease in, 210, 217
Swine flu immunization, 210, 217
Supplementary (D), 484-8, 491, 549-51
Agriculture, 485
Dollar items, 484-5, 491, 550
Energy, Mines and Resources, 485-6, 487
External Affairs, 486
Fiscal transfer payments program, 549-50
Government expenditures, inadequate control of, 550
Health and Welfare, 486
Industry, Trade and Commerce, 487
Post Office, 487
Public Works, 487
Secretary of State, 486
Senate role in examination of estimates, 550-1
Supply and Services, 486, 487
Transport, 486, 488
Veterans Affairs, 488

Estimates year ending Mar. 31/78, 911, 923-7, 937-9, 966-7
Bank of Canada concerns, 938
Budgetary and non-budgetary estimates by type of authority, 923
Deficit projected, 938
Growth, main estimates, 924, 937
Hiring of consultants, 938
Loans to corporations and control of spending, 938
Man-years growth, 924, 937-8
Monetary policy and expanding budget, 938
National income and expenditures and their % of GNP by level of government, 927, 938
Statutory payments in main estimates, 923-4

European Parliament, Luxembourg conference, 151-5, 158-62, 173-4
Agricultural policy of Community, 152, 159, 160, 162
Budget, 159
Conference on international economic cooperation, 152, 159-60
Control of Commission and Council of Ministers, 151, 152
Delegates to conference, 151
Economic Community-Canada Trade Agreement, 152-3, 159-60
Access to raw materials, 159
Foreign investment in Canada, 160
Newsprint, 159
Non-tariff barriers, 152, 159
Potash, Saskatchewan, 152, 159-60
Economic disparities, 174
Election of members to European Parliament, 151, 154, 155, 159, 160
Energy discussions, 161
GATT, 152, 153
Helsinki Agreement, 152
International political organizations, 173-4
Liberal International, 173, 174
Joint Cooperation Committee, 153, 161
Political instability, 174
Problem differences of nations, 174
Speakers: Senators
Smith, George I., 158-61, 162
Stanbury, Richard J., 173-4
van Roggen, George, 151-5

Everett, Hon. Douglas D.
Bretton Woods Agreements bill C-18, 1028-9
Exchange rate system, 1029
Gold, status in exchange between countries, 1029
International Bank for Construction and Development, 1028
International Monetary Fund, 1028
Subscriptions to IMF and World Bank, 1028-9
Surveillance powers of IMF, 1029
US currency and gold holdings, 1028
Employment and Immigration Reorganization bill C-27, 1198
Estimates year ending Mar. 31/75, 44-50
Finance Committee study of Canadian economy, *Growth, Employment and Price Stability*, 45
Finance Committee study of Information Canada, 45, 48
Finance Committee study of Manpower Div., Dept. Manpower and Immigration, 44-50, 477, 498, 512-30
Comments on conclusions and recommendations of Senate report, 515-30
Control of training expenditures, 47
Editorial comments in various newspapers, 47
Excerpt from statement by Hon. Robert Andras re report, 47
Expenditures on training and basic education, 47
Role as unemployment agency, 46, 50
Statement by Minister of Manpower and Immigration, 512-15
Divergent views, 514-15
Employment service, 513-14
Job creation, 514
Manpower training, 514
Training activities, 46-47
Welfare assistance, 47

Everett, Hon. Douglas D. - *Continued*
Estimates year ending Mar. 31/77, 97
Estimates year ending Mar. 31/77, supplementary (B) and (C), 209-12, 217-21
Dollar items, 218-21
Consumer and Corporate Affairs, 219
External Affairs, 219
Indian Affairs and Northern Development, 218, 220, 221
Industry, Trade and Commerce, 200, 221
Justice, 219
Labour, 219
National Film Board, 220
National Health and Welfare, 220
National Revenue, 220
Public Works, 218
Regional Economic Expansion, 220
Secretary of State, 218-19, 220
Transport, 221
Urban Affairs, 219
Expenditures vs Gross National Product, 210, 217-18
Explanation of requirement, 209, 217
Growth, Employment and Price Stability, 212
Housing, 210
Indian land claims, 210, 217
Labour-intensive projects 210, 211, 212, 222
Local Initiatives Program, 210, 211, 217, 222
Non-discretionary programs, 217
Professional and special services, 210, 218
Public Service restraints, 210, 218
Public Works, 212
Supplementaries, decrease in, 210, 217
Estimates year ending Mar. 31/77, supplementary (D), 477, 484-8, 491, 549-51
Agriculture, 485
Dollar items, 484-5, 491, 550
Energy, Mines and Resources, 485-6, 487
External Affairs, 486
Fiscal transfer payments program, 549-50
Government expenditures, inadequate control of, 550
Health and Welfare, 486
Industry, Trade and Commerce, 487
Post Office, 487
Public Works, 487
Secretary of State, 486
Senate role in examination of estimates, 550-1
Supply and Services, 486, 487
Transport, 486, 488
Veterans Affairs, 488
Estimates year ending Mar. 31/78, 911, 923-7, 937-9, 966-7
Bank of Canada concerns, 938
Budgetary and non-budgetary estimates by type of authority, 923
Deficit projected, 938
Growth, main estimates, 924, 937
Hiring of consultants, 938
Loans to crown corporations and control of spending, 938
Man-years growth, 924, 937-8
Monetary policy and expanding budget, 938

Everett, Hon. Douglas D. - *Concluded*
Estimates year ending Mar. 31/78 - *Concluded*
National income and expenditure accounts, % of GNP by level of government, 927, 938
Statutory payments in main estimates, 923-4,
Information Canada, 45, 48
National Finance Committee
Reports
Employment and Immigration Reorganization bill C-27, rep without amdt, 1213
Estimates year ending Mar. 31/75, Manpower Division of Dept. of Manpower and Immigration, 44-50, 93-95, 136-9; report on review of committee recommendations, 498-9, 512-30
Estimates year ending Mar. 31/77
Supplementary (B), 209-12, 217-21
Supplementary (C), 209-12, 221
Supplementary (D), 484-8, 491, 549-51
Estimates year ending Mar. 31/78, 911, 923-7, 937-9, 966-7
Terms of reference, 97
Senate
Committee meeting during Senate sitting, 807
Committee work, role in examination of federal expenditures and estimates, 44-45

Ewasew, Hon. John (Introduced in the Senate Dec. 20/76)
Advance Payments for Crops bill C-2, 652-3
Financial risk to organization, 653
Grains covered for advance payments, 653
Canadian Broadcasting Corporation
Salary of former employee, request for further answer to question, 771, 808-09
Canadian Press coverage of Senate proceedings and attendance of senators, 375
Carter, Hon. Chesley W., retirement, 1139
Committee meeting during Senate sitting, 375
Competition policy, 1149-50
Class actions, 1149-50
Haiti, assistance during shortages of food and drinkable water, 808, 1017
Duvalier family, 1019
Immigration, persons living in Canada under deportation orders or contrary to court rulings, question, 563, 640, 650-1
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1061-2, 1096-7
Extinguishment of claims, 1061-2, 1096
Quebec Boundaries Extension Act, 1061, 1096
Kingsmere residence of the late Prime Minister MacKenzie King, terms of last will and testament or of other documents relating to, 976, 984
Maritime Code bill C-41, 1324
Organized crime, 912-13
Senate
Appointments, 993, 994
Taking of photographs of chamber, 911

Excise tax (Bill C-21)
Air conditioners for motor vehicles, 313, 377, 378, 379, 396
Energy conservation, 312-13, 377-8
Items used in development of energy sources, 313
Licensed wholesalers, 313
Manufacturer's exemption, 313-14, 377
Omnibus aspect of legislation, 377
Weight limits of motor vehicles, 313, 379

Excise tax (Bill C-21) - *Concluded*
Speakers: Senators
Barrow, Augustus Irvine, 312-14, 379
Flynn, Jacques, 378, 396
Grosart, Allister, 376-8
Hicks, Henry D., 378

Excise Tax bill (No. 1) C-21. 1r, 273; 2r, 312-14, 376-9; ref to com, 379; rep without amdt, 390; 3r, 396; r.a., 462

Excise tax (Bill C-54)
Aids for handicapped, 749
Air transportation tickets, 749
Extension of period for recovery of tax, 747-8
Flaws in provisions re oil, 748
Gasoline and diesel fuel, 748
Retail industry and small manufacturers, 748-9
Speakers: Senators
Godfrey, John Morrow, 747-9, 799
Grosart, Allister, 796-8
Manning, Ernest C., 798-9

Excise Tax bill (No. 2) C-54. 1r, 738; 2r, 747-9, 796-9; ref to com, 799; rep of com, 829; 3r, 840; r.a., 941

Export development
By-passing of Parliament by supplementary estimates, 830-1
Competition from other countries, 830
Deficit in semi-finished products, 830
Export credits insurance, 822-3
Ceiling on, 822
Increase in Canadian program, 833
Liability of corporation or of government, 823
Loans to foreign buyers of Canadian capital goods and services, 821-2, 831-4
Ceiling, 822
Countries behind Iron Curtain and satellite countries, 831, 832, 833
Default and rescheduling, 834
Interest rate, 822, 832, 834
Lending and insurance credits to large firms, 831-2
Powers of corporation, 821
Retained earnings of corporation, 823
Statistics on earnings, exports of Canadian GNP, etc., 823
Speakers: Senators
Connolly, John J., 821-3, 833-4
Flynn, Jacques, 833
Grosart, Allister, 823, 829-33
Hayden, Salter A., 845
Langlois, Léopold, 834
Perrault, Raymond J., 832, 833

Export Development bill C-47. 1r, 787; 2r, 821-3, 829-34; ref to com, 834; rep without amdt, 845; 3r, 864; r.a., 941

External affairs
See Foreign affairs

Farm improvement, small businesses, fisheries improvement loans
Costs of business maintenance, 946
Fisheries, 946
Interest rate, 931, 946
Lending period and ceiling on loans, 932
Loan statistics, 931, 946
Repayments, 946
Speakers: Senators
Phillips, Orville H., 945-6
Stanbury, Richard J., 931-2

Farm Improvements, Small Businesses, Fisheries Improvement Loans bill C-48. 1r, 887; 2r, 931-2, 945-6; ref to com, 946-7; rep without amdt, 975; 3r, 985; r.a., 1031

Federal by-elections, results of, question, 39

Federal-Provincial Conference of Finance Ministers, 308, 370-3
Decontrol and post-control - Notes for remarks by Finance Minister, 370-3
Factors influencing the nature and time of decontrol, 370
Methods of decontrol, 371
Nature of post-control arrangements, 371-2
Economic and fiscal outlook, summary of remarks, 373

Federal-Provincial Conference of First Ministers
Agenda of conference, 225, 228
Exclusion of press, 225
Fiscal policy and state of economy, 228
Patriation of the Constitution, question, 205-06
Reply from Quebec Premier re, 173, 181, 193-4

Federal-provincial conferences, 114, 173, 181, 193-4, 205-06, 225, 228, 308, 370-3

Federal-provincial fiscal arrangements and established programs financing
Constitution of Canada, report of joint committee, 613
Minority report on behalf of Quebec, 613
Decentralization, 607, 613-14
Discretionary powers of minister, 615, 617-18
Equalization formula, 595-6, 607-08, 611-12, 626-7
Provincial distributions per capita, 596
Established programs financing, 597-8, 617
Fiscal stabilization programs, 596
Hospital insurance, medicare, health care programs, 595, 597, 598, 611, 626
Legislation, draftsmanship questioned, 602-05, 616
Levelling adjustments, 598-9, 607
Natural resource revenues, 596-7
Ceiling on, 596
National unity, 612-15
Parti Québécois, 612, 613
Quebec pilots, French language rights, 612-13
Post-secondary education and health programs, 598, 608-09, 611, 617
Flexibility in use of funds, 608-09
Policy discussions, 609
Projections to 1981/82, 608
Provincial agreements, 600, 605-06, 610-11, 617, 626

Federal-provincial fiscal arrangements and established programs financing - *Concluded*

Provincial enterprises, influence on equalization entitlement, 596
Provincial jurisdiction and responsibility, 626
Provincial tax revenue guarantee payments, 597
Quebec, 597
Reciprocal tax agreements with provinces, 598, 599-600, 617
Referral of bill to appropriate committee, 618-22
Regulations and recovery, 598
Tax abatement, 598
Transfer payments in respect of income tax, 597, 611
Indexing, question of, 611

Speakers: Senators

Asselin, Martial, 612-15
Connolly, John J., 599
Flynn, Jacques, 617, 619, 620, 624-7, 628
Forsey, Eugene A., 615-16, 618, 622
Grosart, Allister, 619-20
Hicks, Henry D., 608-09
Langlois, Léopold, 618, 619
Neiman, Joan, 620
Perrault, Raymond J., 620, 621, 627-8
Phillips, Orville H., 609-12, 620
Smith, George I., 598, 599, 600, 602-08, 618, 619, 621-2 628-9
Thompson, Andrew E., 594-600, 616-18

Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37. 1r, 561; 2r, 594-600, 602-18; m to ref bill to Banking, Trade and Commerce Com, 618-20; m in amdt that bill be ref to Legal and Constitutional Affairs Com, 620-2, neg, 622; bill ref to Banking, Trade and Commerce Com, 622; rep without amdt, 624; 3r, 624-8; r.a., 636

Felicitations

Senators, new
Marchand, Hon. Jean, P.C., 223-4
Steuart, Hon. David Gordon, 223-4
Sullivan, Hon. Joseph A., election as Fellow Emeritus of American Otological Society, 638
Williams, Hon. Guy, Doctor of Laws, Simon Fraser University, 790
Yaremko, Hon. John, Honorary Doctorate in Political Science, 151
Yuzyk, Hon. Paul, Doctor of Laws, University of Saskatchewan, 789-90
See also Tributes

Finance Committee

See National Finance, Standing Senate Committee

Financial Administration Act

Crown corporations not subject to audit, question, 674, 715-17, 770-1
Agency crown corporations audited by Auditor General, 716
Crown corporations audited privately, 716-17
Departmental crown corporations audited by Auditor General, 715-16
Proprietary crown corporations audited by Auditor General, 716

Financial administration and satisfied securities

Discharge granted to Indian, 836-7
Discharge of securities taken in form of liens, etc., 836

Financial administration and satisfied securities - *Concluded*

Speakers: Senators

McElman, Charles, 836, 837
Walker, David A., 836-7

Financial Administration and Satisfied Securities bill C-8. 1r, 820; 2r, 836-7; 3r, 840; r.a., 941

Fisheries, violations of coastal jurisdiction, 674, 758

Fisheries (Bill C-38)

Budworm spray program, effect of salmon run, 1101
Decrease in fishery officers, 1101
Destruction of fish, 1034, 1100
Powers of minister re, 1100
Marine plants, licence for harvesting of, 1101
Minister's consultation with provinces, 1034, 1101
Peace officers, 1034, 1101
Poachers, 1034, 1099, 1100
Pollution, 1034, 1100-01
Production, 1099
Sealing regulations, 1034

Speakers: Senators

Choquette, Lionel, 1100
Cook, Eric, 1003-05, 1102
Phillips, Orville H., 1099-1101

Fisheries bill C-38. 1r, 1016; 2r, 1033-5, 1099-1102; ref to com, 1102; rep without amdt, 1126; 3r, 1141; r.a., 1161

Flag, Canadian

Distribution of flags and lapel pins to members of Parliament, 407-08, 422, 457-8, 588

Flynn, Hon. Jacques, P.C., Leader of the Opposition in the Senate

Address in reply to Speech from the Throne, 19-21, 22-24
Aeronautics and National Transportation bill C-46, 972-3
Canadian Transport Commission authority, 973
Control of airlines by federal-provincial governments, 973
Pacific Western Airlines, 972
Air Traffic Control Services Continuation bill C-63, 1295-9, 1301, 1311
Anti-Inflation Board guidelines and recommendations, 1297
Economic consequences of CATCA strike, 1298
Rates of pay, reconsideration by arbitrator, 1297
Reclassifications, 1296, 1297
Right to strike and CATCA, 1296
Irresponsibility in use of power, 1296
Right to strike and the government, 1296-7, 1299
Government negotiations, 1296-7
Right to strike, Parliament and the public, 1296, 1298
Prevention of strikes by order in council, 1298-9
Air transportation, bilingual air communications, 1970 report, question, 268
Anti-inflation program, detrimental effects of, 20-21
Appropriation bill No. 1, 1977 C-44, 552, 553, 574, 576, 577, 578, 579, 580, 581, 582, 584
Appropriation bill No. 2, 1977 C-45, 589-91, 592, 593
Argentina, United Nations Water Conference, 545, 587, 588
Bank and Quebec Savings Banks bill C-39, 679
Extension of date of power to do business, 679

Flynn, Hon. Jacques, P.C. - *Continued*
Banking legislation, 122-3, 126, 1018, 1142-3
Banking, Trade and Commerce Committee
Banking legislation, com study of, 122-3, 126
Temporary resignation of certain members of committee, 123, 124
Basha, Hon. Michael G., the late, 168
Bilingualism, 23, 268
Canada Pension Plan bill C-49, 1131
Canada-United States relations, agenda for discussions between US President and Prime Minister of Canada, 391
Canada-Venezuela relations, 390
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, 468-9
Jurisdiction over insurance companies, 468-9
Excerpt from Revised Statutes (1970), 469
Question ref to Privy Council, 469
Valuation of assets, 468
Canadian Human Rights bill C-25, 891, 1107-08
Appeals, decision of Privacy Commissioner, 1108
Exemptions to right of information, etc., 1108
Ministerial discretion, 1107-08
Canadian Parliamentary Guide, suggestion for review of contents, 273
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1153, 1246-7
Carter, Hon. Chesley W., retirement, 1137-8
Committee report, reading of English version only, question, 1153
Competition policy, 670-1, 672
Withdrawal of Bill C-42, status as white paper, 671
Conflict of interest
Income Tax bill C-22, 143, 144
Protection of borrowers and depositors, question re Bill C-16, 144
Resignation of members of Banking Trade and Commerce Committee upon discussion of banking legislation, 122-3
Constitution of Canada
Correspondence from Prime Minister to provincial premiers, 276, 277, 279, 280, *see* 287-9, 297-303
Criminal Law Amendment bill C-51, 1195-6, 1248
Dangerous offenders, 1248
Electronic surveillance, 1196-7
Admissibility of evidence, 1196
Firearms control, 1196, 1248
Long guns, 1248
Possession of firearms during commission of offence, 1196
Diefenbaker, Olive E., the late, 271
Economic facts related to government policies, 20
Electoral boundaries readjustment bills, 1105
Estimates (Appropriation bill C-44)
Amdts to other legislation through appropriation bills, 581, 582
Authority to meet commitments, 578, 579
Canadian Broadcasting Corporation, 580
Statutory items, 579
Title of bill, confusion in calendar year notation, 575
Transfer payments to provinces, 577, 578
Estimates (Appropriation bill C-45)
Borrowing authority, 590, 593
Governor General's warrants, 590
Time schedule for passage of bill, 591
Varying percentages of votes, question re, 590

Flynn, Hon. Jacques, P.C. - *Continued*

Estimates year ending Mar. 31/77, supplementary (D), 549-51
Dollar items, 550
Fiscal transfer payments program, 549-50
Government expenditures, inadequate control of, 550
Senate role in examination of estimates, 550-1
Estimates year ending Mar. 31/78, 966-7
Excise Tax bill C-21, 378, 396
Air conditioners, 378, 396
Export Development bill C-47, 833
Federal by-elections results, question, 39
Federal-Provincial Conference of Finance Ministers, 308
Federal-Provincial Conference of First Ministers
Agenda of conference, 225, 228
Exclusion of press, 225
Reply from Quebec Premier re, question, 173, 181, 193-4
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 617, 619, 620, 621, 622, 624-7, 628
Equalization formula, 625-7
Hospital care, medicare, post-secondary education, 626
Jurisdiction and responsibilities of provinces, 626
Provincial agreements, 617, 626
Referral of bill to appropriate committee, 619, 620, 621
Motion to amend m to ref bill to Banking, Trade and Commerce Com, 620, 621, 622; neg, 622
Flag, Canadian, distribution to members of Parliament, 407-08, 442
Government Expenditures Restraint bill C-19, 253, 256, 257-61, 264, 265, 268-9, 270
Auditor General's statements re government expenditures and control of, 258, 260
Suggestion re appointment of comptroller general, 258, 260
CBC, Air Canada, CNR, Atomic Energy of Canada, potential for restraints, 260
Glassco Commission recommendations, lack of implementation of, 258
Government expenditures, growth limit to 14%, 258, 260-1
Control of, 260-1
Prolongation of debate in the other place, 268
Reduction in expenditure commitments, 257-61, 265, 269
Adult occupational training, 258, 269
Company of Young Canadians, 259, 269
Crown corporations, 257, 258
Family allowances, 256, 259, 265, 269
Industrial research development, 259
Information Canada, 259, 269
Public Service, 257
Salaries of judges, 257
Transportation subsidies, 260
Western grain stabilization, 259-60, 269
Suggestions re imposing of new regulations, from Canadian Economic Policy Committee, C. D. Howe Research Institute and Fraser Institute, 260
Government spending, 21, 22
Immigration bill C-24, 1249, m to amend bill, 1249-55, neg, 1255-6
Powers of Governor in Council, 1249
Senate committee role in amending legislation, 1249, 1254-5
Income Tax bill C-22, 143, 144, 422-3, 425
Conflict of interest, question re, 143, 144
Hayden formula for committee study of legislation, 423
Question re possibility of amdt to clause 75 in Committee of the Whole, 425
Recommendation of committee, non-acceptance by Commons, 422
Social insurance numbers, use on ownership certificates, 423

Flynn, Hon. Jacques, P.C. - *Continued*
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1006-08, 1010, 1021, 1022, 1048, 1049, 1092-6, 1097
Excerpt from com report, 1006
Extinguishment of claims, 1007-08, 1092-6
Quebec undertaking to negotiate, 1008
Judges Act and other Acts in respect of Judicial Matters bill C-50, 834-6
Additional appointments of judges, 835
Commissioner for Federal Judicial Affairs, 835-6
Salaries, 835
Workload of courts, 835
Labour-management relations, 24
Lapointe, Hon. Renaude, tribute to, 19-20
Lefrançois, Hon. J. E., resignation from the Senate, 141
Legal and Constitutional Affairs Committee, meeting during Senate sitting, 1211
Leonard, Hon. Thomas D'Arcy, the late, 755
Mackenzie Valley pipeline, Berger Commission report, 686, 687
Marchand, Hon. Jean, 223-4
National unity
Proposed committee on regional interests, 149
Role of Senate, 278, 279
Northern pipeline, National Energy Board decision, 1037
Organized crime, 912
Pacific Western Air Lines, judgment of Supreme Court of Canada, 443, 444
Parliament, prolongation of session, 23
Private enterprise, 23
Protection of borrowers and depositors, (Bill C-16), 144, 1144-5
Committee work on subject matter, 1144-5
Conflict of interest in bill, question re, 144
Federal-provincial authority, question of, 1145
Prowse, Hon. J. Harper, the late, 7
Radio-Canada, proposed appearance before Senate Committee of CBC President and commentators, 419
Regulations and other statutory instruments, 692-3, 911, 1030-1
Confidentiality of lawyer-client relationship re commenting on certain regulations, 693
Conflict of interest of minister, possibility of, 693
Counsel general for continuous review of regulations, suggestion for appointment, 693
Subordinate legislation, 692-3
Rules of the Senate
Comment upon result of vote, 1247
Point of order re reading of committee report in English only, 1153
Printing or publishing of anything relating to the proceedings of the Senate, 279, 280, 288
Referral of Bill C-37 to appropriate committee, 619, 620, 621
Senate
Business, 97, 156, 181, 245, 267, 268, 757, 864, 1033, 1106, 1140, 1162, 1292
Committee work, 23, 1144-5
Methods for dealing with legislation, 1144-5
Taking of photographs of Senate Chamber, 968
Vacancies, 20
Senate, appointment of senators, 659-63
Alberta Senate appointments, article by Paul Jackson, 661
Canadian Press report re opposition representation, 661
Discussions and correspondence with Prime Minister and Senate government leader, 659-62
Political imbalance in appointments, 659, 662
Prime Minister's comments during 1974 Throne Speech and at press conference, 660, 662
Requirement for opposition to submit names to Prime Minister, 660, 661
Voluntary retirement, 661-2

Flynn, Hon. Jacques, P.C. - *Concluded*
Solar Energy Application bill C-309, 747, 759, 760, 762, 763, 764-5, 795, 796, 846
Draftmanship of bill, 746, 759
Referral of bill to Banking, Trade and Commerce Com, m in amdt, 795, 796
Referral of subject matter to com, 762
Steuart, Hon. David Gordon, 223
Unemployment, 20
Unemployment Insurance Entitlements Adjustment bill C-52, 690, 700-01
Delay in passage of bill, 700-01
Extract from Bill C-27, 690, 700
Termination of claims for persons 65 yrs. and over, 700
USSR delegation, visitors to the Senate, 21
Wheat, crop year start, question, 1182

Foreign affairs
Argentina, United Nations Water Conference, 587-8
Arrest of Soviet dissidents, motion to convey message of concern to government of Soviet Union, 428-9; agreed, 429
Canada-United States Inter-Parliamentary Group, Victoria meeting, 1213, 1225-42
Canada-United States relations, 86, 124, 391
Agenda for discussions between US President and Prime Minister of Canada, 391
Canada-Venezuela relations, 390
Council of Europe, Parliamentary Assembly, Strasbourg meeting, 813-19
European Parliament, visit of Canadian Parliamentarians to, 151-5, 158-62, 173-4
Haiti, assistance to, 808
Helsinki Agreement
Customs duty on gifts to relatives in USSR, 745, 808
Discussions at European Parliament, Luxembourg Conference, 152
Discussions at North Atlantic Assembly, Williamsburg Conference, 282, 283-4, 475
Human, cultural, educational and information obligations, implementation of, 282, 283-4
Implementation of, question, 704-05, 930
Interpretations by different nations, 475
Printed information, distribution of, 715
Review Conference, Canadian delegation to, 1004-05
Holy Land Commissioner, Reverend Father George Germain, visitor to Senate, 86
Ireland, efforts to promote understanding and reconciliation, 126-7
Loans to foreign countries, question, 875, 1052-3, 1077-91, 1265
Mexico, visit of Canadian Parliamentarians, 705-07, 713-14, 869-71, 872-3
North Atlantic Assembly Conference, Williamsburg, Virginia, 233-6, 281-5, 473-7, 491-6, 540-3, 545-7; *see appendix to Debates of Feb. 1/77*
Nuclear supplies, negotiations with other countries, 686, 959-60
Nuclear weapons, supply of CANDU reactors to Rumania, 960
Oil or gas pipeline corridors, Canada-United States, 1165
Seal hunt, resolution of US House of Representatives protesting event, 553-4
Sengalese Parliament and International Association of French-speaking Parliaments, member Mr. Christian Valentin, visitor to Senate, 189
USSR delegation, visitors to Senate, 21
Western European Union Assembly, Paris conference, 186-9, 391-4

Foreign Affairs, Standing Senate Committee
Canada-United States relations, com authorized to make study, 86
Expenses re study of Canada-United States relations, 124
Meetings during Senate sittings, 205, 928-9, 1213

Foreign Affairs, Standing Senate Committee - *Concluded*
Reports
Immigration bill C-24, rep without amdt but with statement re powers of Governor in Council, 1244, 1248-56
Terms of reference, 86

Forestry, *see* Lumber industry

Forsey, Hon. Eugene A.
Address in reply to Speech from the Throne, 103-10
Air Traffic Control Services Continuation bill C-63, 1303-04, 1308, 1310
Anti-Inflation Board guidelines and recommendations, 1303, 1310
Emergency legislation precedents, 1303
Free collective bargaining, non-existence of, 1303-04
NDP proposal for amdt to bill, 1303, 1308
Railway and other strikes in essential services, 1303-04
Third party negotiations, 1304
Union leaders and government conflict, 1303
Appropriation bill No. 1, 1977 C-44, 576, 582, 583
Bureaucracy of government, 108-09
Canadian Armed Forces, international peacekeeping, 286
Canadian Human Rights bill C-25, 878, 887-9
Ministerial powers, 887-9
Privileged communications between lawyer and client, 888, 889
Regulation and guideline, definition of, 888, 889
Subdelegation on recommendation of Commission, 888
Tribunal hearings, 889
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1188
Citizenship
Contradictory information emanating from Dept. of Secretary of State, 109
Statement from Prime Minister's office re the late Lord Thomson, 109
Confederation, Montreal *Star* report of speech to Canadian Club, question of privilege, 376
Confederation, proposed special joint committee to examine matters of mutual interest to all Canadians, 566-73
Consent of provinces to changes to BNA Act, 567
Flexibility and decentralization in arrangements, 570-2
Globe and Mail article on economic costs of decentralization, 572-3
Jurisdiction of provincial legislatures, 571-2
Communications, 571
Immigration, 571
Urban affairs, 571
Legality of separation of any province, 566
National unity, 572
Negotiation problems in event of Quebec separation, 567-70
Boundaries, 568-9
Corridor to link Atlantic provinces to western Canada, 569
Economic questions, 569-70
National assets and debt, 567-8
St. Lawrence Seaway, 567
Constitution of Canada
Correspondence between Prime Minister and Premier of Alberta, 63-64, 69-71
Correspondence from Prime Minister to provincial premiers, 276-7, 287-9, 297-303
Provincial veto, 104-05
Quebec, 104-05
Consultative agencies of government, 108

Forsey, Hon. Eugene A. - *Continued*

Crown revenues, casual or other not provided by Parliament, question, 75, 984, 1038
Customs Tariff bill C-15, 450
Scientific Preparations Remission Order, 450
Validity of retroactive effect of, 450
Customs tariff, canned tomato surtax, 1287
Dominion Day, change of name to Canada Day, question, 1033
Employment and Immigration Reorganization bill C-27, 1201
Variable entrance requirement for unemployment insurance, 1201
Energy, construction of natural gas pipeline, 1284
Indian land claims, 1284
Energy resources, 107
Estimates (Appropriation bill C-44)
Dollar items, 565, 583
Enacting of substantive legislation by supply bills, 565
Motion to delete items 52b and L116d, 583; defeated, 584
St. Lawrence Seaway Authority debt, 565, 583
VIA Rail Canada Inc., 565, 583
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 615-16, 618, 622
Discretionary powers of minister, 615
National unity, 615
Government Organization (Scientific Activities) bill C-26, 897-8
Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate, 170
Immigration bill C-24, 1208-10, 1252
Arbitrary powers of immigration officers, 1210
Delay in submission of bill to Senate, 1208-09
National security, 1210
Powers of Governor in Council, 1209
Refugees, 1210
Income Tax bill C-22, 425, 456-7
Nil assessment, 456-7
Question of submission of amdt to clause 75 to Committee of the Whole, 425
Social insurance numbers, use on ownership certificates, 425, 457
Trust in favour of wife, 457
Indian land claims, 108
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1025, 1046, 1047, 1048
Judges Act and other Acts in Respect of Judicial Matters bill C-50, 885
Justice Department, Director of Information Services, qualifications of, question, 98, 150
Labour-management relations, 106
National unity, economic and cultural aspirations of various regions, 949-57
Dene nation, 950
Draft agreement between Dene people and Canadian government, 950
Ownership of lands and other rights, 950
Special status, 950
Education, 950-7
Canadian history, lack of knowledge of, 950-7
English constitutional law, 952
Gazette article by Quebec Minister of Culture, 953
Letter in reply, 953
Globe and Mail article and excerpts from letters re history teaching, 952
Le Devoir article by former cabinet minister re Senate, 951
Le Devoir article by Professor Rothney on language education, 953-4
Maclean's article by Professor Verney, 952
Letter in reply, 953
Quebec misunderstandings, 955-6

Forsey, Hon. Eugene A. - *Concluded*
National unity - *Concluded*
Education - *Concluded*
So Little for the Mind, by Professor Hilda Neatby, 951
Statistics on provincial French-speaking populations, 954-5
Forum for Young Canadians, 956
New Brunswick, 957
Nuclear weapons, 107
Personality disorders and criminal behaviour, 496-7, 631
Postal workers' union, 106-07
Private enterprise vs federal programs, 106
Queen Elizabeth II, Her Majesty
Silver Jubilee celebrations, 86-87, 228-9, 279-80
Regulations and other statutory instruments, 315-69, 379-89, 988-90
Affirmation and disallowance of statutory instruments by Houses of Parliament, 384-5, 388
Bill of Rights, status as law of Canada, 384
Definition of statutory instrument, 382
Distribution of reports of Regulations and other Statutory Instruments Committee, 389
Enacting of substantive legislation by appropriation acts, 384
Illegalities cited:
Acts of indemnity, 385
Grain disposal, 386
Navigable Waters Protection Act, 384
Parole Board, 383-4
Post Office lottery, 385
Public Service regulations, 385, 386, 387
Inconsistencies in instruments, 382-3
Legal opinions, 381-2
Parliamentary powers, encroachment of, 989
Power to dispense with provisions of law, 383-4
Publishing of information in *Canada Gazette*, 388
Question of *vires*, 381, 382, 385, 386, 388
Recourse to courts, 386-7
Retroactive effect of subordinate legislation, 387-8
Sub-delegation, 383
Regulations and other Statutory Instruments, Standing Joint Committee
Expenses, 143
Reports
First report, quorum, engagement of services, power to meet, 140
Second report, 307, 315-69, 379-89, 425-7, 506-11, 646-9, 783-5, 821, 910
Third report, 685, 690, 694-7, 988-90
Fourth report, 1004
Terms of reference, 140
Royal Emblems, removal from Governor General's private railway cars, 643, 655
Rules of the Senate
Committee power to act in referral of any subject matter for study, 631
Committee report recommending that bill be not proceeded with, 1188
Precedents cited, 1188
Referral of bill C-37 to appropriate committee, 622
Saccharin, ban on, 631
Senate
Appointments, lack of opposition members, 108, 993
Business, 139
Transportation, 107
Regional airlines, Eastern Provincial airlines, 458, 473

Fournier, Hon. Edgar E.
Address in reply to Speech from the Throne, 61-62
Inflationary trends, 61-62
Labour unrest, 61
Nuclear power, 61
World hunger, 61

Fournier, Hon. Michel
National unity, economic and cultural aspirations of various regions, 1132-5
Acadians, 1132, 1134
Inequities in bilingualism and biculturalism 1133-5
New Brunswick official languages education, 1134
University of New Brunswick, 1134
Quebec, 1133-4
Senate role, 1133

Fournier, Hon. Sarto
Canada-United States relations, address by Prime Minister to United States Congress, 435
National unity, Quebec concerns, 665

Frith, Hon. Royce (Introduced in the Senate Apr. 26/77)
Bretton Woods Agreements bill C-18, 1104
Customs Tariff bill C-55, 766-7, 778
Action of Senate committee in rectifying over-correction in legislation, 778
Agricultural produce, 778
Concessions to Third World countries following international negotiations, 778
Lighting fixtures, 766
Miscellaneous amendments, 766
Products of interest to developing countries, 766
Refined sugar, 766
Scientific apparatus, preparations for industrial use, 767
Temporary tariff reductions, 766
Tropical products, 766
Energy, construction of natural gas pipeline, 1286
Canada-US relations, 1286
Ontario benefits, 1286
Immigration bill C-24, 1252
Powers of Governor in Council, 1252
Senate committee role in amending legislation, 1252
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1021-2, 1045-6, 1048
Extinguishment of claims, 1021-2, 1045
Quebec undertaking to negotiate, 1022
National unity, economic and cultural aspirations of various regions, 741-4, 812, 839
Bilingualism and biculturalism, excerpt from preliminary report on, 742
French Academy, 741
Minority rights, 742, 744
Participation of Canadians in politics, 741-2
Partisan political activity, 743-4
Excerpt from speech of Hon. Robert Stanfield, 743-4
Property rights, 742
Provincial rights, 742, 744
Rail networks, implementation of Hall Commission recommendations, 812
Richelieu custom of transforming secret to public, 741
Senate's role in crisis, 742, 743
Separatism, 744

Garrison Dam, proposed diversion of water, promulgation of information re, 436

Godfrey, Hon. John M.
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, 458-61, 469, 1072-4
Acquisition costs of life insurance, 459
Audit requirements, 460
Calculation of actuarial reserves, 459
Capital and surplus requirements for property and casualty insurance companies, 460, 461
Conduct of business ancillary to insurance, 460
Definition of British company, 460
Investment powers, 460, 1072-3
Valuation of assets, 459-60, 1073
Criminal Law Amendment bill C-51, 1166-7
Dangerous offenders, 1166-7
Possession of firearms during commission of offence, 1166
Excise Tax bill (No. 2) C-54, 747-9, 799
Aids for handicapped, 749
Air transportation tickets, 749, 799
Extension of period for recovery of tax, 747-8
Flaws re oil, 748
Gasoline and diesel fuel, 748
Retail industry and small manufacturers, 748-9
Immigration bill C-24, 1244-5
Nominated relatives, 1244-5
National Ballet of Canada, twenty-fifth anniversary, 145-7
National Gallery of Canada, original paintings owned by Gallery, 700-01, 1053
Regulations and other Statutory Instruments, 425-7
Definition of statutory instrument, 427
Enabling statute, 426
Excerpt from provisions of Statutory Instruments Act re examination of legislation, 426
Illegalities cited, 427
Parole Board, 427
Publication of regulations in *Canada Gazette*, 426
Question of *intra vires* or *ultra vires*, 426, 427
Solar Energy Application bill C-309, 760, 761, 764
Members of institute, 761
Motion that subject matter be ref to com, 760, 764
Principle of bill, 760

Goldenberg, Hon. H. Carl
Canadian Human Rights bill C-25, 840-4, 890-3, 1108
Bill of Rights, 841
Complaints, procedure for dealing with, 843
Equal pay formula, 842
Freedom from discrimination, 841-2, 844, 890
Human Rights Commission, members and powers, 842-3, 891
Indian woman, loss of rights on marriage to white man, 892
Labour Code, provisions against discrimination, 841
Language rights, 844, 891-2
Physically handicapped persons, 892
Political beliefs discrimination, 891
Privacy of individuals and right of access to records, 841, 843
Prohibited grounds of discrimination, 842
Racism and discrimination, 841-2
Sexual orientation, 891

Goldenberg, Hon. H. Carl - *Concluded*
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1010, 1047-8
Legal and Constitutional Affairs Committee
Expenses, 148
Reports
Canadian Human Rights bill C-25, rep without amdt, 1052
James Bay and Northern Quebec Native Claims Settlement bill C-9, rep with comments but without amdt, 958-9
Regulations and other statutory instruments, 386

Government
Bureaucracy in government, 108-09, 114
Consultative agencies in government, 108-09
Economic facts related to government policies, 20
Government expenditures, 21, 22, 49, 230-1, 233
Anti-Inflation Board, 49
Auditor General's statements re, 230-1, 233
Glassco Commission report, 232, 233
Legislation, complexity and proliferation of, 38
Local Initiatives Program, 41
Policies and plans, 115
Excerpt from press release of Chamber of Commerce, 115
Role of, 5-6

Government expenditures restraint
Auditor General's statements re government expenditures and control of, 258, 260, 265
Suggestions re appointment of comptroller general, 258, 260
CBC, Air Canada, CNR, Atomic Energy of Canada and other crown corporations, potential for restraints, 260, 264
Company of Young Canadians, 256, 262
Consumer prices, increase in, 263; other countries, 263
Glassco Commission recommendations, lack of implementation of, 258
Government expenditures, growth limit to 14%, 253, 258, 260-1
Control of, 260-1
Government expenditures (1968-76), statistics re, 255
Government expenditures vs GNP, 262-3, 265
Inflation, 261, 263
IRDIA, 262
Reduction in expenditure commitments, 253-6, 257-61, 262, 269
Adult occupational training, 253, 254, 256, 258, 259
Aid to granting councils, 253
Building expenditures, 253
Company of Young Canadians, 253, 254, 256, 259, 269
Crown corporations, 257, 258
DREE, 253
External Affairs postings, 253
Family allowances, 253, 254, 256, 259, 262, 265, 269
Foreign aid, 253
Industrial research and development incentives, 254-5, 259
Information Canada, 253, 254, 256, 259, 269
Language training, 253
Loans to crown corporations and others, 253
Opportunities for Youth, 253
Public Service, 253, 259
Retroactive clauses, 262

Government expenditures restraint - *Concluded*
Reduction in expenditure commitments - *Concluded*
Salaries of judges and high-salaried public servants, 253, 257
Subsidies and other transfers, 264
Suggestions re imposing of new regulations, from Canadian Economic Policy Committee, C.D. Howe Research Institute and Fraser Institute, 260
Supply and Services, 255
Transportation subsidies, 253, 260, 264
Uncontrollable expenditures, 261
Western grain stabilization, 255, 259-60, 269
Speakers: Senators
Carter, Chesley W., 255
Flynn, Jacques, 253, 255, 256, 257-61, 268-9, 270
Grosart, Allister, 256, 261-2, 263, 264, 265, 270
Perrault, Raymond J., 253-6, 262-5, 269, 270

Government Expenditures Restraint bill C-19. 1r, 250; 2r, 253-6, 257-65; ref to com, 265; rep without amdt, 267; 3r, 268-70; r.a., 272

Government organization (scientific activities)
Act of Creation, 899
Budgets, 850, 879, 899, 976-7
Canada Council, 879
Coordination of council granting policies and budgets, 849-50
Defence Research Council, 850, 879-80, 896-7
Departmental and ministerial responsibilities, 897
Dictionary of Canadian Biography, 848
Government and Council expenditures, 894, 897
Inter-Council Coordinating Committee, 880
Lobster hatchery research, 899
Medical Research Council, 849, 850, 897
MIT study, 898
MOSST, 895
National Research Council, 850, 878, 894, 896, 898
Natural Sciences and Engineering Research Council, 849, 850
Natural Sciences and Humanities Research Council, 895, 896
Objectives of councils, 849
Separation of granting powers from existing councils, 895, 898
Social Sciences and Humanities Research Council, 849, 850, 895, 896
Structure of, 896
Technology Transfer: Government Laboratories to Manufacturing Industry, 850
University projects, 848, 850-1, 893, 894
Report of Professor Symons, 848
Speakers: Senators
Carter, Chesley W., 848-51, 898, 899, 959, 971, 972, 976-7
Deschatelets, Jean-Paul, 851
Forsey, Eugene A., 897-8
Grosart, Allister, 893-7, 976
Hicks, Henry D., 879-80, 898-9
Norrie, Margaret, 880

Government Organization (Scientific Activities) bill C-26 1976. 1r, 820; 2r, 848-51, 879-80, 893-900; ref to com, 900; rep with amdt, 959, 971-2; 3r, 976-7; Commons agreement to amdt, 999; r.a., 1031

Governor General, His Excellency the Right Honourable Jules Leger
Deputy
Beetz, Hon. Jean, Puisne Judge of the Supreme Court of Canada
Royal assent, 68, 243, 703, 940, 1161
Dickson, Hon. R.G.B., Puisne Judge of the Supreme Court of Canada
Royal assent, 462, 635-6, 1287-8, 1311
Judson, Hon. Wilfred, Puisne Judge of the Supreme Court of Canada
Royal assent, 1031
Laskin, Rt. Hon. Bora, P.C., Chief Justice of Canada
Royal assent, 272
Speech from the Throne at prorogation, 1330
Spence, Hon. Wishart F., O.B.E., Puisne Judge of the Supreme Court of Canada
Royal assent, 600-01
Opening of Second Session of Thirtieth Parliament
Communication from Secretary to Governor General, 1
Speech from the Throne, 1-6
Prorogation of Second Session of Thirtieth Parliament
Communication from Secretary to Governor General, 1328
Speech from the Throne, 1330
Queen Elizabeth II, message from Senate and Commons for transmission to the Queen re Silver Jubilee, 374; acknowledgment from the Queen, 395

Graham, Hon. B. Alasdair
Address in reply to Speech from the Throne, 112-15
Bilingualism, 114
Bureaucracy in government, 114
Federal-provincial conferences, 114
Housing, 114
National unity, economic and cultural aspirations of various regions, 1154-8
Acadians, 1155-6
Atlantic provinces, 1155-7
Federal-provincial assistance plans, 1156-7
History teaching, deficiencies in, 1156
Individual responsibility, 1157-8
Language policy in Canada, 1155
Quebec, 1155-6, 1157
Nova Scotia
Canstel, 113
Coal industry, Cape Breton Island, 113
Sydney Steel and Hawker-Siddeley Steel Works, 113
Transportation, user-pay concept, 113-14

Grain
Canadian Wheat Board, Western Grain Stabilization bill C-34, 887, 939-40, 947-8, 962-5, 1152-3, 1175-80, 1183-95, 1214-18, 1288
Costs and revenues from grain shipments, 248
Crowsnest Pass, 247, 248
Freight rates, statement issued by Saskatchewan government, 247-8
Provision of rail cars to Peace River district, question, 125-6
Snavely Commission on Transportation, 248-9

Greene, Hon. John J., P.C.
Banking legislation, referral to Banking, Trade and Commerce Committee, 131-2
Resignation of committee members upon consideration of, 131-2
Bell Canada bill S-2, 185
American Telephone and Telegraph Co., 185
Canadian Human Rights bill C-25, 844

Greene, Hon. John J., P.C. - *Concluded*

Canadian Wheat Board, Western Grain Stabilization bill C-34, 1153, 1186, 1188, 1189, 1247
Necessity of bill, question of, 1189
Committee report, reading of English version only, question, 1153
Competition policy, 1150, 1151
Competition in world markets, 1150
Customs Tariff bill C-55, 777, 778
Energy, construction of natural gas pipeline, 1279-80, 1283-4
Canada-US relations, 1283-4
Economic impact, 1284
Quebec-Maritimes pipeline, 1279
Valdez, liquefied natural gas pipeline to US, 1284
European Economic Community, agricultural policy, 161-2
Government Expenditures Restraint bill C-19, 260
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1046-7, 1059
Maritime Code bill C-41, 1323-4
Minutes of the Proceedings of the Senate, error in English text of, 10
National unity, economic and cultural aspirations of various regions, 1117-19
Historical facts related to the Constitution, 1118
Parliamentary responsibility, 1117-18; Senate role, 1117
Public service participation, 1118; CBC, 1118
Quebec election results, effect of, 1118
Oil pollution, protection of coastal waters and shorelines, 699, 944, 945
Regulations and other statutory instruments, 989
Rules of the Senate
Comment upon result of vote, 1247
Point of order re quoting incorrectly of senator's remarks, 1188
Point of order re reading of committee report in both languages, 1153
Suspension of rule re 2r of Bill S-2, 185
Senate, Progressive Conservative senators, question re attendance, 19

Grosart, Hon. Allister, Deputy Leader of the Opposition in the Senate

Air Traffic Control Services Continuation bill C-63, 1305-07, 1309, 1310
Anti-Inflation Board guidelines, 1306-07, 1310
Collective bargaining, 1305, 1306
Right to strike, 1305
Rotating strikes, 1305-06
Appropriation bill No. 5, 1976 C-28, 230, 233
Appropriation bill No. 1, 1977 C-44, 560, 574, 575-7, 578, 579-80, 581, 582, 583, 584
Appropriation bill No. 2, 1977 C-45, 585-6
Appropriation bill No. 3, 1977 C-58, 1012-14
Auditor General bill C-20, 1114-15, 1116-17
Employees of Auditor General's office, status of, 1114-15
Letter from Chairman of Public Service Commission, 1115
Estimates, examination by Senate committee, 1116-17
Bell Canada bill S-2, 183, 184-6, 194-5, 197
Capital increase, 195
CRTC, 194-5
Research and development, 194
Blois, Hon. Frederick M., resignation from the Senate, 72-73
Burchill, Hon. G. Percival, the late, 1312
Canada-United States relations
Address by Prime Minister before United States Congress, 435
Garrison Dam, proposed diversion of water, 436
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, 1073, 1074

Grosart, Hon. Allister - *Continued*

Canadian Wheat Board, Western Grain Stabilization bill C-34, 1187-8
Committee meetings during Senate sittings, 375-6
Criminal Code (counterfeit of rare coins and notes) bill C-256, 1108-09
Offences, 1108, 1109
Reproduction of original, second edition or second issue, 1109
Currency and Exchange bill C-5, 1069-72
Assets, modifications and valuation of Exchange Account, 1070
Auditing of account, 1070-1
Bretton Woods Agreement and International Monetary Fund Agreement, 1069, 1070
Special drawing rights, 1069-70
Value of Canadian dollar, 1071
Customs Tariff bill C-15, 292, 309-11
British preferential tariff, 311
Delay in implementation of legislation, 309-10
GATT, 310
Non-tariff barriers, 311
Overruling of Tariff Board decisions, 310
Scientific items for hospitals and other institutions, 310
Customs Tariff bill C-55, 775-8
Action of Senate committee in rectifying over-correction in legislation, 778
Agricultural produce, 777
Cameras, 776-7
Concessions to Third World countries following international negotiations, 777
Cost-benefit assessment of legislation, 775-6
Effect of tariffs on prices and employment, 775-6
GATT renegotiations, Tokyo Round, 776
Machinery and equipment, 776
Miscellaneous amendments, 776
Protection vs free trade, 776
Tropical products, 776
Customs tariff, canned tomato surtax, 1287, 1291
Diefenbaker, Olive E., the late, 271
Diplomatic and Consular Privileges and Immunities bill C-6, 906
Energy, construction of natural gas pipeline, 1267-8
Environmental aspects, 1267-8
Government policy, lack of statement re, 1267
Indian land claims, 1268
Excerpt from the *National Indian*, 1268
Estimates (Appropriation bill C-28)
Government expenditures, 230-1
Auditor General's statements re, 230-1, 233
Glassco Commission report, 233
Estimates (Appropriation bill C-44)
Amdts to other legislation through appropriation bills, 575, 576, 580, 581, 582, 583
Authority to meet commitments, 579
Dollar items, 564-5, 575, 579
Government restraints, 564
Time schedule for passage of bill, 579-80
Transfer payments, 565
Estimates (Appropriation bill C-45)
Borrowing authority, 585-6
Title of bill, confusion in calendar year notation, 592

Grosart, Hon. Allister - *Continued*

Estimates (Appropriation bill C-58)
Atomic Energy of Canada, 1013-14
Energy, Mines and Resources, 1013
Pickering airport, 1014
Estimates year ending Mar. 31/77, Supplementary (B) and (C), 209, 211-12
Dollar items, 211
Explanation of requirement, 211
Labour-intensive projects, 211
Public Service restraints, 210
Excise Tax bill C-21, 376-8
Air conditioners for motor vehicles, 377, 378
Energy conservation, 377-8
Manufacturers' exemption, 377
Omnibus aspect of legislation, 377
Excise Tax bill C-54, 796-8
Aids for handicapped, 798
Air transportation tickets, 797
Gasoline and diesel revenues, 797-8
Retail industry and small manufacturers, 798
Revenue percentages from various tax sources, 797
Trade-offs between Excise Tax and Customs Tariff, 796-7
Export Development bill C-47, 823, 829-33
By-passing of Parliament by supplementary estimates, 830-1
Competition from other countries, 830
Deficit in semi-finished products, 830
Export credits insurance, 830
Liability of corporation or of government, 823
Loans to foreign buyers of Canadian capital goods and services, 831-3
Countries behind the Iron Curtain and satellite countries, 831, 832, 833
Interest rate, 832
Lending and insurance credits to large firms, 831-2
Federal-Provincial Conference of First Ministers, 194
Patriation of the Constitution, 205-06
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 619-20, 627
Financial Administration Act, crown corporations not subject to audit, 674, 715-17, 770-1
Foreign affairs, nuclear supplies, negotiations with other countries, 686, 959-60
Government Expenditures Restraint bill C-19, 256, 261-2, 263
Company of Young Canadians, 256, 262
GNP vs government spending, 261
IRDIA, 262
Reduction in expenditure commitments, 261, 262
Family allowances, 262
Uncontrollable expenditures, 261
Western grain stabilization, 262
Retroactive clauses, 262
Government Organization (Scientific Activities) bill C-26, 893-7, 976
Budgets, 976
Defence Research Board, 896-7
Departmental and ministerial responsibilities, 897
Government and Council expenditures, 894, 897
Medical Research Council, 897
MOSST, 895
National Research Council, 894, 896

Grosart, Hon. Allister - *Continued*
Government Organization (Scientific Activities) bill C-26 - *Concluded*
Natural Sciences and Humanities Research Council, 895, 896
Science Policy Committee, work of, 893-4
Separation of granting powers from existing council, 896
Social Sciences and Humanities Research Council, 895, 896
University projects, 893, 894
Haig, Hon. J. Campbell, 638
Housing, acquisition or renovations of homes, government assistance for single persons, 1164, 1246, 1265, 1319
Immigration bill C-24, 1250-1, 1252, 1253
Powers of Governor in Council, 1250-1, 1252
Senate committee role in amending legislation, 1251
Income Tax bill C-22, 204, 213-16, 423-5, 453-4, 456
Social insurance numbers, use on ownership certificates, 454
Income Tax Conventions bill C-12, 932-6
Creation of new standing orders for Houses of Parliament, 933, 934-5
Disadvantages to nationals re withholding tax and tax credit rates, 933
Exchange of information, 935-6
Swiss bank accounts, 935
Law of nations vs law of Canada, 933-4
Omnibus bill, question of, 934
Provincial jurisdictions, Vienna Convention provision re, 934
Referral of bill to proper committee, 936
Ireland, peace movement leaders visitors to Senate, 180
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1019-21, 1022, 1046
Extinguishment of claims, 1019-21, 1046
Quebec undertaking to negotiate, 1021
Legislation, amendments omitted in reprinting of bills, 456
National Gallery, original paintings lost or unaccounted for, 701
Official Languages Commissioner Keith Spicer, reappointment of, 635
Official Languages Commissioner Maxwell F. Yalden, appointment of, 1288
Oil pollution, territorial or international waters definition, 699, 944-5
Omnibus bills, 1187-8
Pension bill C-11, 669
Petroleum Corporations Monitoring bill S-4, 749-51, 752
Authority of minister, 750-1
Corporations engaged in exploration, etc., 750
Crown corporations, 751
Default penalty, 751
Petro-Canada, 750
Provision of legislative authority to collect statistics on industry, 749-50
Revenues for further exploration, 751
Statutory form to be completed, 751
Regulations and other statutory instruments
Speech of Senator Langlois, question, 821
Rules of the Senate
Committee power to act in referral of any subject matter for study, 630, 631
Discussion of ruling by Commons Speaker, 576-7
Motion to adjourn debate, 795
Point of order re closing of debate, 183
Referral of Bill C-37 to appropriate committee, 619-20
Second reading of bills, principle accepted, question of, 1187-8
Suspension of rule re 2r of Bill S-2, 184-6

Grosart, Hon. Allister - *Concluded*
Saccharin, ban on, 630, 631, 634-5
St. Patrick's Day, 531
Science Policy Committee
Appointment of, 176-7
Atomic energy, 177
Crisis in scientific research, 176
SCITEC, 177
Senate
Business, 167, 562, 563
Summer adjournment, 1288-9
Committee meetings during Senate sittings, 805, 806
Committees, role in amending of legislation, 453-4
National Finance Committee achievements, 211
Senate appointments, lack of opposition members, 1076
Solar Energy Application bill C-309, 728, 729, 745-7, 761-2, 763, 809-10, 811
Draftmanship of bill, 746
Incorporation of all areas of renewable energy, 746
NRC role and involvement or other government depts., 746
Objectives of institute and jurisdiction of, 746, 761
Principle of bill, 810
Referral of bill to Banking, Trade and Commerce Com, question of, 809, 810, 811
Research and experiments, 747
Sullivan, Hon. Joseph A., election as Fellow Emeritus of American Otological Society, 638
Sullivan, Hon. Joseph A., illness of, 179
Tourist visitors to Parliament Buildings, greeting by guides, 1243
Transportation, Canadian National Railway, criticisms of, 401
Unemployment Insurance Entitlements Adjustment bill C-52, 701

Haig, Hon. J. Campbell
Aeronautics and National Transportation bill C-46, 972
Control of airlines by federal-provincial governments, 972
Pacific Western Airlines, Supreme Court decision re, 972
Canada Lands Surveys bill C-4, 965-6
Dominion land surveyor, change of name, 965
Torrens system of land registration, 965
Maritime Code bill C-41, 1313-18, 1319-20
Motor Vehicle Safety bill C-36, 913-14
Offensive drivers, 913
Statistics on accidents, 913
Queen Elizabeth II, visit to Canada during Silver Jubilee, question, 829
Transport and Communications Committee
Reports
Aeronautics and National Transportation bill C-46, rep without amdt, 975
Maritime Code bill C-41, rep with amdts, 1313-18, 1319-20
Transportation, obstruction of access to airport by transport company, 961

Haiti
Assistance during shortages of food and drinkable water, 808, 1017, 1019
Duvalier family, 1019

Halifax
Longshoremen's strike and economic loss as result of, 64-67
See Port of Halifax Operations bill C-14, 64-68

Hastings, Hon. Earl A.
Parole service, statistics on, 1326-7
Prowse, Hon. J. Harper, the late, 8

Hayden, Hon. Salter A.
Banking legislation, 120-1, 133-6, 1000-04, 1018-19
Canadian Payments Association, 1000-01, 1002-03
Chartered banks' reserves, 1000, 1001-02
Citicorp, 1003-04
Financial leasing and factoring, 1003
Foreign banks, 1003-04
Incorporation of banks by letters patent, 1004
Pecuniary interest, 134-5
Excerpt from *Beauchesne's Parliamentary Rules and Forms*, 135
Excerpt from *Bourinot's Parliamentary Procedure*, 134-5
Excerpt from *May's Parliamentary Practice*, 134
Excerpt from Senate and House of Commons Act, 134
Residential mortgages, 1003
Resignation of committee members on discussion of White Paper, 133-6
Resumé of discussions on Bank Act (1967), 133
Right of provincial government to shareholding in new banks, 1000
Banking, Trade and Commerce Committee
Banking legislation, White Paper on, authorization to study, 86, 120-1, 133-6
Competition policy, authorization to study subject matter of Bill C-42, 670-2
Expenses, discussion re, 133
Expenses, 148
Income tax, Bill C-22, an Act to amend the statute law relating to income tax, authorization to study subject matter of, 143-4
Reports
Banking legislation, 1000-04, 1018-19, *see appendix to Debates of June 28/77*
Borrowers and depositors protection, subject matter of Bill C-16, 1106, 1120-5, 1144-51, *see appendix to Debates of July 11/77*
Canada Deposit Insurance Corporation bill C-3, rep without amdt, 958
Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, rep with amdts, 476, 490
Competition policy, subject matter of Bill C-42, 1106, 1146-51, *see appendix to Debates of July 13/77*
Continental Bank of Canada bill C-1001, rep without amdt, 1032
Customs Tariff bill C-15, rep without amdt, 489-50
Export Development bill C-47, rep without amdt, 845
Farm Improvement Loans, Small Businesses Loans, Fisheries Improvement Loans bill C-48, rep without amdt, 975
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, rep without amdt, 624
Fisheries bill C-38, rep without amdt, 1126
Income Tax bill C-22, 204, 213-16, 423-5, rep without amdt, 451-7
Petroleum Corporation Monitoring bill C-4, rep with amdts, 970-1, 977-8, 985
Borrowers and depositors protection, 1120-5, *see appendix to Debates of July 11/77*
Assumption of carriage of proceedings, 1124
Credit charge rate, 1121, 1123, 1124-5
Banks, 1124-5
Lending transaction, 1122
Loan sharking and criminal credit charges, 1122
Prepayment provisions, 1123-4
Mortgages, 1123
Purchase and acquisition of income tax returns, 1122

Hayden, Hon. Salter A. - *Concluded*

Canadian and British Insurance Companies, Foreign Insurance Companies bill S-3, 476, 490
Amalgamations, 490
Assets for deposit by British company to cover Canadian liabilities, 490
Investment of government bonds in foreign country, 490
Reserves, 490
Shares and changing of values, 490
Competition policy, 670, 671-2, 1146-51
Action for damages, 1149
Air travel industry, 1146-7
Appeals, limitations on, 1148-9
Civil remedies, mergers and monopolies, 670
Class actions, 1149, 1150
Competition in world and domestic markets, 1150-1
Competition Policy Advocate, powers of, 1147
Compulsory licensing re trade marks, 1149
Conscious parallelism, 1148, 1151
Dynamic Change and Accountability in the Canadian Market Economy, report of Skeoch-McDonald Commission, 1148
Letter from Dr. Skeoch, 1148
Joint monopolization, 1148
National Transportation Act, extract from, 1147
Regulated industries, 1146-7
Withdrawal of Bill C-42 and status as white paper, 671-2
See Appendix to Debates of July 13/77
Customs Tariff bill C-15, 449-50
Scientific items for hospitals and other institutions, 449-50
Scientific Preparations Remission Order, 449-50; statutory authority for, 450
Export Development bill C-47, rep without amdt, 845
Income Tax bill C-22, 204, 213-16, 423-5, 451-3, 455-6, 457
Appeal against assessment, 452
Charitable organizations, 214, 215, 424
Child care expenses, 214
Deduction for children of taxpayers living together, 215, 452-3
Deferred compensation plans, 213-14
Disability deduction, 215
Excerpt from letter of National Revenue Minister, 423-4
Exploration expenses, 214
Individual surtax, 214
Medical expenses for full-time attendant, 215
Nil assessment, 216, 423, 451, 452, 457
Principal residence, 214
Recommendations of committee accepted by government, 424
Registered retirement savings plans, 213-14, 452
Retroactive legislation, 215, 452-3
Small business deduction limits, 214
Social insurance numbers on ownership certificates, requirement for, 216, 453
Withholding tax, 425
Petroleum Corporation Monitoring bill C-4, 970-1
Senate committees
Recommendations of committees accepted by government, 424

Hays, Hon. Harry, P.C.
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1187, 1214-15, motion that bill be ref back to committee, 1216, neg, 1217
Rapeseed producers, 1214-15
Markets, 1214-15
Prices, 1215
Statistics on Canada's grain industry, 1215
Witnesses invited to appear before committee, 1216, 1217
Prowse, Hon. J. Harper, the late, 8-9

Health and welfare
Cyclamates, non-restricted use of, 664
Health and social security programs, 41
Medical and hospital insurance, post-secondary education, financial and administration arrangements re, 101-02
Saccharin, government ban on, 623, 630-5, 641-2, 646, 656-9, 682-4, 690-2
Social services, 107-08
Swine influenza immunization
Confirmed diagnoses in Canada and United States, 125, 150-1
Estimates for, 226
Immunization clinic, 224
Intentions of government re, 98, 125

Health, Welfare and Science, Standing Senate Committee
Budget, 673
Personality disorders and criminal behaviour, authorization to make study of, 190-2, 206-09, 238-40, 249, 251-2, 265-6, 496-7, 505-06, 547-9, 554-6
Reports
Canada Pension Plan bill C-49, rep without amdt, 1152
Government Organization (Scientific Activities) bill C-26, rep with amdt, 959, 971-2, 976-7, 999
Old Age Security bill C-35, rep without amdt, 561
Pension bill C-11, rep without amdt, 677-8
Saccharin, ban on, authorization to make study, 623, 630-5, 641-2, 646, 656-9, 664, 678-9, 682-4, 690-2
Point of order, 630-1
Terms of reference, 190

Helsinki Agreement
Customs duty on gifts to relatives in USSR, 745, 808, 816
Discussions at European Parliament, Luxembourg Conference, 152
Discussions at North Atlantic Assembly, Williamsburg Conference, 282, 283-4, 475
Human, cultural, educational and information obligations, implementation of, 282, 283-4
Implementation of Agreement, 704-05
Interpretations by different nations, 475
Printed information, distribution of, 715, 960-1, 1015
Reunification of families, statistics, 961
Review Conference, Canadian delegation, 1004-05, 1092
See Council of Europe, Parliamentary Assembly meeting at Strasbourg, 813-19

Hicks, Hon. Henry D.
Bell Canada bill S-2, 183-4, 186
Alexander Graham Bell Museum, 183
Capital increase, 183
Electronic research laboratories, 184
Employment potential, 184
Canadian Human Rights bill C-25, 890

Hicks, Hon. Henry D. - *Concluded*

Customs Tariff bill C-15, 291-2
Scientific preparations for hospitals and other institutions, 292
Employment and Immigration Reorganization bill C-27, 1167-71, 1202-03
Employment and Advisory Council, 1167, 1168, 1202
Regional and local advisory boards, 1168
Employment and Immigration Commission, 1167-8
Field offices, 1168
Improvement in service to the public, 1167
Unemployment insurance program amdts, 1168-9
Appeals by individuals, 1171
Developmental use of fund, 1170, 1171, 1202
Disincentives to work, 1169
Government contribution, 1203
Regional extended benefits, 1169
Three-phase benefit structure, 1168-9
Variable entrance requirement, 1169-70, 1203
Work-sharing arrangements, 1170-1, 1202
Excise Tax bill C-21, 378
Air conditioners, 378
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 608-09
Post-secondary education and health programs, 608-09
Flexibility in use of funds, 608-09
Policy discussions, 609
Projection to 1981/82, 608
Government Organization (Scientific Activities) bill C-26, 879-80, 898-9
Budgets, duplication in, 879
Canada Council, 879
Defence Research Board, 879-80
Inter-Council Coordinating Committee, 880
National Research Council, 879
University projects, 880
Income Tax Conventions bill C-12, 880-2, 900
Canadian citizens in Pakistan, interest and dividends received, 900
Capital gains, 881
Double taxation relief, 882
Non-discrimination on basis of nationality, 881
OECD, 881
Pensions and annuities, 882
Royalties, 881
Taxation of dividends, 881
Teachers, 881-2
Queen Elizabeth II, Silver Jubilee commemorative stamps, 228
Rules of the Senate
Referral of Bill C-37 to appropriate committee, 620
Suspension of rule re 2r of Bill S-2, 186
Solar Energy Application bill C-309, 740-1
Diminishing of NRC responsibilities in research, 741
Institute establishment, 740, 741
Members and Board of Directors, 741
Research, 740
Revenues for operations, 740

Historic buildings, proposed demolition of historic house in St. Jean, Quebec, 1164, 1213-14

Historic sites and monuments
Board composition and functions, 851, 864
Special committees, 851
Yukon Territory and Northwest Territories representation, 851, 864
Sites designated, persons and events commemorated, 851, 864
Speakers: Senators
Belisle, Rheal, 864-5
Steuart, David G., 851

Historic Sites and Monuments bill C-13. 1r, 820; 2r, 851, 864-5; 3r, 876; r.a., 941

Holy Land, Commissioner of
Father George Germain, visitor to Senate, 86

Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate
Tributes, 169-71

Housing, acquisition or renovations of homes, government assistance for single persons, 1164, 1246, 1265, 1318-19

Human rights
See Canadian Human Rights bill C-25, 820, 840-4, 876-8, 887-93, 1052, 1098, 1107-08, 1161

Immigration
Illustrated London News article, 55
Persons living in Canada under deportation orders or contrary to court rulings, question, 563, 640, 650-1
See Employment and Immigration Reorganization bill C-27, 1163, 1167-71, 1197-1203, 1213, 1246, 1288, Immigration bill C-24, 1163, 1174-5, 1206-11, 1244, 1248-56, 1288.

Immigration (Bill C-24)
Appeals, 1174-5, 1207-08
Right to fair hearing, 1175
Arbitrary powers of immigration officers, 1210
Contribution to social security programs by temporary workers, 1208
Conviction of crime abroad, 1206
Deportation orders, 1175, 1206, 1207
Immigration Policy, Green Paper on (1973), 1174
League for Human Rights, 1207
Management of immigration flow, 1174
Multiculturalism 1256
National security, 1174, 1175, 1207, 1210
Objectives of Canada's immigration policy, 1174
Parkdale Community Legal Aid Service, 1206
Powers of Governor in Council, 1206, 1208, 1209, 1244, 1249-55
Refugees, 1210
Senate committee role in amending legislation, 1249-55
Terrorists and hijackers, 1174, 1175
Urban Alliance on Race Relations, 1207
Violation of civil liberties, 1208
Speakers: Senators
Asselin, Martial, 1206-08, 1254
Bosa, Peter, 1211, 1256
Flynn, Jacques, 1248-9, 1254-5
Forsey, Eugene A., 1208-10, 1252

Immigration (Bill C-24) - *Concluded*
Speakers: Senators - *Concluded*
Frith, Royce, 1252
Godfrey, John M., 1244-5
Grosart, Allister, 1250-1, 1252, 1253
McElman, Charles, 1252-3, 1254
McIlraith, George, 1251-2
Riley, Daniel, 1174-5, 1211
Smith, George I., 1250
van Roggen, George C., 1244, 1249-50

Immigration bill C-24. 1r, 1163; 2r, 1174-5, 1206-11; ref to com, 1211, rep without amdt but with statement re powers of Governor in Council, 1244; m for 3r, 1248-9, m in amdt, 1249-55, neg, 1255-6; 3r, 1256; r.a., 1288

Income tax
Appeal against assessment, 456
Capital gains on principal residence, 214, 409
Charitable organizations, 214, 215, 309, 421, 455
Child care expenses, 214, 409, 421
Deduction for children of taxpayers living together, 215, 452-3
Deferred compensation plans, 213-14
Disability deduction, 215
Exploration expenses, 214, 409, 421
Hayden-formula for committee study of legislation, 423
Individual surtax, 214
Medical expenses for full-time attendant, 215
Nil assessment, 216, 421-3, 451, 452, 456-7
Question re amdt to clause 75 of bill in Committee of the Whole, 425
Recommendations of Senate committee, consideration by Commons, 422-3
Registered retirement savings plans, 213-14, 408-09, 421-3, 452, 455
Retroactivity, 215, 409, 421, 452-3
Small business deduction limits, 214, 409, 421
Social insurance numbers on ownership certificates, requirement for, 216, 409, 423, 425, 453, 454, 457
Transfers to spouses and spousal trusts, 215
Trust in favour of wife, 457
Speakers: Senators
Benidickson, W. M., 454-5, 456
Cook, Eric, 408-09
Flynn, Jacques, 422-3, 425
Forsey, Eugene A., 425, 456-7
Grosart, Allister, 453-4, 456
Hayden, Salter A., 204, 213-16, 423-5, 451-3, 455-6, 457
Smith, George I., 420-2

Income tax, an act to amend the statute law relating to income tax, authorization to study subject matter of Bill C-22, 143-4; rep of com, 204, 213-16

Income Tax bill C-22. 1r, 407; 2r, 408-09, 419-25; ref to com, 425; rep without amdt, 451-7; 3r, 458; r.a., 462

Income tax conventions
Canadian citizens in Pakistan, interest and dividends received, 881, 900
Capital gains, 881
Creation of new standing orders for Houses of Parliament, 933, 934-5

Income tax conventions - *Concluded*
Disadvantages to nationals re withholding tax and tax credit rates, 933
Double taxation relief, 882
Exchange of information, 935-6
Swiss bank accounts, 935
Law of nations vs law of Canada, 933-4
Non-discrimination on basis of nationality, 881
OECD, 881
Omnibus bill, question of, 934
Pensions and annuities, 882
Provincial jurisdiction, Vienna Convention provision re, 934
Referral of bill to proper committee, 936
Royalties, 881
Teachers, 881-2
Speakers: Senators
Deschatelets, Jean-Paul, 936
Grosart, Allister, 932-6
Hicks, Henry D., 880-2, 900
Inman, F. Elsie, 882
Langlois, Léopold, 936
Rowe, Frederick William, 882

Income Tax Conventions bill C-12. 1r, 829; 2r, 880-2, 900, 932-6; 3r, 945; r.a., 1031

Indians, Eskimos and Inuit
Council of Yukon Indians, 11
Education and social assistance, 226
Energy, construction of northern pipeline, 1266-87
Government policy report re Northwest Territories and Yukon Territory, 1182, 1245-6, 1257-63
Indian organizations, 11
James Bay and Northern Quebec Native Claims Settlement bill C-9, 679-82, 717-21, 739-40, 958-9, 1006-12, 1019-25, 1038-49, 1053-67, 1092-7, 1098
Land claims, 108; estimates for, 210, 217, 226
National unity, 782-3, 950
See appendix to Debates, 1257-63

Industry
Canstel, Cape Breton Island, 100, 113
Coal, Cape Breton Island, 113
IBM, government grant to, 91
Private enterprise vs federal program, 106
Small businesses and free enterprise system, 13, 23, 59-60
Sydney Steel and Hawker-Siddeley Steel Works, 113

Inflation
Income and price controls, 40-41
Inflationary trends, 61-62
Unemployment, cost of living, 99
See Anti-inflation program,
Unemployment.

Information Canada, 45, 48

Inman, Hon. F. Elsie
Address in reply to Speech from the Throne, 98-99
Bilingualism and biculturalism, 99
Diefenbaker, Olive E., the late, 271
Income Tax Conventions bill C-12, 882, 900
Inflation, unemployment, cost of living, 99
Judges Act and other Acts in respect of Judicial Matters bill C-50, 825
Manpower and Immigration Dept., Manpower Division, 50
National unity, economic and cultural aspirations of various regions, 1141-2
Prince Edward Island, 1141-2
Confederation conference, 1141-2
Quebec, 1142
Prince Edward Island
Energy costs, 99
Veterans Affairs Dept. personnel, move to PEI, 99

Inquiries, calling the attention of the Senate to matters of national and international interest
Confederation, 275, 293-6, 437-41, 444-7, 566-73
Council of Europe, Parliamentary Assembly, 813-19
Economy of Canada, unemployment and failure of government to deal with problem, 919-22
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1266-87
European Parliament, Luxembourg conference, 151-5, 158-61, 173-4
Labour relations, effects on Canadian economy, 410-18, 469-71
Lumber industry, 189-90, 478-80, 556-8
Mackenzie Valley pipeline, implications arising from Berger Commission report, 915-19, 1266
Mexico, visit of Canadian Parliamentarians and address by Senator Belisle, 869-71, 872-3
National unity
Economic and cultural aspirations of various regions, 698, 707-12, 733-7, 741-4, 752-4, 767-9, 772-4, 778-83, 799-802, 811-13, 825-8, 837-9, 866-9, 914-15, 949-57, 985-8, 1105-06, 1117-19, 1132-5, 1141-2, 1154-8
North Atlantic Assembly, Twenty-second Annual Session, Williamsburg, Virginia, 233-6, 281-5, 473-7, 491-6, 540-3, 545-7; *see also appendix to Debates of Feb. 1/77*
Personality disorders and criminal behaviour, 190-2, 206-09, 238-40, 249, 251-2, 265-6, 496-7, 505-06, 547-9, 554-6
Saccharin, proposed ban on, 623, 630-5, 641-2, 646, 682-4, 690-2
Senate appointments, lack of opposition members, 659-63, 990-4, 1074-6
Transportation by land, air and sea, regional differences in Canada, 201-03, 240-3, 246-9, 396-402, 430-2
Western European Union Assembly, 186-9, 391-4, 402-06

Inquiries, general
Construction of coal-fired plant in Saskatchewan, US representations re, 1016, 1180
Parole service, 1326-7
Quebec province, area and boundary, 267, 497
See Questions

Interest
Borrowers and depositors protection, rep of com on subject matter of Bill C-16, 1106, 1120-5, 1144-51, *see also appendix to Debates of July 11/77*

Internal Economy, Budgets and Administration, Standing Senate Committee
Authority to sit during adjournments, 140
Budgets of committees
Agriculture, 204
Banking, Trade and Commerce, 204, 756
Foreign Affairs, 204
Health, Welfare and Science, 673
National Finance, 204
Science Policy, 204, 673, 756
Salary revisions, 673
Subcommittee on classifications, notice of meeting, 87

International Women's Year
Conference organized by Hon. Marc Lalonde on principle of equality becoming reality, 88
Law Reform Commission, brief presented by Quebec women, 87, 89
Mexico conference, 87-88
National Organization for Women in the United States, call for strike, 89
Toronto *Star* article re, 88
Unemployed women, statistics (1976), 88
Wife-husband role in sharing of workload, 88

Ireland
Efforts to promote understanding and reconciliation in Northern Ireland, 162-7
Peace Movement leaders, visitors to Senate, 180

James Bay and Northern Quebec Native claims settlement
Agreement between Crees, Inuit, federal and provincial governments, 679-82, 717-21, 739-40, 958-9, 1006-12, 1019-25, 1038-49, 1053-67, 1092-7, 1098
Aboriginal rights, 1064
Compulsory expropriation and compensation, 1055-6, 1058, 1065
Deficiencies in bill, 1022
Excerpt from com report re claims, 1006, 1020
Extinguishment of claims, 1006-12, 1019-25, 1038-49, 1053-67, 1092-7
Indians of Schefferville, negotiations with, 1041, 1066
Injunction to stop Quebec hydro project, 680, 717-18, 1054, 1062
Language rights, 740
Minority rights, excerpt from *The Unreformed Senate of Canada*, 1043-4
Monetary compensation to Northern Quebec natives, 681
Native participation in Territory administration, 681-2
Obligations and jurisdiction re native land settlement claims, 680, 719, 740
Parliamentary oversight in amending agreements, 718-19
Political problems of agreement, 718
Provision for reservations, assurance from dept., 1022
Quebec Boundaries Extension Act, 680, 1023, 1039-40, 1096
Quebec undertaking to negotiate, 1008, 1010-12, 1021, 1022, 1024, 1042, 1054-5, 1057, 1060
Revenues, disbursement of, 1022, 1048
Rights of native non-signatories, 691, 719-21, 739
Letter from M. Narvey, Manitoba University, to Premier Levesque, 719-20
Signatories to agreement, 1039
Statement of Mount-Royal representative, 718
Statement of Premier Levesque re negotiations, 719
Witnesses appearing before Commons committee, 719, 720

James Bay and Northern Quebec Native claims settlement - *Concluded*

Speakers: Senators

Asselin, Martial, 682, 717-21, 1009-10
Bosa, Peter, 1049
Bourget, Maurice, 679-82, 721, 739-40
Buckwold, Sidney L., 1044
Connolly, John J., 720, 721
Croll, David A., 1059-61
Denis, Azellus, 1046
Ewasew, John, 1061-2, 1096-7
Flynn, Jacques, 1006-08, 1010, 1021, 1022, 1048, 1049, 1064, 1065, 1066, 1092-6, 1097
Forsey, Eugene A., 1025, 1046, 1047, 1048
Frith, Royce, 1021-2, 1045-6, 1048
Goldenberg, Carl, 1010, 1047-8
Greene, John J., 1046-7, 1059
Grosart, Allister, 1019-21, 1022, 1046
Laird, Keith, 1008-09
Lang, Daniel A., 1049
Langlois, Leopold, 1062-7
Marchand, Jean, 1044, 1045, 1094
McElman, Charles, 1041-5, 1047, 1097
Neiman, Joan, 1022-5, 1048-9
Perrault, Raymond J., 1010-12, 1045
Robichaud, Louis J., 1038-41
Smith, George I., 1053-9
Thompson, Andrew E., 1048
van Roggen, George C., 1096
Williams, Guy, 740, 1022, 1048, 1062

James Bay and Northern Quebec Native Claims Settlement bill C-9. 1r, 673; 2r, 679-82, 717-21, 739-40; ref to com, 740; rep with comments but without amdt, 958-9; m for 3r, 1006-08, m in amdt, 1008-12, 1019-25, 1038-49, 1053-67, 1092-7, m neg, 1097; 3r, 1098; r.a., 1161

Judges

Appointment of additional judges, 825, 835, 885
Attorney General and Minister of Justice, 883, 885-6
Canadian Judicial Council, 883, 884
Commissioner of Federal Judicial Affairs, 824, 835-6, 883
County court judges, 824
Judicial Council, 824, 885
Registrar, Supreme Court of Canada, 824, 885
Residence requirement, 825
Responsibility of Justice Department, 824
Salaries, 824-5, 835, 883-4, 945
Supremacy of law, 824
Workload of courts, 824, 835

Speakers: Senators

Connolly, John J., 884-5
Flynn Jacques, 834-6
Forsey, Eugene A., 885
Lang, Daniel A., 836, 882-4, 885
Lawson, Edward M., 945
McIlraith, George, 823-5, 885-6, 945

Judges bill C-50. 1r, 787; 2r, 823-5, 834-6; 882-6; ref to com, 886; rep without amdt, 928; 3r, 945, r.a., 1031

Judson, Hon. Wilfred, Puisne Judge of the Supreme Court of Canada
Royal assent, 1031

Justice Department, director of Information Services, qualifications of, question, 98, 150

Kingsmere residence of the late Prime Minister Mackenzie King, terms of last will and testament or of other documents relating to, 976, 984

Labour
Bank branches as bargaining agents, 976, 1017-18
Bullock Report, UK royal commission, 279
Illegal strikes and penalties for, 36
International Longshoremen's Assoc., Halifax Local 269, strike, 64-65
Conciliation efforts, 64-65
Economic loss as result of, 64
Labour disputes and strikes, 16-17, 27, 61
Labour-intensive projects, 210-11, 212, 222
Termination date, 222
Labour-management relations, 24, 106
Leadership of unions, 36-37
Postal workers' union, 106-07
Worker representation on boards of directors of corporations, 279, 376-7
See Air Traffic Control Services Continuation bill C-63, 1293-1311,
Port of Halifax Operations bill C-14, 64-68.

Labour relations, effect on Canadian economy, 410-18, 469-71, 653
Asbestos workers strike, 413
Binding arbitration, 415
Canadian Labour Congress, call for general strike, 412
Exploitation of union members, 413-15
Freedom of the majority, 412-13
Front Commun, bargaining agent, 413, 416
General strikes, aspects of, 416-17
Labour movement history, 412-13
Other countries, 413, 415
Public Service, 415
Strikes in public and semi-public sectors, 411-12
Teachers, 415, 416
Union security, 413
Unions, QTA, CNTU, ELFO, QFL, CALPA, CATCA, 412-13, 415, 416
Wagner Act (US) cited, 412
Writings of Senator Forsey on labour movement in Canada, 412
Speakers: Senators
Desruisseaux, Paul, 469-71
Marchand, Jean, 410-18

Labrador
See Newfoundland and Labrador

Lafond, Hon. Paul C.
North Atlantic Assembly, Williamsburg conference, 540-3
Canadian Armed Forces, statistics of personnel, 542-3
Canadian unity, 541
Defence aspects of NATO, 541, 542
Defence committee of Senate and Commons, question of, 542-3
Science and Technology Committee, 540-2
Address by Director of House Information Systems (US), 541
Future of parliamentary systems, 541
Narcotic control, technological development, unemployment and other resolutions, 542
Satellite technology, 542
Science and arms race, 542
Regulations and other statutory instruments, 647-9
Commitments from departments on future procedures, 649
Committee recommendations, 648-9
Designated instruments officers, 648
Diaries of a Cabinet Minister, by Richard Crossman, 647
Elective Dictatorship, comments of Lord Hailsham published in *The Listener,* 647
Justice Minister's letter re explanation to committee on policy and legal position, 648
Subordinate legislation, editorial in *Financial Post* by Sir Harold Wilson, 647
Regulations and other Statutory Instruments Committee
Report tabled, 685, printed as appendix, 690, *see* 694-7
Tourist visitors to Parliament Buildings, greeting by guides, 1243

Laird, Hon. Keith
Address in reply to Speech from the Throne, 36-38
Bilingualism, 37
Government bureaucracy, 37-38
Internal Economy, Budgets and Administration, Standing Senate Committee
Reports, budgets
Agriculture, 204
Banking, Trade and Commerce, 204, 756
Foreign Affairs, 204
Health, Welfare and Science, 673
National Finance, 204
Science Policy, 204, 673, 756
Subcommittee on classifications, notice of meeting, 87
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1008-09
Title or claim of third parties, 1008-09
Labour, leadership of unions, 36-37
Legislation, complexity and proliferation of, 38
Senate committee work, 38
Yukon, 36-37
Provincial status, adverse aspects of, 37

Lamontagne, Hon. Maurice, P.C.
Rules of the Senate
Printing or publishing of anything relating to the proceedings of the Senate, 280
Science policy
Recommendations of committee implemented by government, 175
Budgetary procedure, 175
Reorganization of granting councils, 175
Recommendations of committee not implemented by government, 175-6
Expenditures related to research and development, 175
Scientific manpower immobility, 175, 176
Secondary manufacturing industries, 175
Transfer of older researchers to private and public sectors, 175

Lamontagne, Hon. Maurice, P.C. - *Concluded*
Science Policy Committee
Authorization to publish and distribute Vol. 4 of report, 1264
Budget, 673
Expenses, 148
Meetings during Senate adjournment, 175
Meetings during Senate sittings, 504-05
Notice of motion for appointment of special committee of the Senate, 149
Organization meeting, 178
Report
Quorum of committee, 193
Terms of reference, 149, 175
Solar Energy Application bill C-309, 761
Incorporation as private institute, 761

Land surveys
See Canada Lands Surveys bill C-4, 887, 948-9

Lang, Hon. Daniel A.
Aeronautics and National Transportation bill C-46, 937, 973
Approval of Governor in Council for transfer of stock of air carrier or for issuance of licence, 937
Canadian Transport Commission authority, 973
Control of airlines by federal-provincial governments, 973
Pacific Western Airlines, Supreme Court decision re, 937, 973
Penalty, 937
Air Traffic Control Services Continuation bill C-63, 1310
Appropriation bill No. 1, 1977 C-44, 583
Canada-United States Inter-Parliamentary Group, Victoria meeting, 1213, 1225-42
Automotive trade, 1231-2
Beaufort Sea, 1228-30, 1237
Champlain-Richelieu flood control, 1230
Coastal pollution, 1226-7
Delegations, Canada and United States, 1225
Dickey-Lincoln dam project, 1230
Energy issues and multilateral concerns, 1235-6
Environmental issues, 1226-31
Flathead River, water degradation, 1230
Gas pipeline, 1236
Great Lakes, 1237
Non-tariff barriers, 1233
Oil pipeline, 1236-7
Remarks at Opening Plenary Session, by Martin O'Connell, M.P., 1239-42
St. Lawrence Seaway tolls, 1233-4
Security and cooperation in Europe, 1237
Tourist trade, 1232-3
Trade and economic issues, 1231-5
Two-hundred mile fishing limit, 1230-1
Currency and Exchange bill C-5, 1029-30, 1072
Assets, modification and valuation of Exchange Account, 1030
Auditing of account, 1030
Bretton Woods Agreements, 1029, 1030
Special drawing rights, 1030
Estimates (Appropriation bill C-44)
Projection of figures in dollars only, 583

Lang, Hon. Daniel A. - *Concluded*
Foreign affairs, nuclear weapons, supply of CANDU reactors to Rumania, 960
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1049
Judges Act and other Acts in Respect of Judicial Matters bill C-50, 836, 882-4, 885
Attorney General and Minister of Justice, 883, 885
Canadian Judicial Council, 883, 884
Commissioner of Federal Judicial Affairs, 883
Salaries, 883-4
National unity
Media coverage of speech by Senator Molson, question of privilege, 1005-06
Role of Senate, 277
Petroleum Corporation Monitoring bill S-4, 985
Draftmanship of bill, 985
Regulations and other statutory instruments, 386, 507-11
Bureaucratic authority beyond powers granted by Parliament, 509
Canadian Bar Journal article by corporate lawyer re federal and provincial statutes, 507
Forbes magazine article re economic waste in defective regulations, 507
Globe and Mail article re unnecessary legislation, 507
Minister of Justice and Attorney General, status and function of, 509-10
New Depotism, by Lord Hewart, 508
Recorded messages, 510
Scrutiny of bills, role of Senate committees, 510
Spectator, London, excerpt from editorial re subordinate legislation, 506-07
Star, Toronto, article by E.M. Howse, former United Church moderator, 511
Supremacy of Parliament and rule of law, disregard of, 509

Langlois, Hon. Leopold, Deputy Leader of the Government in the Senate
Agriculture Committee
Meetings during Senate sittings, 237, 374, 434-5, 544, 588, 678, 805
Appropriation bill No. 5, 1976 C-28, 225-6, 231-3
Appropriation bill No. 1, 1977 C-44, 552-3, 558-9, 576, 577-8, 584
Appropriation bill No. 2, 1977 C-45, 585, 586, 591, 592-3, 594
Appropriation bill No. 3, 1977 C-58, 978, 1014-15
Banking, Trade and Commerce Committee
Meetings during Senate adjournments, 156
Meetings during Senate sittings, 173, 276, 471-2, 544, 561, 685, 730, 756, 807, 863, 944, 1016, 1052
Blois, Hon. Frederick M., resignation from the Senate, 72
Canada Day celebrations on Parliament Hill, parking for senators' cars, 1033
Canadian Broadcasting Corporation, CRTC inquiry into CBC activities, 489, 499, 533-6
Committee of Selection, appointment, 6
Committee on Orders and Customs and Privileges of Parliament, appointment, 6
Crown revenues, casual or other not provided by Parliament, 75
Estimates (Appropriation bill C-28)
Alberta, maintenance of domestic oil price, 226
Assurance that passage of bill will not preclude further discussion of estimates, 237-8
Canada Assistance Plan, 226
Contracting-out payments and fiscal transfers to provinces, 226
Government expenditures and control of, 231-3
Auditor General's statements re, 231, 233
Glassco Commission report (1967), 232
Treasury Board President's report, 232, 233
Housing, 226
Indian and Eskimo affairs, 226
Labour-intensive projects, 226
Language education, 226

Langlois, Hon. Leopold - *Continued*
Estimates (Appropriation bill C-28) - *Concluded*
Local Initiatives Programs, 226
Manpower training, 226
Swine flu immunization, 226
Estimates (Appropriation bill C-44)
Transfer payments, 577-8
Estimates (Appropriation bill C-45)
Borrowing authority, 585, 586, 591, 593
Communications, 592-3
External Affairs, 593
Government contingencies, centrally financed programs, student summer and youth employment, 592, 594
Great Lakes Pilotage Authority, 592
Heavy water plant purchase, 592
Municipal grants, 592, 593
Regional economic expansion, 592
Varying percentages of votes, 585, 591
Estimates (Appropriation bill C-58)
CNR bonds, 1015
Energy, Mines and Resources, 1014-15
Pickering airport, 1014
Estimates ref to com
Year ending Mar. 31/77
Supplementary (B), 144
Supplementary (C), 173
Supplementary (D), 465
Year ending Mar. 31/78, 429
Export Development bill C-47, 834
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 618, 619
Foreign Affairs Committee
Meetings during Senate sittings, 205, 928-9
Immigration, persons living in Canada under deportation orders or contrary to court rulings, 563
Income Tax Conventions bill C-12, 936
Internal Economy, Budgets and Administration Committee
Meetings during adjournments, 140
Organization meetings, 85
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1062-7
Aboriginal rights, 1064
Extinguishment and compensation, crown authority for, 1065
Extinguishment of claims, 1062, 1064-7
Indians of Schefferville, negotiations with, 1066
Injunction to stop Quebec hydro project, 1062
Non-signatories, 1066-7
Statements of Indians' legal counsel, 1063
Lefrançois, Hon. J. E., resignation from the Senate, 141
Legal and Constitutional Affairs Committee
Meetings during adjournments, 1160
Library of Parliament Committee
Members, Senate, 84
Maritime Code bill C-41, 1320, 1322

Langlois, Hon. Leopold - *Concluded*
Miscellaneous Statute Law Amendment bill C-53, 865-6
Errors in Statutes, correction of, 866
Hospital insurance and diagnostic services, 865
National Library, 865
National tire safety mark, 866
Trade marks registrar, 866
National Finance Committee
Meetings during Senate sittings, 144-5, 805-07
Official languages, reappointment of Commissioner, 635
Personality disorders and criminal behaviour, 192
Printing of Parliament Committee
Members, Senate, 84
Regulations and other statutory instruments, 783-5
Authority for statutory instruments, 784
Postal rates, authority for increase, 784-5
Procedural problems, 784
Statutory instrument, definition of, 784
Ultra vires, question of, 784
Withholding of information from committee, 784
Regulations and other Statutory Instruments Committee
Members, Senate, 84-85
Restaurant of Parliament Committee
Members, Senate, 84
Rules of the Senate
Discussion of ruling by Commons Speaker, 576
Referral of Bill C-37 to appropriate committee, 618
Science Policy Committee
Meeting during Senate sitting, 374
Seal hunt, resolution of US House of Representatives protesting event, 554
Selection Committee
Appointments, 936
Report, amdt to, 84
Senate
Business, 19, 52-53, 139, 167, 180, 181, 203, 205, 267, 307, 395, 429, 461, 475, 477, 533, 561-3, 629-30, 650, 673-4, 698-9, 730-1, 756-7, 807-08, 829, 833, 863-4, 875, 929-30, 975-6, 1032-3, 1106-07, 1160, 1287, 1311
Easter adjournment, 629-30
Summer adjournment, 1311
Solar Energy Application bill C-309, 810-11
Referral of bill to Banking, Trade and Commerce Com, question, 810-11
Speech from the Throne at opening of session, commencement of consideration, 6; termination of debate, 9
Transport and Communications Committee
Meetings during Senate adjournments, 1245
Meetings during Senate sittings, 1140
Unemployment Insurance Entitlements Adjustment bill C-52, 688, 689-90, 700-01
Extract from Bill C-27, 701
Termination of claims for persons 65 yrs. and over, 688
Appeals, 688, 689
Interest on payments claimed, 690, 701
Payments to estates, 689-90, 701
Violence in the communications industry, report of Royal Commission, 930, 944

Lapointe, Hon. Renaude, Speaker of the Senate
Arrest of Soviet dissidents
Message to Government of Soviet Union conveying concern of Government of Canada, 428
Budget Speech, accommodation for senators in Senate gallery of Commons, 624
Canadian Parliamentary Guide, time limit for corrections, 273
Canadian Wheat Board, Western Grain Stabilization bill C-34
Motion (Senator Argue) that bill be not proceeded with, 1218, neg, 1218
Motion (Senator Hays) that bill be ref back to com, 1216, neg, 1217
Carter, Hon. Chesley W., retirement of, 1161
Clerk's receipts and disbursements (1976-77) ref to com, 770
Constitution of Canada, correspondence from Prime Minister to provincial premiers, 279, 280, 287-9
Helsinki Agreement
Motion that Senate of Canada support principles of Helsinki Declaration, agreed to, 962
Immigration bill C-24, 1249
Library of Parliament, report (1975-76), 244
Minutes of the Proceedings of the Senate
Omission of names of senators in attendance at Senate sitting, 96
Official languages, report of Commissioner, 602
Opening of session, 1
Prorogation of session, 1328, 1330
Queen Elizabeth II, Her Majesty
Address of congratulations to Her Majesty the Queen on completion of twenty-fifth year of reign, 306-07; address to Governor General re transmission of message, 306-07; message from Commons, 374; acknowledgment from the Queen, 395
Rules of the Senate
Motion in amdt to motion for 2r, 794
Motion to adjourn debate, 795, 796
Printing or publishing of anything relating to the proceedings of the Senate, 279, 280, 287-9
Rulings and statements
Printing of letters re patriation of the Constitution as appendix to *Debates*, 287-9
Private bill from Commons for which no petition has been received, 790-1
Excerpt from *May's Parliamentary Practice* re, 790-1
Saccharin, study by Senate com on ban on, 631
Suspension of rule re 2r of Bill S-2, 185
Senate
Broadcasting of Senate proceedings in corridors during Senate sitting, 910
Simultaneous interpretation, 9
Senators, new, introduced in the Senate
Adams, Hon. Willie, 637
Bosa, Hon. Peter, 637
Ewasew, Hon. John, 250
Frith, Hon. Royce, 637
Marchand, Hon. Jean, P.C., 204
Olson, Hon. Horace Andrew (Bud), P.C., 637
Rizzuto, Hon. Pietro, 273
Steuart, Hon. David Gordon, 223
Solar Energy Application bill C-309, 790-1, 794, 795, 796, 797, 847, 848
Swine influenza immunization clinic, 224
Tributes to Speaker, 19-20, 25, 32, 42, 53, 57
Visitors
Commissioner of the Holy Land, Reverend Father George Germain, 86
Commonwealth Parliamentary Association Secretary General Sir Robin Vanderfelt, 730
Senegalese Parliament and International Association of French-speaking Parliaments, member Mr. Christian Valentin, 189
Thailand, Their Excellencies Prince and Princess Prem Purachatra, 820
USSR delegation, 21
Venezuela parliamentary delegation, 390

Laskin, Rt. Hon. Bora, P.C., Chief Justice of Canada
Deputy of His Excellency the Governor General
Royal assent, 272
Speech from the Throne at prorogation of Second Session of Thirtieth Parliament, 1330

Law Reform Commission, 87, 89
Brief presented to Commission by Quebec women, 87, 89

Lawson, Hon. Edward M.
Judges bill C-50, 945
Salaries, 945
Labour, illegal strikes and penalties for, questions, 36

Leader of the Government in the Senate
Perrault, Hon. Raymond J., P.C.
Deputy
Langlois, Hon. Leopold

Leader of the Opposition in the Senate
Flynn, Hon. Jacques, P.C.
Deputy
Grosart, Hon. Allister

Legal and Constitutional Affairs, Standing Senate Committee
Expenses, 148
Meetings during Senate adjournments, 1160
Meetings during Senate sittings, 840, 1211-12
Members, 52
Reports
Canadian Human Rights bill C-25, rep without amdt, 1052
Criminal Law Amendment bill C-51, rep without amdt, 1243, 1248
James Bay and Northern Quebec Native Claims Settlement bill C-9, rep with comments but without amdt, 958-9
Judges bill C-50, rep without amdt, 928
Miscellaneous Statute Law Amendment bill C-53, rep without amdt, 928

Leger, Rt. Hon. Jules, His Excellency the Governor General of Canada
Speech at Opening of Session (read by Madam Leger), 1-6

Leonard, Hon. Thomas D'Arcy, the late
Tributes, 755-6

Library of Parliament, Standing Joint Committee
Librarian's report (1975-76), 244
Meeting during Senate adjournments, 457
Members, Senate, 84

Lucier, Hon. Paul Henry
Address in reply to Speech from the Throne, 10-12
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1271-3

Lucier, Hon. Paul Henry - *Concluded*
Energy, construction of natural gas pipeline - *Concluded*
Studies and recommendations by:
Arctic Gas, 1272
Berger Inquiry, 1272
Foothills Pipe Lines (Yukon), 1272
Lysyk Report, 1272
National Energy Board, 1269
Yukon native groups, 1272
Yukon, 1272-3
Environmental, social and economic disruption, 1273
Heritage Fund, 1272; Yukon administration of, 1272
Hydro potential, development needs, 1272
Indian land claims, 1272
Personality disorders and criminal behaviour, 249
Yukon Territory, 10-13
Alaska Highway, 10
Council of Yukon Indians, 11
Dawson City, 10
Gas pipeline Alaska-Yukon-Alberta, proposal for, 12-13
Indian organizations, 11
Provincial status for Yukon, adverse aspects of, 12, 37
Territorial government role in settlement of Indian land claims and other problems, 11
Tourism, 11

Lumber industry
Tariff on importation of softwood plywood, effect on Canadian industry, 189-90, 478-80, 556-8
Burchill lumber company, 556
Canadian Forestry Assoc. publication, excerpt from, 557
Forest industry potential, 557
Globe and Mail article 'Dropping Behind Against World Competition', 189
Investment improvements, 478-9
National Forest Week, 557
Plywood demonstrations in Japan, 479
Problems of high taxes, production and transportation costs, 478, 480
Reforestation, 557
Research requirements, 556-7
Tariff differential Canada-US, 478, 479
Terms of reference for study, suggestions, 557-8
Building codes, 558
Control factor and provincial jurisdiction, 557
Equipment renewal, 557
Log transportation, 557
Metric system, 558
Tariffs, 557
Unemployment in lumber plants, 189-90
US imports, 189, 478
Wastewood chips, 479
Speakers: Senators
Bell, Ann Elizabeth, 478-9, 480
Burchill, G. Percival, 189-90
Robichaud, Louis-J., 556-8
van Roggen, George C., 479-80

Macdonald, Hon. John M., Chief Opposition Whip in the Senate
Address in reply to Speech from the Throne, 39-41
Advance Payments for Crops bill C-2, 645, 651-2
Agriculture acts, consolidation suggested, 652
Applications, 651
Organization, definition of, 652
Repayment guarantee, 652
Storable crops, 651
Blois, Hon. Frederick M., resignation from the Senate, 73
Canada Pension Plan bill C-49, 1130-1
Equality credits for spouses upon breakup of marriage, 1130-1
Recognition of women who work in home, 1130-1
Clerestory of the Senate Chamber, 981, 1135-6
Furnishings, 1136
Walls and pictures, 1135-6
Windows, 1135
Employment and Immigration Reorganization bill C-27, 1199, 1201
Unemployment statistics, 1199-1200, 1201
Cape Breton, 1199
Government role in providing employment, 1200-01
Weekend Magazine article, 1199
Unemployment insurance qualifying period, 1200-01
Health and social security programs, 41
Income and price controls, 40-41
Interprovincial visiting of young people, 41
Local Initiatives Program, 41
Nova Scotia
Canstel project, 40
Electrical energy costs, 40
Government-owned industry, 40
Pension bill C-11, 667
Cessation of pension upon pensioner's death, 667
Railway bill C-207, 771-2
Atlantic Provinces transportation program, 772
Notice of intention to expand or change existing line, 771-2
Senate appointments, lack of opposition members, 1076
Speaker *pro tem*, 63
Unemployment, 41
Yuzyk, Hon. Paul, felicitations on degree of Doctor of Laws, University of Saskatchewan, 789

Mackenzie Valley pipeline, Berger Commission report, 678, 686-7, 757, 915-19
Implications arising from report, 915-19, 1266
Energy crisis, 916-19
Alberta reserves, 917
Canadian consumption of resources, 916
Exploration needs, 918
Hydrocarbon fuels, 916, 918
National energy conservation program, 917
Potential in offshore development, Athabasca tar sands, Canadian Arctic, 917
Statistics, 916-17
US congressional report re, 916
Environmental concerns, 918, 919
Expenditures re commission, native claims and environmentalists, 915-16
Native cultures, 918

Mackenzie Valley pipeline - *Concluded*
Implications arising from report - *Concluded*
Representations from NWT Council, 757
Rights of minority vs majority, 919
Ten-year delay, proposal questioned, 918
See Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1266-87

Macnaughton, Hon. Alan A., P.C.
Appropriation bill No. 1, 1977 C-44 (Chairman, Committee of the Whole), 574-84
Appropriation bill No. 2, 1977 C-45 (Chairman, Committee of the Whole), 592-4
Bank Act and Quebec Savings Banks bill C-39, 675-6
Dicennial revision, reasons for delay, 675
Extension of date of power to do business, 675
Precedents, 675
Canada Deposit Insurance Corporation bill C-3, 900-02
Debentures or securities payable outside Canada, 901
Deposits, definition of, 901
Expenses of liquidator of member institution, 901
Losses, 901
Premium on insured deposits, 900
Purpose and history of act, 900-01
Quebec plan, 901
Rebates of premiums, 901
Repayment to government of original capital, 901
Conflict of interest
Resignation of members of Banking, Trade and Commerce Committee upon discussion of banking legislation, 122
Diefenbaker, Olive E., the late, 271
Income tax, subject matter of Bill C-22, rep of com, 204, 213-16

MacPherson Commission on Transportation, 247, 396-8
Extracts from report re Newfoundland problems and requirements, 397-8
Lack of federal implementation of recommendations, 398

Manitoba, Garrison Dam, proposed diversion of water, 436

Manning, Hon. Ernest C., P.C.
Excise Tax bill C-54, 798-9
Air transportation tickets, 798
Mackenzie Valley pipeline, implications arising from Berger Commission report, 915-19
Energy crisis, 916-18
Alberta reserves, 917
Canadian consumption, 916
Exploration needs, 918
Hydrocarbon fuels, 916, 918
National energy conservation program, 917
Potential in offshore development, Athabasca tar sands, Canadian Arctic, 917
Statistics, 916-17
US congressional report re, 916
Environmental concerns, 918, 919
Expenditures re commission, native claims and environmentalists, 915-16
Native cultures, 918
Rights of minority vs majority, 919
Ten-year delay, proposal questioned, 918

Manning, Hon. Ernest C., P.C. - *Concluded*
National unity, 669
Prowse, Hon. J. Harper, the late, 8
Royal Canadian Mounted Police, agreements between Government of Canada and provincial governments, 686, 757-8

Manpower and Immigration Department
Manpower Division, rep of Finance Committee, 44-50, 93-95, 136-9, 498-9, 512-30
Comments on conclusions and recommendations of Senate report, 515-30
Editorial comments in various newspapers, 47
Excerpt from statement by Hon. Robert Andras, 47
Expenditures on training and basic education, 46-47, 95
Listing of job vacancies with Manpower Div., 95
Private placement agencies, 94-95
Professional and executive placement services, 95
Role as unemployment agency, 46, 50, 94
Statement by Minister of Manpower and Immigration, 512-15
Divergent views, 514-15
Employment service, 513-14
Job creation, 514
Manpower training, 514
Welfare assistance, 47

Marchand, Hon. Jean, P.C. (Introduced in the Senate Dec. 9/76)
Air Traffic Control Services Continuation bill C-63, 1299-1303
Binding arbitration, 1300-01
Employers negating of union rights, 1301
Government role in dispute, 1301, 1302
Responsibility of union in protection of public interest, 1300, 1301
Right to strike, 1300, 1302, 1303
Union leaders, irresponsibility of, 1302, 1303
Unions' status, 1301
Canadian Broadcasting Corporation, Radio Canada, 414
Freedom of information, 414
Lack of professional ethics in reporting, 414
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1044, 1045, 1094
Extinguishment of claims, 1044
Labour relations, effects on the Canadian economy, 410-18
Asbestos workers strike, 413
Binding arbitration, 415
Canadian Labour Congress, call for general strike, 412
Exploitation of union members, 413-15
Freedom of the majority, 412-13
Front Commun, bargaining agent, 413, 416
Labour movement history, 412-13
Public Service, 415
Strikes in public and semi-public sectors, 411-12, 416-17
Teachers, 415, 416
Union security, 413
Unions, QTA, CNTU, ELFO, QFL, CALPA, CATCA, 412-13, 415, 416
Wagner Act (US) cited, 412
Writings of Senator Forsey on labour movement in Canada, 412

Marchand, Hon. Jean, P.C. - *Concluded*
Quebec
Budget increase, 418
Linguistic problem, 417
Misunderstandings, 418
Problems prior to provincial election, 411
Separatism, 411
Unity in Canada, 417-18; regional differences, 417

Maritime code
Administration and policy, 703
Builder's mortgage, 703
Canadian registry, 703
Canadian shipowners N.M. Paterson and Sons, 702
Canadian ships in foreign waters, foreign ships in Canadian waters, 702
Coasting trade, 724
Detention of ships, 702
Load lines, 702
National character and status of ship, 703, 725
Offences and penalties, 702, 724
Ownership provisions, 703
Phasing out of Canada Shipping Act, 723
Registration of mortgage or of ship, 724
Regulatory power, 725
Structure of act, 702
Speakers: Senators
Bourget, Maurice, 1324-5
Cook, Eric, 701-03
Greene, J. J., 1323-4
Haig, J. Campbell, 1313-18, 1319-20
Langlois, Leopold, 1320, 1322
Phillips, Orville H., 725-6
Smith, George I., 722-5, 1320-2, 1323, 1324

Maritime Code bill C-41. 1r, 677; 2r, 701-03, 722-6; ref to com, 726; rep with amdts, 1313-18, 1319-25; 3r, 1325-6

McCain Foods, Florenceville, New Brunswick
CBC documentary program re, 229-30
Questions re, 245-6, 280-1, 286

McDonald, Hon. A. Hamilton
Flag, Canadian, distribution to members of Parliament, 442
North Atlantic Assembly, Williamsburg conference, 473-5, 492-6
Canadian Armed Forces, statistics on personnel, 496
Defence committee of Senate and Commons, question of, 495-6
Energy supplies, 494
European Defence Cooperation, subcommittee report, 492
Helsinki Agreement, 475
Military equipment, standardization and interoperability of, 492-3
Military tour of various countries, 495
NATO forces, disparities in strength of, 493-4
Nimitz warship, 495
Nuclear weapons, 493
Suez Canal, statistics on use of, 494-5
Technical missiles, research and development of, 492
USSR, 474, 475, 476, 493-4
Warsaw Pact, 474, 492, 494
Oil shipments to Western Europe, 405
Rules of the Senate
Committee power to act in referral for study of any subject matter, 630-1

McDonald, Hon. A. Hamilton - *Concluded*
Saccharin, ban on, 630, 631, 641-2
Diabetics affected by ban, 642
Inaccuracies in cancer research testing, 641-2
Western European Union Assembly, Paris conference, 405

McElman, Hon. Charles
Burchill, Hon. G. Percival, the late, 1312-13
Electoral boundaries readjustment bills, 1105
Financial Administration and Satisfied Securities bill C-8, 836, 837
Discharge of securities taken in form of liens, etc., 836
Immigration bill C-24, 1252-3, 1254
Senate committee role in amending legislation, 1252-3
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1041-5, 1047, 1097
Extinguishment of claims, 1042-3, 1044-5, 1047, 1097
Minority rights, excerpt from *The Unreformed Senate of Canada,* 1043-4
Quebec undertaking to negotiate, 1042
Senate responsibility, 1043-4
Maritime Code bill C-41, 1323
North Atlantic Assembly, Williamsburg conference, 233-6
Articles and comments re North Atlantic Assembly, 235
Assembly publication, 235
President of Assembly (1974), 235
Washington *Star,* 235
Canadian delegates, 233-4
Communism, 235; Euro-Communists, 235
Economic Committee, 235-6
Energy, oil prices and security of supply, 236
OPEC, 236
Italian government, 234-5
Le Parti Quebecois election, 236
NATO member nations, 234
North Atlantic defence shield, 234
Soviet bloc, economic war, 236
UK currency crisis, 234
Senate
Broadcasting of Senate proceedings in corridors during Senate sitting, 810
The Unreformed Senate of Canada, excerpt re minority rights, 1043
Solar Energy Application bill C-309, 764, 810

McGrand, Hon. Fred A.
Personality disorders and criminal behaviour, motion that Health, Welfare and Science Committee report on, 190-1, 554-6
Acadia University study on Springhill medium-security penitentiary, 554
Birth Without Violence, by Dr. Leboyer, 191
Brain damage at birth, 191
Canadian Society for Prevention of Cruelty to Children, 191
Children with learning problems, article in Ottawa *Citizen,* 191
Conference on learning disabilities, Ottawa (Oct./77), 555
Correspondence from persons in professional fields and other areas, 190, 554
Death penalty for young offenders, justification questioned, 555
Globe and Mail article re committee visit to British Columbia penitentiary, 555
Minimal brain dysfunction, *The First Three Years of Life,* by Dr. Burton White, 554-5
Preventive criminology, 555
Research at Johns Hopkins Hospital, 191
Senate role in study, 555-6
Tree Foundation, research needs, 555

McIlraith, Hon. George J., P.C.
Bell Canada bill S-2, 196
Constitution of Canada, correspondence from Prime Minister to provincial premiers, 277, 288
Criminal Law Amendment bill C-51, 1165-6, 1167
Custody and release of inmates, 1166
Dangerous offenders, 1166
Electronic surveillance, 1166
Firearms control, 1165-6
Acquisition certificate, 1165
Careless handling, 1165
Possession of firearms during commission of offence, 1166
Seizure of firearms, 1165
Weapons other than for sports use, 1165
Parole Board members, 1166
Prisons and reformatories, administration of, 1166
Immigration bill C-24, 1251-2
Powers of Governor in Council, 1251-2
Judges Act and other Acts in respect of Judicial Matters bill C-50, 823-5, 885-6, 945
Appointment of additional judges, 825, 885
Commissioner of Federal Judicial Affairs, 824
County court judges, 824
Judicial Council, 824, 885
Registrar, Supreme Court of Canada, 824, 885
Residence requirement, 825
Responsibility of Justice Department, 824
Salaries and conference allowances, 824-5
Supremacy of law, 824
Workload of courts, 824
Senate
Appointments, lack of opposition members, 1075
Business, 244

Metric Conversion
Statute Law (Metric Conversion) Amendment bill C-23, 1163, 1171-4, 1203-06, 1214, 1288

Mexico
Interparliamentary meeting, Canada and Mexico, 705-07, 713-14, 869-71, 872-3, 1104-05
Address by Senator Belisle, 872-3
Canadian delegates and Mexican participants, 706, 714
Canadian-Mexican trade, 870
Developing countries, economic activity and living standards, 1104-05
Discussion subjects, 1104
Energy resources, utilization and research, 870
Foreign investment laws of Mexico, 870
Industrial cooperation, 707
International Economic Cooperation, Conference on, 1105
International relations, 705-06, 870-1, 1104
Joint communique, 713-14
Nuclear weapons, Treaty of Tlatcloclo, 871
Political background of Mexico, 869
Tourism, 870
Trade imbalance, 707
Speakers: Senators
Belisle, Rheal, 869-71, 872-3
Bonnell, Lorne, 1104-05
Molgat, Gildas L., 705-07, 713-14

Michaud, Hon. Herve J.
Agriculture
Kent County can be Saved
Agricultural potential for economic activity and employment, 482
Beef industry, 482
FAFAM, letters from chairman of, 481
Gleaner, Fredericton, article titled 'A Valuable Study', 482
L'Evangeline, Moncton, reports on committee work, 480, 481
Maritime Cooperative Services Ltd., brief presented by general manager, 482
NewStart Inc., comment from director of, 483
Rural deterioration in Kent County, 481-2
Times, Moncton, article titled 'Act on the Report', 482
National unity, economic and cultural aspirations of various regions, 837-9
Language poll, 839
New Brunswick, 837-9
Acadians, 837-9
Education and religious communities, 838
Government employment, English-French, 839
Historical foundation, 837-8
Parti Acadien, 839
Statistics, 837, 838

Minutes of the Proceedings of the Senate
Bilingual format, 181
Omission of names of senators in attendance at Senate sitting, 96
Speech from the Throne, errors in English and French texts, 9-10

Miscellaneous statute law
Errors in Statutes, correction of, 866
Hospital insurance and diagnostic services, 865
National library, 865
National tire safety mark, 866
Trade marks registrar, 866
Speakers: Senators
Langlois, Leopold, 865-6
Walker, David A., 908-09

Miscellaneous Statute Law Amendment bill C-53. 1r, 820; 2r, 865-6, 908-09; ref to com, 909; rep without amdt, 928; 3r, 945; r.a., 1031

Molgat, Hon. Gildas L.
Advance Payments for Crops bill C-2, 643-5, 653, 655-6
Administrative costs, 644
Applications, 645
Defaults in payments, 644
Delivery restrictions, 643
Grains covered for advance payments, 643
Maximum advance to individual, 644
Prairie Grain Advance Payments Act background, 656
Repayment guarantee, 643, 644
Services supplied by organization, 653, 655-6
'Significant portion of the crop', 655
Storable crops, 643-4

Molgat, Hon. Gildas L. - *Concluded*

Mexico, Canadian Parliamentarians visit to, 705-07, 713-14
Canadian delegates and Mexican participants, 706, 714
History of association of Canada with Mexico, 705-06
Industrial cooperation, 707
Joint communique, 713-14
Trade imbalance, 707
Statute Law (Metric Conversion) Amendment bill C-23, 1171-4, 1205-06
Acts amended:
Consumer packaging and labelling, 1173
Gas inspection, 1173
Oil and gas production and conservation, 1173
Regional development incentives, 1173
Weights and measures, 1173
Educational and public awareness campaign, 1173
Grain handling industry, 1172-3
International system (SI), 1172; US, 1172
Metric Commission, 1172
Metric Conversion in Canada, White Paper on (1970), 1171, 1172
National program of guideline dates, 1172

Molson, Hon. Hartland de M.

Banking legislation, referral to Banking, Trade and Commerce Com, 130-1, 132
Conflict of interest of committee members, 130-1, 132
Burchill, Hon. G. Percival, the late, 1313
Canadian Human Rights bill C-25, 844
Language rights, 884
Canadian Press coverage of Senate proceedings and attendance of senators, 374-5
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1184
Committee meetings during Senate sittings, 374-5, 806-07
Historic building in St. Jean, Quebec, proposed demolition of, 1164, 1213-14
Leonard, Hon. Thomas D'Arcy, the late, 755
National unity, economic and cultural aspirations of various regions, 986-8, 1005-06
Media coverage of speech, question of privilege, 1005-06
Quebec, 986-8
'A National Understanding — The Official Languages of Canada', 986
Downgrading of Anglophone community, 987-8
Excerpt from newspaper article re language instruction in schools, 986-7
Excerpt from speech of Abraham Lincoln on equality, 988
Excerpt from speech of Sir Wilfrid Laurier re question of Canada breakup (1894), 988
Heritage of Molson family in Quebec, 986, 988
Misunderstandings, 987-8
Statistics re English-French population, 986
Public Works Department, Langevin Building renovations, 53
Rules and Orders, Standing Senate Committee
Report re changes in Rules, 862-3, adopted, 909-10; date of coming into force, 910
Rules of the Senate
Pecuniary interest of senator in matter ref to com, 909, 910
Question and inquiry, definition of, 909-10
Question of privilege, participation of Speaker in discussion, 909
Question placed on Order Paper, 910
Question, supplementary, 909-910
Quoting from Commons Hansard, 1184

Molson, Hon. Hartland de M. - *Concluded*

Solar Energy Application bill C-309, 763, 764
Point of order re ref of subject matter to com, 763, 764
Standing committees membership, question, 85
Team Canada
Organization for future international hockey tournaments, question, 686
Performance at World Hockey Tournament in Vienna, 641

Monarchy, The

Excerpt from speech of Queen Elizabeth at Olympic Games, 118
See Queen Elizabeth II

Morocco

Income Tax Conventions bill C-12, 829, 900, 932-6

Motor vehicle safety

Compliance with standards, self-certification by manufacturers and importers, 906-07
Manufacture, motor vehicle, safety standards, definitions of, 907
National safety mark, 907
Notices of defect, 907, 908
Offensive drivers, 913
Penalties, 908
Safety standards, enforcement of, 906
Seat belts, 907
Statistics on road safety since proclamation of 1971, 907, 913
Speakers: Senators
Haig, J. Campbell, 913-14
Riley, Daniel A., 906-08

Motor Vehicle Safety bill C-36. 1r, 874; 2r, 906-08, 913-14; 3r, 930; r.a., 941

National Ballet of Canada, twenty-fifth aniversary, 145-7

National Capital Region, Special Joint Committee

Reconstitution of committee, question, 193, 229

National Finance, Standing Senate Committee

Authorization to review com recommendations on Manpower Div., Dept. Manpower and Immigration, 477
Estimates, authority to examine and report on
Year ending Mar. 31/75, 44-50, 93-95, 136-9
Year ending Mar. 31/77, 97
Supplementary (B), 144
Supplementary (C), 173
Supplementary (D), 465
Year ending Mar. 31/78, 429
Expenses re examination of legislation and other matters, 124
Meeting during Senate sitting, 144-5

National Finance, Standing Senate Committee - *Concluded*
Reports
Employment and Immigration Reorganization bill C-27, rep without amdt, 1213
Estimates Mar. 31/75, Dept. Manpower and Immigration, 44-50, 93-95, 136-9, 498-9, 512-30
Estimates year ending Mar. 31/77
Supplementary (B) and (C), 204, 209-12, 217-21
Supplementary (D), 477, 484-8, 491
Estimates year ending Mar. 31/78, 911, 923-7
Government Expenditures Restraint bill C-19, rep without amdt, 267
Terms of reference, 97
Work of committee, 93-94, 211

National Gallery of Canada
Original paintings owned by Gallery, questions re, 700-01, 1053

National Symbols, *see* Flag, Canadian

National unity
Equality of opportunity, 2-3
Federal-provincial relations, 119
Individual freedoms, 5
Joint Committee on the Constitution, consideration of report, 665
Proposed committee on regional interests, question, 149-50, 641
Proposed debate, question, 644-5
Quebec concerns, 665
Senate participation in debate on, 93
Senate role in, questions re, 277-9
Separatism, 118-19
See following item

National unity, economic and cultural aspirations of various regions, 698, 707-12, 733-7, 741-4, 752-4, 767-9, 772-4, 778-83, 799-802, 811-13, 825-8, 837-9, 866-9, 914-15, 949-57, 985-8, 1005-06, 1117-19, 1132-5, 1141-2, 1154-8
Acadians, 773-4, 837-9, 957, 1132, 1134, 1155-6
Areas of concern, 711
Beef industry inquiry, 811-12
Bilingualism and biculturalism, 734-8, 742, 753, 767-8, 868, 869
Air pilots' strike, Quebec, 767
Canadian Consultative Council on Multiculturalism, 767-8
Excerpts from report of Royal Commission on Bilingualism and Biculturalism, 742
British Columbia, 709, 779-81, 786
Brief from South Cariboo Labour Council of Williams Lake to BC federal Liberal caucus, 780
British Colonist, Victoria, article of 1871 upon BC joining Confederation, 781
Statement of Attorney General in BC Legislature, 781
Statement from Vancouver Board of Trade, 780, 786
Canadian citizenship, 734
Confederation costs, 710-11
Constituency contacts at six-week intervals, proposal, 711-12
Constitutional reform, 711
Dene and Inuit, 782-3, 950
Draft agreement between Dene people and Canadian government, 950
Native communities and rights, 782-3
Northern Frontier, Northland Homeland, by Mr. Justice Berger, 781-3
Ownership of lands and other rights, 950
Special status, 950

National unity, economic and cultural aspirations of various regions - *Continued*
Economic prosperity and future of Canada, 779
Education
Canada Studies Foundation, 868-9
Canadian history books of note, 867
Canadian history, lack of knowledge of, 736, 737, 753, 867, 950-7
Derogatory teaching re Indians, 827
English constitutional law, 952
Gazette article by Quebec Minister of Culture, 953
Letter in reply, 953
Globe and Mail article and excerpts from letters re history teaching, 952
Indoctrination of political views through media, 827-8
Le Devoir article by former cabinet minister re Senate, 951
Le Devoir article by Professor Rothney on language education, 953-4
Maclean's article by Professor Verney, 952
Letter in reply, 953
Manitoba ban on French language in schools, 868
Provincial departments of education, preparation of curricula, 867
Provincial jurisdiction, 827
Quebec ban on Canadian history, flag and national anthem, 915
Quebec ban on 'O! Canada' game, 868
Quebec Teachers' Corporation, 753
So Little for the Mind, by Professor Hilda Neatby, 951
Statistics on provincial French-speaking population, 954-5
Student unemployment, 828
Teacher training, 827, 867
Teaching of Marxism in Quebec schools, 915
What Culture? What Heritage?, excerpt from 868
Excerpt from letter from Dr. Paul Campbell (Moral Re-Armament), 828
Excerpt from speech by Harry Boyle, 712
Excerpt from speech by Sir Wilfrid Laurier, 710
French Academy traditions, 741
Heirs of Lord Durham, report re anglicizing of French-speaking Canadians outside Quebec, 773
Human dignity, 826-7, 828
Immigration policy, 735-6
Individual responsibility, 1157-8
Language poll, 839
Media coverage of speech by Senator Molson, 1005-06
Minority rights, 753-4
Multiculturalism, 768, 955-6
Myths regarding Canada, 709
National crisis, 742
New Brunswick, 837-9, 957
Acadians
Education and religious communities, 838
French population, 957
Government employment, English-French, 839
Historical foundation, 837-8
Parti Acadien, 839
Statistics, 837, 838
Newfoundland and Labrador, 709, 799-801, 826
Disappearance of culture, historic sites and monuments, 825
Economic prospects, 800
Excerpt from speech of Nfld. Finance Minister, 800
Fisheries, 801

National unity, economic and cultural aspirations of various regions - *Continued*
Newfoundland and Labrador - *Concluded*
Government expenditures, provincial and federal, 800
Hydro and oil potential, 800, 801
Industries, depletion of, 799-800
Labrador Mining and Exploration Company and other private enterprises, 800-01
Lack of federal capital, 826
Public debt, 826
Resource limitations, 826
Social welfare and standard of living benefits, 800
Nova Scotia Acadians, 773-4
Bilingualism, 773
Economic life, 774
Ferry service, 774
Fishing industry, 774
Intermarriage of French and English, 774
Participation of Canadians in politics, 741-2
Partisan political activity, 743-4
Excerpt from speech of Hon. Robert Stanfield, 743-4
Prime Minister's statement (Nov. 24/76), 781
Prince Edward Island, 1141-2
Confederation Conference, 1141-2
Property rights, 742
Provincial rights, 742, 744
Provincial school systems and teaching of French language, 736
Quebec Act of 1774, BNA Act and Official Languages Act, 735
Quebec, 708, 744, 779-80, 801-02, 955-6, 986-8, 1133-4, 1142, 1155-6, 1157
A National Understanding — The Official Languages of Canada, 986
Economic relationship, 801
Excerpt from newspaper article re language instruction in schools, 986-7
Excerpt from speech of Abraham Lincoln on equality, 988
Excerpt from speech of Sir Wilfrid Laurier re question of Canada breakup (1894), 988
Heritage of Molson family in Quebec, 986, 988
Misunderstandings, 768, 780, 955-6, 987-8
Parti Quebecois, 734, 737, 802
Problems of negotiation settlement, 801-02
Boundaries, 801-02
National assets and debt, etc., 801
Native and minority rights, 801
Transportation and right of access, 802
Statistics re English-French population, 986
Treaty of Paris (1763), 802
Rail Networks, implementation of Hall Commission recommendations, 812-13
Regional Disparity and Living Together, 812
Richelieu custom of transforming secret to public, 741
Saskatchewan, 734-5, 736
Immigrants, 736
School system and language training, 734-5, 736
Senate role in study, 708, 742, 743, 769, 812, 825-6, 1117, 1133
Suggestion that debate on National Unity be published in documentary form, 779, 866
Yukon and Northwest Territories, political development, 781

National unity, economic and cultural aspirations of various regions - *Concluded*
Speakers: Senators
Austin, Jack, 778-83, 786
Bosa, Peter, 767-9
Carter, Chesley W., 825-8
Cook, Eric, 799-802
Cottreau, Ernest G., 772-4
Desruisseaux, Paul, 914-15
Forsey, Eugene A., 949-57
Fournier, Michel, 1132-5
Frith, Royce, 741-4, 812, 839
Graham, B. Alasdair, 1154-8
Greene, J.J., 1117-19
Inman, F. Elsie, 1141-2
Lang, Daniel A., 1005-06
Michaud, Herve J., 837-9
Molson, Hartland de M., 986-8
Olson, Horace A., 811-13
Perrault, Raymond J., 698, 707-12
Riley, Daniel A., 957
Rizzuto, Pietro, 752-4
Stanbury, Richard J., 866-9
Steuart, David G., 733-7
See Confederation, proposed special joint committee to examine matters of interest to all Canadians, 275, 293-6, 437-41, 444-7, 566-73

Neiman, Hon. Joan
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 620
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1022-4, 1048-9
Extinguishment of claims, 1023
Non-status Indians, 1023-4
Quebec Boundaries Extension Act, 1023
Quebec undertaking to negotiate, 1023, 1024
Rules of the Senate
Referral of Bill C-37 to appropriate committee, 620

New Brunswick
Acadians, 837-9
CBC documentary program *The Fifth Estate* re McCain Foods, 229-30, 245-6, 280-1, 286
Kent County, report entitled *Kent County can be Saved,* 143, 197-200, 480-3
Offshore mineral rights
Federal-Provincial Memorandum of Understanding and Joint Communiqué between Canada, Nova Scotia, New Brunswick and Prince Edward Island, 289, 304-05
See National unity

Newfoundland and Labrador
Boundaries of Canada (1964), 439
Canadian National Railway, 398-400
Hotel accommodation, 399-400
Substitution of bus service, 399
User-pay principle, 400
Churchill Falls hydro development, Quebec contract re, 294
Quebec profits, 294
Termination of contract in event of Quebec status as foreign power, 294

Newfoundland and Labrador - *Concluded*
Come Home Year, 400
Encyclopedia Canadiana, excerpt re Labrador boundaries, 439
Ferry service and effect of strike, 401
National unity, 707-12, 799-801, 826
Newfoundland Railway, takeover by federal government, 398
Ownership of Labrador, 293-4
Referral of question to Court of International Justice, requirement of Nfld's consent for, 293-4
'Power Play in Newfoundland', article in *Globe and Mail,* 293
Quebec claims, 293-4, 439, 444-5, 447
Roads to Resources program, 398
Seal hunt, resolution of US House of Representatives protesting event, 553-4
Secretary of State for External Affairs, appt. of Newfoundlander to position, 54
Terms of Union, excerpt from BNA Act re, 293, 398-9
Tourism, 400
Transportation by land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402
Air transportation, 203
Extracts from MacPherson Commission report on problems and requirements, 397-8
Ferry rates, 202; subsidy, 203
Freight rates and assistance for, 203
See National unity

Newspapers, periodicals, speeches, interviews, etc., excerpts from
Albertan, Calgary, article re Finance Committee study of Manpower Division, Dept. of Manpower and Immigration, 48
Barker, Dr. E.T., remarks made before Health, Welfare and Science Committee re personality disorders and criminal behaviour, 208
Boundaries of Canada (1964), cited as to Labrador boundaries, 439
Bulletin, Edmonton, comment re column 'The Road Ahead' written by the late Hon. J. Harper Prowse during his journalistic career, 7
Canadian Press, coverage of Senate proceedings and attendance of senators, 374-6
Citizen, Ottawa, article by Charles Lynch re Finance Committee on Manpower Division, Dept. of Manpower and Immigration, 47
Citizen, Ottawa, article by D. Fullerton re economic aspects of separatism, 440
Citizen, Ottawa, article re solar energy, 727
Diaries of a Cabinet Minister, by Richard Crossman, 647
Dynamic Change and Accountability in the Canadian Market Economy, report of Skeoch-McDonald Commission, 1148
Letter from Dr. Skeoch, 1148
Effective Dictatorship, comments of Lord Hailsham published in *The Listener,* 647
Encyclopedia Canadiana, excerpt re Labrador boundaries, 439
Energy Strategy for Canada, 721
Excerpt from speech by Harry Boyle, re National unity, 712
Excerpt from speech by Sir Wilfrid Laurier, re National unity, 710
Financial Post, article re Finance Committee study on Manpower Division, Dept. of Manpower and Immigration, 48
Financial Post, editorial re subordinate legislation, 647
Free Press Publications, Ottawa, article by Margaret Piton re Finance Committee study on Manpower Div., Dept. of Manpower and Immigration, 47
Free Press, Winnipeg, article re Finance Committee study on Manpower Division, Dept. of Manpower and Immigration, and on Information Canada, 47-48

Newspapers, periodicals, speeches, interviews, etc. - *Concluded*
Globe and Mail, Toronto
Article entitled 'Power Play in Newfoundland', 293
Article re committee visit to BC Penitentiary, 555
Article re equalization grants to Nova Scotia, 9
Article re Finance Committee study on Manpower Div., Dept. of Manpower and Immigration, 48
Article re forestry industry entitled 'Dropping Behind Against World Competition', 189
Article re life stories of vicious criminals, 191
Article re mentally ill babies, 252
Article re saccharin and use of cyclamates, 633, 657
Article re temporary resignation of members of Banking, Trade and Commerce Committee, 122
Article re unemployment on closing of MacMillan Bloedel mills, 189
Guardian, Charlottetown, statement of Transport Minister re transportation subsidies, 201-02
Illustrated London News, article by Sir Arthur Bryant re immigration problems, 55
International convention of toxicologists, Toronto, article on saccharin ban, 632
Justice Minister's letter re explanation to committee on policy and legal position, 648
La Presse, Montreal, article re bilingual air communications, 1970 report, 257
Letter from M. Narvey, Manitoba University, to Premier Levesque re James Bay and Northern Quebec Native claims settlement, 719-20
Media coverage of speech on National Unity by Senator Molson, 1005-06
North Atlantic Assembly President, speech re role of Assembly, 235
Parti Quebecois, statement by Premier Levesque re Canada's state of disunity, 118
Province, Vancouver, article entitled 'It's no lunatic fringe', report of meeting of Committee for Western Independence, 118-19
Queen Elizabeth, excerpt from speech at Olympic Games opening, re Canada's constitutional differences, 118
Star, Montreal, report of speech by Senator Forsey to Canadian Club, question of privilege, 376
Star, Toronto, article re International Women's Year, 88
Star, Washington, comment re North Atlantic Assembly, 235
Statement of Mount-Royal representative re James Bay and Northern Quebec Native claims settlement, 718
Statement of Premier Levesque re negotiations of James Bay and Northern Quebec Native claims settlement, 719
Sun, Toronto
Article re interest of Senator Davey in racing business, 942-4
Article re remarks of MP from Central Nova re Hydroculture Luwassa, 943
Sun, Vancouver
Article by Paul St. Pierre re Transport Dept., 241
Report on Senate by John Sawatsky, 376
Telegraph Journal, Saint John, article re membership of Finance Committee, 48
The Fifth Estate, documentary program re McCain Foods, 229-30
Time magazine, article on saccharin ban, 633
Tribune, Winnipeg, editorial tribute to Finance Committee members, 47
United Press dispatch, Washington, article on saccharin ban, 632
United States Commission on Education, report entitled 'Education in a Free Society' 56
White, Dr. Burton, *The First Three Years of Life,* 554-5

Norrie, Hon. Margaret
Blois, Hon. Frederick M., 74
Canadian Broadcasting Corporation
Documentary program *The Fifth Estate* re McCain Foods, 229-30
Questions re, 245-6, 280-1, 286, 465-7
Government Organization (Scientific Activities) bill C-26, 880

Norrie, Hon. Margaret - *Concluded*
Personality disorders and criminal behaviour, 206-09
Daycare for young children, neglect of, 207
Excerpt from remarks of Dr. E.T. Barker before Health, Welfare and Science Committee, 208
Illiteracy, Nova Scotia statistics, 207, 208-09
Learning disabilities, 207
Liquor advertisements in Maclean's magazine, 208
Transposition of words and phonetic spelling problems, 207
Working mothers of children under 14 yrs. of age, statistics, 207
'Youth in Trouble', conference of BC and Vancouver Assoc. of Canadian Learning Disabilities, 206

North Atlantic Assembly, Williamsburg conference, 233-6, 281-5, 473-5, 491-6, 540-3, 545-7; *see also appendix to Debates of Feb. 1/77*
Articles and comments re North Atlantic Assembly, 235
Assembly publication, 235
President of Assembly (1974), 235
Washington *Star,* 235
Canadian Armed Forces, statistics on personnel, 496, 542-3, 546
Canadian delegates, 233-4, 281
Canadian unity, 541
Communism, 235; Euro-Communists, 235, 282
Defence aspects of NATO, 541, 542
Defence committee of Senate and Commons, question of, 495-6, 542-3, 546
Education, Cultural Affairs and Information Committee, 281-2
Energy supplies, 235, 494
European Defence Cooperation, subcommittee report, 492
Free flow of information, 282
Helsinki Agreement, 282, 283-4, 475
Italian government, 234-5
Le Parti Quebecois, 235
Military equipment, standardization and interoperability of, 492-3, 545-6
Military tour of various countries, 495
NATO forces, disparities in strength of, 493-4
NATO member nations, 234
Nimitz warship, 495
North Atlantic defence shield, 234
Nuclear weapons, 493, 546-7
Science and Technology Committee, 540-2
Address by Director of House of Information Systems (US), 541
Future of parliamentary democracy, 541
Landsat program, 541-2
Narcotic control, technological development, unemployment and other resolutions, 542
Satellite technology, 542
Science and the arms race, 542
Suez Canal, statistics on use of, 494-5
UK currency crisis, 234
Universal Declaration of Human Rights, 284-5
USSR, 236, 283-4, 474, 475, 476, 493-4
Military forces and arms buildup, 236
Passports for Soviet citizens, 284
Persecution in religious areas, 284
Pledges re human rights, disregard of, 284-5
Warsaw Pact, 474, 492, 494

North Atlantic Assembly - *Concluded*
Speakers: Senators
Lafond, Paul C., 540-3
McDonald, A. Hamilton, 473-5, 492-6
McElman, Charles, 233-6
Smith, George I., 545-7
Yuzyk, Paul, 281-5

Northern affairs, government policy report, 1182, 1245-6
Political development in the Northwest Territories, 1246
Political residency test, 1246
Special Government Representative for Constitutional Development in the Northwest Territories, 1245
Yukon Territory, 1262-3
See appendix to Debates, 1257-63

Northern pipeline
AlCan and Mackenzie Valley routes, question, 1037
National Energy Board decision, question, 1037
Senate debate on, question, 1183-4
See Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1266-87

Northwest Territories
Energy, construction of natural gas pipeline, 1266-87
Costs of gas to northerners, 1285
Mackenzie Valley route, 1285
Native people's land claims, 1284-6
Yellowknife Assembly concerns, 1285
Political development, 1246
Political residency test, 1246
Special Government Representative for Constitutional Development in NWT, 1245
See appendix to Debates, 1257-63

Nova Scotia
Canstel project, Cape Breton Island, 15, 40, 100, 113
Coal industry, Cape Breton Island, 113
Electrical energy costs, 15, 40
Energy conservation and alternate power sources, 14
Energy costs, 100, 112-13
Equalization grants, 9, 87, 125
Government-owned industry, 40
Offshore mineral rights
Federal-Provincial Memorandum of Understanding and Joint Communique between Canada, Nova Scotia, New Brunswick and Prince Edward Island, 289, 304-05
Oil prices, 14
Port of Halifax operations, 64-68
Regional economic disparities, 15
Sydney Steel and Hawker-Siddeley Steel Works, 113
Transportation problems
Freight rates and assistance for, 203
Subsidies, 203
Tourism, 202
User-pay policy, 113-14, 201
See National unity,
Transportation by land, air and sea, regional differences.

Nuclear supplies
CANDU reactors supplied to Rumania, 960, 1127
Improved control of materials supplied by Canada, 960, 1126-7
Negotiations with other countries, 686, 959-60
Agreements, availability of copies, 960, 1126-7

Official languages
Commissioner Keith Spicer, reappointment of, 635
Commissioner Maxwell F. Yalden, appointment of, 1288
Report of Commissioner, 602

Offshore mineral resources
Federal-Provincial Memorandum of Understanding and Joint Communique between Canada, Nova Scotia, New Brunswick and Prince Edward Island, 289, 304-05

Oil pollution
Transshipments to Pacific coast ports, public hearings re environment aspects of, 308-09
See Energy, construction of natural gas pipeline

Old age security
Background of old age pension legislation, 537
Compensation for reduction in Canada Pension Plan benefits, 501
Date of proclamation, 538
Family allowance exemption, 501
Guaranteed income supplement, recommendations of Senate Committee on Poverty, 501-04
Excerpt from speech of Health and Welfare Minister, 501-02
International reciprocal agreements, 500-01, 538
Partial pensions, 500, 538
Poverty line updated, 502
Single eligibility requirement, 537-8
Spouses, cessation of benefits on receiver's death, 501-02, 539-40
Statistics Canada poverty report, 501-02
Speakers: Senators
Belisle, Rheal, 536-40
Croll, David A., 501-04
Rowe, Frederick William, 499-501, 539, 540

Old Age Security bill C-35. 1r, 489; 2r, 499-504, 536-40; ref to com, 540; rep without amdt, 561; 3r, 574; r.a., 600

Olson, Hon. Horace Andrew (Bud), P.C. (Introduced in the Senate Apr. 26/77)
Attorney General's staff college, change of site from Edmonton to Saskatoon, 1264, 1318
Canadian Wheat Board, Western Grain Stabilization bill C-34, 939-40, 964-5, 1183-7, 1188, 1216-17
Administration and costs of pooling system, 1185-6
Canadian Wheat Board pooling system, 965
Initial payments, 939
Levies from marketing pools, 939
Marketing pools for producers of rapeseed and other grains, 939, 1187
Necessity of bill, question of, 1183-4, 1186
Obligation of producers to complete crop year with pool, 940, 964
Permit books, 1187
Prices and option of year-averaging, 1184
Recovery of losses, 939, 964
Selling outside pools, 964

Olson, Hon. Horace Andrew (Bud), P.C. - *Concluded*
Canadian Wheat Board, Western Grain Stabilization bill C-34 - *Concluded*
Voluntary pools, 939, 940
Witnesses invited to appear before committee, 1184-5, 1216-17
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1280-2
Canada's gas reserves, 1280, 1281; Alberta, 1280, 1281, 1282
Exchange arrangements, Canada-US, 1280, 1281
Dempster-Mackenzie Valley, 1281
Economic factors, 1281
Construction materials, 1281
Employment, 1281
Quebec-Maritime pipeline, 1281
Yukon Indian land claims, 1280
National unity, economic and cultural aspirations of various regions, 811-13
Beef industry inquiry, 811-12
Rail networks, Hall Commission study, 812-13
Regional Disparity and Living Together, 812
Senate role in study, 812
Northern pipeline, 1037, 1183
Nuclear supplies, improved control of material from Canada, 960, 1126
Agreements with other countries, availability of copies, 960, 1126-7
Rules of the Senate
Quoting from Commons *Hansard,* 1184
Second reading of bill, principle accepted, question of point of order, 1183, 1188
Wheat agreement, international, 1005, 1165, 1182
Price negotiations, 1182

Olympics
Canadian and International Olympic Committees, 43
Canadian Broadcasting Corporation coverage, 44, 53
Costs and compensation in unemployment and welfare payments, 83
Mayor of Montreal and Premier of Quebec, efforts on behalf of Games, 42-43, 83-84
Real estate assets, 43
Record-breaking athletes, 43-44
Speech by Her Majesty Queen Elizabeth, 118
Withdrawal of African teams, 42, 83

Opening of Second Session of Thirtieth Parliament
Communication from Governor General's Secretary, 1
Speech from the Throne, 1-6
See Address in reply to Speech from the Throne

Orders and Customs of the Senate and Privileges of Parliament Committee
Appointment, 6
Members, 6

Pacific Western Air Lines, judgment of Supreme Court of Canada, question, 436-7, 442-4, 457-8

Pakistan
Income Tax Conventions bill C-12, 829, 880-2, 900, 932-6

Parliament
Legislation, reintroduction in next session, question, 757
Prolongation of First Session of Thirtieth Parliament, 23
Recalled to deal with
Air Traffic Control Services Continuation, 1293-1311
Port of Halifax operations, 64-68

Parliament Buildings
Tourist visitors, greeting by guides, question of privilege, 1243
Use of Senate Chamber by Commons, request for, 1154

Parliament Hill
Beating Retreat ceremony, 1266
Canada Day celebrations, 1005, 1033, 1318

Parliamentary democracy, 57-60
Decline of Parliamentary Democracy, 58
Discontent and insecurity of populace, 57-58
Government policies, excerpt from Prime Minister's speech, 59
Legislation to alleviate discrepancies in government administration, 58
Public Service of Canada, 58-59
The Way Ahead, 59
Watergate, 58

Parole
Criminal Law Amendment bill C-51, 1162, 1165-7, 1196-7, 1243, 1248, 1288
Parole services, statistics, 1326-7

Paterson, Hon. Norman McL.
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1273
Founding of shipping company, N.M. Paterson & Sons, Ltd., 702

Pawnbrokers
Borrowers and depositors protection, 1106, 1120-5, 1141-51, *see also appendix to Debates of July 11/77*

Penitentiaries
Criminal Law Amendment bill C-51, 1162, 1165-7, 1196-7, 1243, 1248, 1288

Pension
Background of pension legislation, 645
Backlog of claims, 646, 666
'Benefit of the doubt' clause, 665-6
Categories of pensions and percentages granted, 666, 668
Cessation of pension upon pensioner's death, 667, 668
Correlating of former medical reports with present disability, 669
Entitlement Board, 645
Medical officers of Pension Commission, 666, 668
Pension Commission, unnecessary functions of, 666, 667
Pension Review Board, 646, 668, 669
Newfoundland veterans, 667-8

Pension - *Concluded*
Speakers: Senators
Carter, Chesley W., 645-6, 667-9
Phillips, Orville H., 665-7, 668
Macdonald, John M., 667
Smith, George I., 667, 668, 669

Pension bill C-11. 1r, 637-8; 2r, 645-6, 665-9; ref to com, 670; rep without amdt, 677; 3r, 688; r.a., 703

Pensions
Canada Pension Plan bill C-49, 1111-13, 1127-32, 1152, 1159-60, 1161
Pension bill C-11, 637-8, 645-6, 665-9, 670, 677, 688, 703

Perrault, Hon. Raymond J., P.C., Leader of the Government in the Senate
Address in reply to Speech from the Throne, 24-31
Air Traffic Control Services Continuation bill C-63, 1293-5, 1297, 1298, 1307, 1308-11
Anti-Inflation Board guidelines and recommendations, 1294, 1297, 1307, 1308, 1309-10
Areas of dispute, 1293-4, 1295, 1309
Classification plan, 1295, 1309
Management rights, 1294
Reclassification and pay increases, 1293-4
Vacation time, 1294
Breakoff of negotiations, 1295, 1297
Collective agreements, 1309
Compulsory arbitration, 1308-09
Conciliation Board's recommendations, 1294-5, 1307, 1308, 1310
Economic and other effects of strike, 1293
Government role in dispute, 1308
Monopoly power of CATCA, 1293
Rates of pay (effective Jan. 1/77), 1295
Reconsideration by arbitrator, 1295
Right to strike, 1293, 1308
Special Senate committee to deal with labour disputes, suggestion, 1308
Air transport, bilingual air communications, 1970 report, 257, 1114
Anti-inflation program, 26-31
Business profits, 29
Appropriation bill No. 5, 1976 C-28, 230
Argentina, United Nations Water Conference, 587-8
Attorney General's staff college, change of site from Edmonton to Saskatoon, 1264, 1318
Banking, Trade and Commerce Committee
Meeting during Senate sitting, 193
Temporary resignation of certain members of committee, 122, 123
Basha, Hon. Michael G., the late, 168
Bell Canada bill S-2, 197
Bilingualism, 25-36, 257
British Columbia holly, 246
British Columbia, Railwest rolling stock facility, 1141
Burchill, Hon. G. Percival, the late, 1312
Cabinet solidarity, 640

Perrault, Hon. Raymond J., P.C. - *Continued*
Canada-United States relations
Address by Prime Minister to United States Congress, 425, *see appendix to Debates of Feb. 22/77*
Agenda for discussions between US President and Prime Minister of Canada, 391
Diversion of water from Lake Michigan, question, 237, 309, 435-6
Communication from Secretary of State for External Affairs, 435
Garrison Dam, proposed diversion of water, 436
Great Lakes Quality Agreement, 808, 983-4
Ross Dam, Skagit Valley flooding, 787-9
Canada-Venezuela relations, 390
Canada Week, Parliament Hill program, 1005, 1318
Canadian Armed Forces, retired personnel, alleviation of hardships, 971, 984
Canadian Broadcasting Corporation
Accountability to Parliament, 675
CRTC inquiry into CBC activities, 489, 499, 533-5
Documentary program *The Fifth Estate* re McCain Foods, 245-6, 280-1, 286, 465-8
Salary of former CBC employee, 467-8, 675
Request for further answer to question, 771, 808-09
Canadian Brotherhood of Railway Transport and General Workers, speech of president, 28-29
Excerpt from letter of CLC union official, 28
Canadian Parliamentary Guide, 274
Canadian Press coverage of Senate proceedings and attendance of senators, 375, 376
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1188, 1217, 1247
Carter, Hon. Chesley W., retirement, 1137
Committee meetings during Senate sittings, 375, 376
Commodity prices, 29
Confederation, financial contribution of British Columbia, 640
Conflict of interest re banking legislation, 122, 123
Connolly, Hon. John J., 120, 227; return to Senate after illness, 463
Constitution of Canada, patriation of
Correspondence between Prime Minister and Premier of Alberta, 63; *appended to Debates,* 69-71
Correspondence from Prime Minister to provincial premiers, January 1977, 276, 277, 279
Côté, Hon. Jean-Pierre, 237
Crime, organized, proposed joint committee to inquire into, 912
Crown corporations, responsibility of ministers and boards of directors, 1114
Crown revenues or other revenues not provided by Parliament, 75, 984, 1038
Customs tariff, canned tomato surtax, motion that Senate approve order re, 1287, 1290-2; agreed, 1292
Cyclamates, non-restricted use of, 664, 678-9
Diefenbaker, Olive E., the late, 271
Duggan, Hon. James A., 638
Employment increase, 29-30
Energy
Acquisition of oil supplies from Mexico, 651, 770
Atlantic provinces, benefits from lower-than-international price of oil, 157
Organization of Petroleum Exporting Countries (OPEC), proposed increase in oil prices, 157, 229
Petroleum and Natural Gas Administration Act, question re implementation of, 98, 150
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 1266-7
Environment, construction of coal-fired power plant in Saskatchewan, 1016
Export Development bill C-47, 832, 833
Loans to countries behind the Iron Curtain and Brazil, Argentina, Chile, 832, 833
Federal by-elections, results, 39

Perrault, Hon. Raymond J., P.C. - *Continued*
Federal-Provincial Conference of First Ministers
Agenda of conference, 225, 228
Exclusion of press, 225
Patriation of the Constitution, question, 205-06
Reply from Quebec Premier re, 173, 181, 193-4
Federal-Provincial Conference of Ministers of Finance, 308, 370-3
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 618, 619, 620, 621, 627-8
Decentralization, 627-8
Government policies, commendation of, 627
Hospital care, medicare, welfare, communication links, etc., 627
Financial Administration Act, crown corporations not subject to audit, 674, 715-17, 770-1
Agency crown corporations audited by Auditor General, 716
Crown corporations audited privately, 716-17
Departmental crown corporations audited by Auditor General, 715-16
Proprietary crown corporations audited by Auditor General, 716
Fisheries, violations of coastal jurisdiction, 674, 758
Flag, Canadian, distribution of flags and lapel pins to members of Parliament, 408, 442, 457-8, 588
Foreign affairs
Loans to foreign countries, 875, 1052-3, 1077-91, 1265
Nuclear weapons, 686, 959-60
Forsey, Hon. Eugene A., 227
Government Expenditures Restraint bill C-19, 253-6, 262-5, 269, 270
Auditor General, 265
Canadian Broadcasting Corporation, and other crown corporations, 264
Consumer prices, increase in, 263; other countries, 263
Government expenditures, growth limit to 14%, 253
Government expenditures (1968-76), statistics re, 255
Government expenditures vs GNP, 262-3, 265
Inflation, 263
Prolongation of debate in Commons, 255-6
Reduction in expenditure commitments
Adult occupational training, 253, 254, 256, 269
Aid to granting councils, 253
Building expenditures, 253
Company of Young Canadians, 253, 254, 256
DREE, 253
External Affairs postings, 253
Family allowances, 253, 254, 256
Foreign aid, 253
Industrial research and development incentives, 254-5
Information Canada, 253, 254, 256
Language training, 253
Loans to crown corporations and others, 253
Opportunities for Youth, 253
Public Service, 253
Salaries of judges and high-salaried public servants, 253
Salaries of Senate and Commons members, 253
Subsidies and other transfers, 264
Supply and Services, 255
Transportation subsidies, 253, 264
Western grain stabilization, 255
Government responsibility in economic conditions, 31
Grain, provision of rail cars to Peace River district, 125-6

Perrault, Hon. Raymond J., P.C. - *Continued*
Great Lakes Water Quality Agreement, 808
Greene, Hon. John J., 715
Haig, Hon. J. Campbell, 638
Haiti, assistance to, 808, 1017
Duvalier family, 1019
Health and welfare
Swine influenza
Confirmed diagnoses in Canada and United States, 125, 150-1
Immunization, intentions of government re, 98, 125
Helsinki Agreement
Customs duty on gifts to relatives in USSR, 745, 808
Implementation of, 704-05, 960
Printed information, distribution of, 715, 960-1, 1015
Reunification of families, statistics, 961
Review Conference, Canadian delegation, 1004-05, 1092
Historic building in St. Jean, Quebec, proposed demolition of, 1164, 1213-14
Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate, tributes, 169-71
Housing, acquisition or renovation of homes, government assistance for single persons, 1164, 1246, 1265, 1318
Immigration, persons living in Canada under deportation orders or contrary to court rulings, 640, 650-1
Inflation, statistics re, 27-28
Other countries, 28
James Bay and Northern Quebec Native Claims Settlement bill C-9; 1011-13, 1045
Extinguishment of claims, 1011
Quebec undertaking to negotiate, 1012
Justice Department, Director of Information Services, qualifications of, 98, 150
Kingsmere residence of the late Prime Minister MacKenzie King, terms of last will and testament or of other documents relating to, 976, 984
Labour
Bank branches as bargaining agents, 976, 1017-18
Labour-management disputes, 27
Worker representation on boards of directors of corporations, 279, 376-7
Lapointe, Hon. Renaude, Speaker of the Senate, tribute to, 25
Legal and Constitutional Affairs Committee, meeting during Senate sitting, 1211-12
Legislation, amendments omitted in reprinting of bills, 456
Mackenzie Valley pipeline, Berger Commission report, 678, 686-7, 757
Marchand, Hon. Jean, P.C., 224
McDonald, Hon. A. Hamilton, 237
National Capital Region, Special Joint Committee, reconstitution of, 193, 229
National Gallery, original paintings owned by, 700-01, 1053
National unity
Joint Committee on the Constitution, consideration of report, 665
Proposed committee on regional interests, 149-50, 641
Proposed debate, question, 664-5
Role of Senate, questions, 277, 278-9
National unity, economic and cultural aspirations of various regions, 698, 707-12
Areas of concern, 711
British Columbia, 709
Confederation costs, 710-11
Constituency contacts at six-week intervals, proposal, 711-12
Constitutional reform, 711
Excerpt from speech by Harry Boyle, 712
Excerpt from speech by Sir Wilfrid Laurier, 710
Myths regarding Canada, 709

Perrault, Hon. Raymond J., P.C. - *Continued*
National unity, economic and cultural aspirations of various regions - *Concluded*
Newfoundland, 709
Quebec referendum for separation, 708
Senate role in study, 708
Northern affairs, government policy report, 1182, 1245-6
Government Representative for Constitutional Development in the Northwest Territories, 1245
Political development in the NWT, 1246
Political residency test, 1246
See appendix to Debates, 1257-63
Northern pipeline
AlCan route, 1037
Debate on, question, 1183-4
National Energy Board decision, 1037
Nova Scotia, equalization grants, 9, 87, 125
Nuclear supplies
Agreements re, availability of copies, 960, 1126-7
CANDU reactors to Rumania, 960, 1127
Improved control of materials supplied by Canada, 960, 1126-7
Negotiations with other countries, 686, 959-60
Offshore mineral resources, Federal-Provincial Memorandum of Understanding and Joint Communique, 289, 304-05
Oil or gas pipeline corridors, Canada-United States, 1165
Oil pollution
Juan de Fuca Strait, 699, 944-5
Protection of coastal waters and shorelines, 699
Territorial and international waters, definition of, 699
Transshipments to Pacific coast ports, public hearings re environmental aspects, 309, 390-1
Parliament, reintroduction of legislation in next session, 757
Port of Halifax Operations bill C-14, 64-66, 67
Conciliation efforts, 64-65
Date of incorporation of rules of dispatch, 66, 67
Economic loss as result of strike, 64, 65
Industrial inquiry commissioner, 66
Maritime Employers Assoc. rejection of proposals, 65
Negotiating commissioner Judge Nathan Green, 64
Terms of tentative agreement re rules of dispatch, 65-66
Prairie provinces, drought conditions, 654-5
Beef cattle production, 654-5
Current situation with respect to water, 654
Grain prices, 654
Grain quantities in 1977 crop year, 654
Prospective conditions for grain growing and agricultural crops, 654
Prowse, Hon. J. Harper, the late, 7
Public Works Department, Langevin Building renovations and costs, 53, 97
Quebec, area and boundary, 267, 497
Queen Elizabeth II, Her Majesty, 87, 228-9, 306-07
Address of congratulations to Her Majesty on completion of twenty-fifth year of reign, 306; address to Governor General re transmission of message, 306-07
Commemorative medal, competition for design of, 228, 289
Commemorative stamps, 228
Invitation to visit Canada during Silver Jubilee, question, 829
Radio Canada, proposed appearance before Senate committee of CBC President and commentators, 419
Regulations and other statutory instruments, speech of Senator Langlois, 821
Revenue Canada, removal of offices from Saint John, NB., 1245, 1290

Perrault, Hon. Raymond J., P.C. - *Concluded*
Royal Canadian Mounted Police, agreements between federal government and provincial governments, 686, 757-8
Royal Commission on Concentration of Corporate Power, resignation of Chairman Robert Bryce, 678, 687, 1319
Royal Emblems, removal from Governor General's private railway cars, 643, 655
Rules of the Senate
Committee report recommending that bill be not proceeded with, 1188
Referral of bill C-37 to appropriate committee, 618, 619, 620, 621
Report re changes in Rules, 910
St. John the Baptist Day, 982
Senate
Air conditioning system, 999
Appointments of opposition members, 638, 990-5, 1075-6
Excerpts from Prime Minister's speech and letter to opposition leader, 991
Procedure upon opposition resignations or deaths, 638, 991
Submission of names to Prime Minister, 991, 992
Business, 9, 62, 63, 97, 139, 156, 157, 180-1, 244, 267-8, 864, 995, 1140-1, 1162, 1181, 1224, 1289, 1292, 1327
Summer adjournment, 1289
Minutes of the Proceedings, error in French text, 9-10
Parking space for senators' cars, 944
Role of, 25
Initiation of legislation, 25
Representation of regional interests, 25
Taking of photographs of chamber by the public, 876, 967-8, 969
Travel arrangements for senators, 875, 876
Use of Senate chamber by Commons, request for, 1154
Vancouver *Sun* report on Senate by John Sawatsky, 376
Solar Energy Application bill C-309, 759-60, 762, 793, 794, 846
Principle of bill, 759-60, 762
Referral of subject matter to com, 793
Steuart, Hon. David Gordon, 224
Sullivan, Hon. Joseph A., 227, 638
Team Canada
Organization for future international hockey tournaments, question, 686
Performance at World Hockey Tournament in Vienna, 641
Taxpayers' contribution to, 641
Tourist visitors to Parliament Buildings, greeting by guides, 1243
Transportation
CNR link with Fairbanks, Alaska, 977, 1126
Ferry service between North Sydney, NS. and Port-aux-Basques, Nfld., 699, 789
Obstruction of access to airport by transport company, 961-2
Pacific Coast subsidized services, 111, 157-8
Pacific Western Airlines, judgment of Supreme Court of Canada, 436-7, 443-4, 457-8
Possibility of air traffic controllers' strike, question, 1265-6
Regional airlines, Eastern Provincial airlines, 458, 473
User-pay policy, 396
Transport Dept., car rental booths at airports, 150
Unemployment, budget for job creation, 685
Unemployment insurance, statistics as of Mar. 31/77, 758-9
Wheat agreement, international, negotiations re, 1005, 1165, 1182
Price negotiations, 1182
Williams, Hon. Guy, felicitations on degree of Doctor of Laws, Simon Fraser University, 790
Yuzyk, Hon. Paul, felicitations on degree of Doctor of Laws, University of Saskatchewan, 790

Personality disorders and criminal behaviour, 190-2, 206-09, 238-40, 249, 251-2, 265-6, 496-7, 505-06, 547-9, 554-6
Acadia University study on Springhill medium-security penitentiary, 554
Anthropologist's findings, 239
Anti-social behaviour and depression, 239-40
Background of previous study by committee, 251
Birth Without Violence, by Dr. Leboyer, 191
Brain damage at birth, 191
British Columbia correctional system, 548
Canadian Society for Prevention of Cruelty to Children, 191
Children with learning disabilities, 191, 207, 549
Conference on (Oct./77), 555
Ottawa *Citizen* article, 191
Correspondence from persons in professional fields, 190
Costs of reformatory maintenance, 191, 252, 547-8
Daycare for young children, neglect of, 207
Death penalty for young offenders, justification questioned, 555
Deprivation in background of criminals, 252
Excerpt from remarks of Dr. E.T. Barker before Health, Welfare and Science Committee, 208
Globe and Mail article re committee visit to BC penitentiary, 555
Globe and Mail article re mentally ill babies, 252
Historical facts of harsh punishments, 548
Illiteracy, Nova Scotia statistics, 207, 208-09
Incorrigibles, lack of understanding of, 548-9
Liquor advertisements in Maclean's magazine, 208
Minimal brain dysfunction, *The First Three Years of Life,* by Dr. Burton White, 554-5
Modern Perspective in International Child Psychiatry, 239
Parental influence on unborn child, 252
Preventive criminology, 555
Recommendations of task force on role of services in field of criminal justice, 240
Research at Johns Hopkins Hospital, 191
Research, suggestions re, 191, 240, 252
Senate role in study, 548, 555-6
Social and family relationships, 239
Stress during pregnancy, 239
Transposition of words and phonetic spelling problems, 207
Tree foundation, research needs, 555
Violence in society, 238-9
Working mothers of children under 14 yrs. of age, statistics, 207
'Youth in Trouble', conference of BC and Vancouver Assoc. of Canadian Learning Disabilities, 206
Speakers: Senators
Asselin, Martial, 238-40
Bonnell, M. Lorne, 505-06
Carter, Chesley W., 251-2
Denis, Azellus, 252
Deschatelets, Jean-Paul, 191-2, 266
Forsey, Eugene A., 496-7
Langlois, Leopold, 192
Lucier, Paul H., 249
McGrand, Fred A., 190-1, 554-6
Norrie, Margaret, 206-09
Rowe, Frederick William, 208
Thompson, Andrew E., 547-9

Petroleum corporations monitoring
Authority of minister, 750-1, 765
Corporations engaged in exploration, etc., definition of, 750

Petroleum corporations monitoring - *Concluded*
Crown corporations, 751, 752, 765
Default penalty, 722, 751, 752
Draftmanship of bill, 985
Energy crisis, 721-2
Energy Strategy in Canada, 721, 765-6
Petro-Canada, 750
Provision of legislative authority to collect statistics on industry, 749-50
Reporting of financial and statistical information, 721, 722
Revenues for further exploration, 751, 765
Statutory form to be completed, 751, 752
Speakers: Senators
Barrow, Augustus Irvine, 721-2, 752, 765-6, 977-8
Grosart, Allister, 749-51, 752
Hayden, Salter A., 970
Lang, Daniel A., 985

Petroleum Corporations Monitoring bill S-4. 1r, 700; 2r, 721-2, 749-52, 765-6; ref to com, 766; rep with amdts, 970-1, 977-8, 985; 3r, 1006

Petten, Hon. William J., Chief Government Whip in the Senate
Basha, Hon. Michael G., the late, 168
Canadian Broadcasting Corporation, documentary program on McCain Foods, 286
Carter, Hon. Chesley W., retirement, 1138
Customs tariff, canned tomato surtax, 1287
Electoral boundaries readjustment bills, 1105
Official Languages Commissioner, appointment of Maxwell F. Yalden, 1288
Parole service, statistics, 1326-7
Selection Committee
Reports
Members of Senate Standing Committees, 51-52; report, as amended, adopted, 84
Science Policy Committee members, 178
Senate Standing Committees, question re membership, 85
Senate business, 68, 96-97

Philippines
Income Tax Conventions bill C-12, 829, 880-2, 900, 932-6, 945, 1031

Phillips, Hon. Orville H.
Cabinet solidarity, question, 640
Economy of Canada
Unemployment and failure of government to deal with problem, 919-22
Canada Works and Young Canada Works programs, 922
Cape Breton *Post* article re Statistics Canada report on unemployment, 920
Costs of welfare and UIC benefits, 921
Decline in export markets, 921
Nova Scotia, 920
Problems of seeking employment, 920, 921
Regional statistics, 921
Students, 921
Unemployment records, 920
Women in work force, 922

Phillips, Hon. Orville H. - *Concluded*
Employment and Immigration Reorganization bill C-27, 1197-9
Atlantic provinces, difficulties of seasonal-work employees, 1198
Employment and Advisory Council, 1198
Senate study on Manpower Div., Dept. Manpower and Immigration, 1198
Unemployment insurance program amdts, 1198-9
Cape Breton protests, 1199
Developmental use of fund, 1199
Government contribution to fund, 1199
Unemployment statistics, 1197-8
Farm Improvement Loans, Small Businesses Loans, Fisheries Improvement Loans bill C-48, 945-6
Costs of business maintenance, 946
Fisheries, 946
Interest rate, 946
Loan statistics, 946
Repayments, 946
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 609-12, 620
Equalization formula, 611-12
Post-secondary education and health programs, 611
Provincial agreements, question of, 610, 611
Transfer payments in respect of income tax, 611
Indexing, question of, 611
Fisheries bill C-38, 1099-1101
Budworm spray program, effect on salmon run, 1101
Decrease in fishery officers, 1101
Destruction of fish, powers of minister re, 1100
Marine plants, licence for harvesting of, 1101
Minister's consultation with provinces, 1101
Peace officers, 1101
Poachers, 1099-1100
Pollution, 1100-01
Production, 1099
Maritime Code bill C-41, 725-6
Pension bill C-11, 665-7, 668
Backlog of claims, 646
'Benefit of the doubt' clause, 665-6
Categories of pensions and percentages granted, 666
Cessation of pension upon pensioner's death, 667
Medical officers of Pension Commission, 666
Pension Commission, unnecessary functions of, 666
Rules of the Senate
Point of order re committee power in referral of any subject matter for study, 630, 631
Referral of bill C-37 to appropriate committee, 620
Saccharin, ban on, 630, 631, 635
Unemployment, budget for job creation, question, 685
Unemployment Insurance Entitlements Adjustment bill C-52, 688, 689, 690
Termination of claims for persons 65 yrs. and over, 689
Appeals, 688
Interest on payments claimed, 689
Notification of persons affected by Bill C-52, 689
Payments to estates of deceased, 689
Unemployment insurance, statistics as of Mar. 31/77, 758-9

Point of order
Comment on result of vote, 1247
Motion to adjourn debate, 795
Quoting incorrectly of senator's remarks, 1188
Reading of committee report in English only, 1153
See Rules of the Senate

Port of Halifax operations
Date of incorporation of rules of dispatch into collective agreement, 66, 67
Delay in government action to terminate dispute, 67
Industrial inquiry commissioner, 66
International Longshoremen's Assoc., Halifax Local 269, strike and economic loss as result of, 64-67
Maritime Employers Assoc. rejection of proposals, 65
Negotiating commissioner Judge Nathan Green, 64
Terms of tentative agreement re rules of dispatch, 65-66
Speakers: Senators
Côté, Jean-Pierre, 67
Perrault, Raymond J., 64-66, 67
Riley, Daniel A., 66
Smith, George I., 66-67

Port of Halifax Operations bill C-14. 1r, 64; 2r, 64-67; 3r, 67; r.a., 68

Prairie provinces
Drought conditions, 654-5, 674
Beef cattle production, 654-5
Grain prices, 654
Grain quantities in 1977 crop year, 654
Prospective conditions for grain growing and agricultural crops, 654
See Transportation by land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402, 430-2

Prime Minister of Canada
See Trudeau, Rt. Hon. Pierre Elliott, P.C.

Prince Edward Island
Energy costs, 99
Offshore mineral rights
Federal-Provincial Memorandum of Understanding and Joint Communique between Canada, Nova Scotia, New Brunswick and Prince Edward Island, 304-05
Transportation problems
Dependence of province on transportation, 201
Ferry service, 201-02
Railway refrigerator cars, lack of, 202
Statement of Hon. Otto Lang to PEI Tourist Assoc. and Restaurant Assoc., 201
Subsidies, 202
Terms of union, 201-02; federal jurisdiction, 202
Tourism, 202
Veterans Affairs Dept. personnel, move to PEI, 99
See Transportation by land, air and sea, regional differences, 201-03, 240-3, 246-9, 396-402, 430-2

Printing of Parliament, Standing Joint Committee
Members, Senate, 51

Prisons and reformatories
Criminal Law Amendment bill C-51, 1162, 1165-7, 1196-7, 1243, 1248, 1288

Privacy of individuals
Canadian Human Rights bill C-25, 820, 840-4, 876-8, 887-93, 1052, 1098, 1107-08, 1161

Private bills
See Bills, Private and Local, Commons,
Bills, Private and Local, Senate.

Privilege, question of
Canadian Broadcasting Corporation
Documentary program *The Fifth Estate* re McCain Foods, 229-30, 245-6, 280-1, 286, 465-8
Media coverage of speech by Senator Molson on national unity, 1005-06
Montreal *Star* report of speech by Senator Forsey to Canadian Club, 376
Omission of remarks intended during Address in reply to Speech from the Throne (Senator John J. Connolly), 51
Senate business, resumption of sittings on short notice, 63
Toronto *Sun* article re interest of Senator Davey in racing business, 942-4
Toronto *Sun* article re remarks of MP from Central Nova re Hydroculture Luwassa, 943
Tourist visitors to Parliament Buildings, greeting by guides, 1243

Privileges and immunities
Diplomatic and Consular Privileges and Immunities bill C-6, 874, 902-06

Prorogation of Second Session of Thirtieth Parliament
Communication from Secretary to Governor General, 1328
Speech from the Throne, Rt. Hon. Bora Laskin, P.C., 1330

Protection of borrowers and depositors (Bill C-16)
Authorization to committee to study subject matter, 144
Carriage of proceedings, minister's assumption of, 1124
Credit charge rate, 1121, 1123, 1124-5
Banks, 1124-5
Federal-provincial authority, question re, 1145
Lending transaction, 1122
Loan sharking and criminal credit charges, 1122
Prepayment provisions, 1123-4
Mortgages, 1123
Purchase and acquisition of income tax returns, 1122
Speakers: Senators
Flynn, Jacques, 1144-5
Hayden, Salter A., 1120-5
See appendix to Debates of July 11/77

Prowse, Hon. J. Harper (Deceased Sept. 28/76)
Tributes, 7-9

Public bills
See Bills, general data,
Bills, Public, Commons,
Bills, Public, Senate.

Public Service
Collective bargaining system, 33-36
Illegal strikes, 34-36; penalties for, 35-36
Public Service Staff Relations Board, Chairman Jacob Finkleman, 33
Recommendations of Committee on Employer-Employee Relations in the Public Service, 34
Right to strike, 34
See Emergency legislation

Public Works Department, renovation of Langevin Building, costs of, 53, 97

Quart, Hon. Josie D.
Address in reply to Speech from the Throne, 87-90
Canadian Broadcasting Corporation
Documentary program *The Fifth Estate* re McCain Foods, 230
Clerestory of the Senate Chamber, 981
International Women's Year, 87-89
Conference organized by Hon. Marc Lalonde on principle of equality becoming reality, 88
Law Reform Commission, brief presented by Quebec women, 87, 89
Mexico conference, 87-88
National Organization for Women in the United States, call for strike, 89
Toronto *Star* article re, 88
Unemployed women, statistics (1976), 88
Wife-husband role in sharing of workload, 88
Selection Committee report on members of Special Senate Committee on Clerestory of Senate Chamber, 532

Quebec
Area and boundary, inquiry, 267, 497
Bank and Quebec Savings Banks bill C-39, 705
Comments made at North Atlantic Assembly re Le Parti Quebecois election, 236
Constitutional crisis, 92-93, 104-105, 470-1
Egalite ou Independance, by Daniel Johnson, excerpts from, 470-1
Federal government assistance to, 91-92
James Bay and Northern Quebec Native Claims Settlement bill C-9, 679-82, 717-21, 739-40, 958-9, 1006-12, 1019-25, 1038-49, 1053-67, 1092-8, 1161
National unity, referendum for separation, 708
Olympics, 42-43, 83-84
Option Quebec, by Premier Levesque, 471
Separatism, 93, 294-6, 411, 417-18, 437-41
Defence aspects, 439
Economic factors, 440
Federal responsibility to native peoples, 439
Questions re assets, obligations, boundaries, communication, currency, etc., 296
Treaty of Paris (1763), 295
United Nations Water Conference, statement of Quebec representative at Argentina meeting, 587-8
See National unity

Queen Elizabeth II, Her Majesty
Address of congratulations to Her Majesty the Queen on completion of twenty-fifth year of reign, 306-07; address to Governor General re transmission of message 306-07; message from Commons, 374; acknowledgment from the Queen, 395
Silver Jubilee celebrations, 86-87, 228-9, 279-80, 829
Celebration arrangements, 86-87, 228-9
Commemorative medals, competition for design of, 228-9, 289
Commemorative stamps, 228, 279-80
Visit to Canada during Silver Jubilee, question re, 829

Queen Elizabeth II, Her Majesty - *Concluded*
Speech at Olympic Games, 118
Visit with Prince Philip to Canada and United States, 42

Questions
Air Transport, report of 1970 on bilingual air communications, 257, 268, 276, 1114
Attorney General's staff college, change of site from Edmonton to Saskatoon, 1264, 1318
British Columbia, Railwest rolling stock facility, 1141
Cabinet solidarity, 640
Canada-United States relations, diversion of water from Lake Michigan, 237, 309, 391, 435-6, 787-9, 808, 983-4
Garrison Dam, proposed diversion of water, 436
Great Lakes Water Quality Agreement, 808, 983-4
Ross Dam, Skagit Valley flooding, 787-9
Canada Week, Parliament Hill program, 1005, 1318
Canadian Armed Forces, international peacekeeping, 143, 285-6, 409-10
Retired personnel, alleviation of hardships, 971, 984
Canadian Broadcasting Corporation
Accountability to Parliament, 675
CRTC inquiry into CBC activities, 489, 499, 533-6
Documentary program *The Fifth Estate* re McCain Foods, 229-30, 245-6, 280-1, 286, 465-7
Salary of former employee, 467-8, 675, 771, 808-09
Confederation, financial contribution of British Columbia, 640
Constitution of Canada, patriation of
Correspondence from Prime Minister to provincial premiers, 276-7, 279, 287-8, 297-303
Crime, organized, proposed joint committee to inquire into, 912-13
Crown corporations, responsibility of ministers and boards of directors, 1114
Crown revenues, casual or other not provided by Parliament, 75, 984, 1038
Cyclamates, non-restricted use of, 664, 678-9
Dominion Day, change of name to Canada Day, 1033
Energy
Acquisition of oil supplies from Mexico, 651, 770
Atlantic provinces, benefits from lower-than-international price of oil, 157
Organization of Petroleum Exporting Countries (OPEC), proposed increase in prices, 157, 229
Petroleum and Natural Gas Administration, implementation of, 98, 150
Federal-Provincial Conference of First Ministers
Agenda, 225, 228
Exclusion of press, 225
Patriation of the Constitution, 205-06
Reply from Quebec Premier re, 173, 181, 193-4
Financial Administration Act, crown corporations not subject to audit, 674, 715-17, 770-1
Fisheries, violations of coastal jurisdiction, 674, 758
Flag, Canadian, distribution of flags and lapel pins to members of Parliament, 407-08, 442, 457-8, 588
Foreign affairs, loans to foreign countries, 875, 1052-3, 1077-91
Grain, provision of rail cars to Peace River district, 125
Haiti, assistance during shortages of food and drinkable water, 808, 1019
Health and welfare, swine influenza
Confirmed diagnoses in Canada and United States, 125, 150-1
Immunization, intentions of government re, 98, 125
Helsinki Agreement
Canadian Agreement, Canadian delegation at Review Conference in Belgrade, 1004-05
Customs duty on gifts to relatives in USSR, 745, 808
Implementation of, 704-05, 960
Printed information, distribution of, 715, 960-1, 1015
Reunification of families, statistics, 961

Questions - *Continued*
Historic building in St. Jean, Quebec, demolition of, 1164, 1213-14
Housing, acquisition or renovation of homes, government assistance for single persons, 1164, 1246, 1265, 1318-19
Immigration, persons living in Canada under deportation orders or contrary to court rulings, 563, 640, 650-1
Justice Department, Director of Information Services, qualifications of, 98, 150
Kingsmere residence of the late Prime Minister MacKenzie King, terms of last will and testament or of other documents relating to, 976
Labour
Bank branches as bargaining agents, 976, 1017-18
Worker representation on boards of directors of corporations, 279, 376
Mackenzie Valley pipeline, Berger Commission report, study by Transport and Communications Committee, 678, 686-7
Representations from NWT Council, 757
National Capital Region, reconstitution of joint committee, 193, 229
National Gallery, original paintings lost or unaccounted for, 701, 1053
National unity
Joint Committee on the Constitution, consideration of report, 665
Proposed committee on regional interests, 149-50, 641
Proposed debate, 664-5
Role of Senate, 277-9
Northern affairs, government policy report, 1182, 1245-6
See appendix to Debates, 1257-63
Northern pipeline
AlCan route, 1037
Debate on, 1183-4
National Energy Board decision, 1037
Nova Scotia, equalization grants, 9, 87, 125
Nuclear supplies
Agreements with other countries, availability of copies, 960, 1126-7
CANDU reactors to Rumania, 960, 1127
Improved control of material supplied by Canada, 960, 1126-7
Negotiations with other countries, 686, 959-60
Oil or gas pipeline corridors, Canada-United States, 1165
Oil pollution
Juan de Fuca Strait, 699
Oil transshipments to Pacific coast ports, public hearings re environmental aspects, 308-09
Protection of coastal waters and shorelines, 699
Territorial waters or international waters, definition of, 699
Parliament, reintroduction of legislation in next session, 757
Parole services, statistics, 1326-7
Prairie provinces, drought conditions, 654-5
Beef cattle production, 654-5
Grain prices, 654
Grain quantities in 1977 crop year, 654
Prospective conditions for grain growing and agricultural crops, 654
Public Works Department, Langevin Building renovations and costs, 53, 97
Quebec province, area and boundary, 267, 497
Queen Elizabeth II, Silver Jubilee celebrations, 86-87, 228-9, 279-80, 289, 829
Commemorative medals, competition for design of, 228-9, 289
Commemorative stamps, 228, 279-80
Invitation to visit Canada during Silver Jubilee, 829
Radio-Canada, proposed appearance before Senate Committee of CBC President and commentators, 419
Regulations and other statutory instruments, speech of Senator Langlois, 821
Revenue Canada, removal of offices from Saint John, New Brunswick, 1245, 1290

Questions - *Concluded*
Royal Canadian Mounted Police, agreements between federal government and provincial governments, 686, 757-8
Royal Commission on Concentration of Corporate Power, 678, 687, 1319
Royal Emblems, removal from Governor General's private railway cars, 643, 655
Seal hunt, resolution of US House of Representatives protesting event, 553-4
Senate
Absence of Conservative senators, 19
Appointments, question re Hon. Robert Stanfield, 687-8
Parking space for senators' cars, 944
Simultaneous interpretation, 6, 9
Standing Committees, membership of, 85
Taking of photographs of Senate Chamber by public, 876, notice of motion re, 911, motion withdrawn, 930; further notice of motion, 930
Travel arrangements for senators, 875-6
Use of Senate Chamber by Commons, request for, 1154
Sports
Team Canada
Organization for future international hockey tournaments, 686
Performance at World Hockey Tournament in Vienna, 641
Taxpayers' contribution to, 641
Transportation
CNR link with Fairbanks, Alaska, 977, 1126
Ferry service between North Sydney, NS. and Port-aux-Basques, Nfld., 699, 789
Obstruction of access to airport by transport company, 961-2
Pacific Coast subsidized services, 111, 157-8
Pacific Western Air Lines, judgment of Supreme Court of Canada, 436-7, 442-4
Regional airlines, Eastern Provincial airlines, 458, 473
User-pay policy, 396
Transport Dept., car rental booths at airports, 150
Unemployment insurance, statistics as of Mar. 31/77, 758-9
Violence in the communications industry, report of Royal Commission, 930, 944
Wheat agreement, international, negotiations re, 1005, 1164, 1182
See also Inquiries, general

Radio-Canada, proposed appearance before Senate committee of CBC President and commentators, 419

Railway (Bill C-207)
Reactivation of lines, abandonment of lines, or expansion, announcement of, 731, 771-2
Atlantic Provinces Transportation Program, 772
Speakers: Senators
Bosa, Peter, 731
Macdonald, John M., 771-2

Railway bill C-207. 1r, 704; 2r, 731, 771-2; 3r, 775; r.a., 941

Railways
Canadian National Railway, Newfoundland
Hotel accommodation, 399-400
Substitution of bus service, 399
User-pay principle, 400
Competition in rail transport, 241
Crowsnest Pass, 248
Freight rates and freight assistance, 203, 247
Grain shipment, Saskatchewan, 247-8
Statement issued from Saskatchewan government, 247-8

Railways - *Concluded*
Rail service in western Canada, H^ll inquiry, 247
Railway passenger and freight services, abandonment of, 243
Snavely Commission on Transportation, 248-9
Costs and revenues re moving of grain, 248-9
Railway costing procedures, 249

Railways bill S-1 (*pro forma*). 1r, 6

Regulations and other statutory instruments, 315-69, 379-89, 425-7, 506-11, 646-9, 692-3, 783-5, 821, 911, 988-90, 1030-1
Affirmation and disallowance of statutory instruments by Houses of Parliament, 384-5, 388
Authority for statutory instruments, 784
Bill of Rights, status as law of Canada, 384
Bureaucratic authority beyond powers granted by Parliament, 509
Canadian Bar Journal, article by corporate lawyer re federal and provincial statutes, 507
Commitments from department on future procedures, 649
Committee recommendations, 648-9
Confidentiality of lawyer-client relationship re commenting on certain regulations, 693
Conflict of interest of minister, possibility of, 693
Counsel general for continuous review of regulations, suggestion for appointment of, 693
Definition of statutory instrument, 382, 427
Designated instruments officers, 648
Diaries of a Cabinet Minister, by Richard Crossman, 647
Distribution of reports of Regulations and other Statutory Instruments Committee, 389
Elective Dictatorship, comments by Lord Hailsham published in *The Listener*, 647
Enabling statute, 426
Enacting of substantive legislation by appropriation acts, 384
Examination of legislation, excerpt from provisions of Statutory Instrument Act, 426
Forbes magazine article re economic waste in defective regulations, 507
Globe and Mail article re unnecessary legislation, 507
Illegalities cited:
Acts of indemnity, 385
Grain disposal, 386
Navigable Waters Protection Act, 384
Parole Board, 383-4, 427
Post Office lottery, 385
Public Service regulations, 385, 386, 387
Inconsistencies in instruments, 382-3
Justice Minister and Attorney General, status and function of, 509-10
Justice Minister's letter re explanation to committee on policy and legal position, 648
New Despotism, by Lord Hewart, 508
Postal rates, authority for increase, 784
Procedural problems, 784
Publishing of information in *Canada Gazette*, 388, 426
Question of *vires* and *ultra vires*, 381, 382, 385, 386, 388, 426, 427, 784
Recourse to courts, 386-7
Recorded messages, 510
Retroactive effect of subordinate legislation, 387-8
Scrutiny of bills, role of Senate committees, 510
Spectator, London, excerpt from editorial re subordinate legislation, 506-07
Speech of Senator Langlois, question, 821
Star, Toronto, article by E.M. Howse, former United Church moderator, 511
Statutory instrument, definition of, 784
Sub-delegation, 383

Regulations and other statutory instruments - *Concluded*
Subordinate legislation, editorial in *Financial Post* by Sir Harold Wilson, 647, 692-3
Supremacy of Parliament and rule of law, disregard of, 509
Withholding of information from committee, 784
Speakers: Senators
Benidickson, W.M., 388
Flynn, Jacques, 692-3, 911, 1030-1
Forsey, Eugene A., 315-69, 379-89, 988-90, 1030, 1031
Godfrey, John Morrow, 425-7
Lafond, Paul, 647-9
Lang, Daniel A., 386, 506-11
Langlois, Leopold, 783-5
Robichaud, Louis-J., 387
Rowe, Frederick William, 388-9

Regulations and other Statutory Instruments, Standing Joint Committee
Co-chairman and law counsel, 379-80
Expenses, 143
Members, Senate, 51, 84-85
Reports
First report, quorum, engagement of services, power to meet, 140
Second report, 307, 315-69, 379-89, 425-7, 506-11, 646-9, 783-5, 821, 910
Third report, 685, printed as appendix, 690, 694-7, 988-90
Fourth report, 1004, 1030-1
Terms of reference, 140

Restaurant of Parliament, Standing Joint Committee
Members, Senate, 51, 84

Revenue Canada offices, removal from Saint John, New Brunswick, question, 1245, 1290

Riley, Hon. Daniel A.
Canada Lands Surveys bill C-4, 948-9, 966
Applications for commission or certificate, 949
Dominion land surveyor, change of name, 948-9
Torrens system of land surveying, 966
Land surveyors' monument, 949
Public lands, 949
Quadrilateral township lands, 949
Canadian Broadcasting Corporation, salary of former employee, 467-8, 675
Confederation
Bilingualism, 445-7
Airline pilots, 447
Bigotry and lack of understanding of French and of English cultures and aims, 445-6
NB Telephone Company incident, 446
Professional and educational fields, 445-6
Exploitation by 'Englishocracy', 445
Jurisdiction in provincial matters, 446-7
Cablevision, 446
Licences for buses and trucks, 446; *Winner* case, 446
Minority rights, 447
Quebec-Labrador boundary, 444-5, 447
Flag, Canadian, distribution of flags and lapel pins to members of Parliament, 407, 442, 457-8, 588

Riley, Hon. Daniel A. - *Concluded*
Immigration bill C-24, 1174-5, 1211
Appeals, 1174-5
Right to fair hearing, 1175
Deportation orders, 1175
Immigration Policy, White Paper on (1973), 1174
Management of immigration flow, 1174
Objectives of Canada's immigration policy, 1174
Terrorists and hijackers, 1174, 1175
Motor Vehicle Safety bill C-36, 906-08
Compliance with standards, self-certification by manufacturers and importers, 906-07
Manufacture, motor vehicle, safety standards, definitions of, 907
National safety mark, 907
Notice of defect, 907, 908
Penalties, 908
Safety standards, enforcement of, 906
Seat belts, 907
Statistics on road safety since proclamation of 1971 act, 907
National unity, 957
New Brunswick French population, 957
Port of Halifax Operations bill C-14, 66
Revenue Canada, removal of offices from Saint John, NB., 1245, 1290
Senate
Taking of photographs of Senate Chamber by the public, 876; notice of motion re, 911, withdrawn, 930; further notice of motion, 930, withdrawn, 967-9
Venoit, Hon. Clarence Joseph, the late, 464

Rizzuto, Hon. Pietro (Introduced in the Senate Feb. 1/77)
National unity, economic and cultural aspirations of various regions, 752-4
Education, 753
Bilingualism, 753
History, 753
Quebec Teachers' Corporation, 753
Minority rights, 753-4

Robichaud, Hon. Louis-J., P.C.
Canada-United States relations, Great Lakes Water Quality Agreement, 808, 983-4
James Bay and Northern Quebec Native Claims Settlement bill-C-9, 1038-41
Indians of Schefferville, negotiations with, 1041
Quebec Boundaries Extension Act, 1039-40
Renouncing of claims by Cree and Inuit, 1023, 1039
Signatories to agreement, 1039
Lumber industry
Tariff on importation of softwood plywood, effect on Canadian industry, 556-8
Burchill lumber company, 556
Canadian Forestry Assoc. publication, excerpt from, 557
Forest industry potential, 557
National Forest Week, 557
Reforestation, 557
Research requirements, 556-7
Terms of reference for Senate study, suggestions, 557-8
Building codes, 558
Control factor and provincial jurisdictions, 557
Equipment renewal, 557
Log transportation, 557
Metric system, 558
Tariffs, 557

Robichaud, Hon. Louis-J., P.C. - *Concluded*
Regulations and other statutory instruments, 387
Solar Energy Application bill C-309, 793, 795
Point of order re m to adjourn debate, 795
Referral of subject matter to com, 793

Ross Dam, Skagit flooding, 787-9
Announcement of Washington State Governor, 788
Consultations with British Columbia, 788
Legality of proposed new construction, 788
Policy of Canadian government re, 788

Rowe, Hon. Frederick William
Address in reply to Speech from the Throne, 53-57
Air Canada, 53
Banking legislation, 132
Conflict of interest and resignation of committee members upon consideration of, 132
Basha, Hon. Michael G., the late, 169
Bilingualism, 56-57
Education in a Free Society, 56
National unity, 57
School training, 56, 57
Constitution of Canada
Equalization payments to provinces, 103
Newfoundland, formula for assistance to, 103
Council of Europe, Bulgarian political situation, 817
Criminal assaults, 55
Employment and Immigration Reorganization bill C-27, 1201
Government administration, unrest re, 53-54
Immigration, 54-55
Illustrated London News article, 55
Income Tax Conventions bill C-12, question, 882
Information Canada, 48
Lapointe, Hon. Renaude, Speaker of the Senate, tribute to, 53
Law-enforcement agencies, priorities of, 55-57
Child abuse, 55
Criminals at large, 56
Loan-sharking, extortion and intimidation, 55-56
Manpower and Immigration Dept., Manpower Division, 48
Old Age Security bill C-35, 499-501, 539, 540
Compensation for reduction in Canada Pension Plan benefits, 501
Family allowance exemption, 501
Guaranteed income supplement, 501
International reciprocal agreements, 500-01
Partial pensions, 500
Residence requirement, 500
Spouses' benefits, cessation on receiver's death, 501
Olympic Games, CBC coverage of, 53
Personality disorders and criminal behaviour, 208
Illiteracy, Nova Scotia statistics, 208
Petten, Marjorie, the late, mother of Senator W. J. Petten, 544
Prowse, Hon. J. Harper, the late, 53
Regulations and other statutory instruments, 388-9

Rowe, Hon. Frederick William - *Concluded*
Saccharin, ban on, 633-4
Inaccuracies in cancer research testing, 634
Precipitous action of government in enforcement of ban, 634
Secretary of State for External Affairs, appt. of Newfoundlander to position, 54
Senate, travel arrangements for senators, 876
Transportation, land, air and sea, regional differences in Canada, 396-402
MacPherson Commission on Transportation, 396-8
Lack of federal implementation of recommendations, 398
Newfoundland
Canadian National Railway, 398-400
Hotel accommodation, 399-400
Substitution of bus service, 399
User-pay principle, 400
Come Home Year, 400
Extracts from MacPherson report re problems and requirements, 397-8
Ferry service and effect of strike, 401
Terms of Union, 398-9; takeover of Newfoundland Railway by federal government, 398
Trans-Canada highway, 398
Roads to Resources program, 398
Women, status of, 55
Advisory Council report on, 55

Royal assent, 68, 243, 272, 462, 600-01, 635-6, 703, 940, 1031, 1161, 1287-8, 1311
Beetz, Hon. Jean, Puisne Judge of the Supreme Court of Canada, 68, 243, 703, 940, 1161
Dickson, Hon. R. G. B., Puisne Judge of the Supreme Court of Canada, 462, 635-6, 1287-8, 1311
Judson, Hon. Wilfred, Puisne Judge of the Supreme Court of Canada, 1031
Laskin, Rt. Hon. Bora, P.C., Chief Justice of Canada, 272
Spence, Hon. Wishart F., O.B.E., Puisne Judge of the Supreme Court of Canada, 600-01

Royal Canadian Mounted Police, agreements between federal government and provincial governments, question, 686, 757-8

Royal Commissions
Concentration of Corporate Power, resignation of Chairman Robert Bryce, 678, 687, 1319
Mackenzie Valley pipeline, Berger Commission, 678, 686-7
Violence in the Communications Industry, Ontario Commission, 930, 944

Royal Emblems, removal from Governor General's private railway cars, 643, 655

Rules and Orders, Standing Senate Committee
Report recommending certain changes in Rules of the Senate, 862-3, 909-10

Rules of the Senate
Comment on result of vote, 1247
Committee report recommending that bill be not proceeded with, 1188
Discussion of ruling by Commons Speaker, 576-7
Pecuniary interest of senator in matter ref to com, 909, 910
Permission to append documents to *Debates*, by unanimous consent, 308
Point of order
Committee power to act in referral of any subject matter for study, 630-1
Question of point of order in discussion re acceptance of principle of bill on second reading, 1183, 1187-8
Reference of subject matter of Bill C-309 to com, 763, 764
Printing or publishing of anything relating to the proceedings of the Senate, 279, 280, 287-9

Rules of the Senate - *Concluded*
Private bill received without petition, 763, 764
Question and inquiry, definition of, 909-10
Question of privilege, participation of Speaker in discussion, 909
Question placed on Order Paper, 910
Question, supplementary, 909-10
Quoting from Commons *Hansard*, 1184
Quoting incorrectly from senator's remarks, 1188
Reading of committee report in English only, 1153
Suspension of rule re 2r of Bill S-2, 183-6

Rulings by the Speaker
See Lapointe, Hon. Renaude, Speaker of the Senate

Saccharin
Motion that com inquire into proposed ban of, 623, 630-5, 641-2, 646, 656-9, 664, 678-9, 682-4, 690-2; motion agreed to, 692
American Cancer Society report, 657
Availability for dietary reasons, 684
Credibility of scientific community, question of, 634
Cyclamates
Globe and Mail article on, 657
Non-restricted use of, 664, 678-9
Dental caries, 691
Diabetics affected by ban, 642, 691
Extreme administration of saccharin in testing, 634
Genetic effects, 633, 683
Globe and Mail reports, 633, 657
Inaccuracies in cancer research testing, 634, 641-2
Non-Nutritive Sweeteners and Human Bladder Cancer: Preliminary Findings, by director of Research at Johns Hopkins University, 657
Opinions of prominent Canadian scientists, 658-9
Precautionary measures to be taken by government, 631, 691-2
Precipitous action of government in enforcement of ban, 632-3, 634, 656-7, 658, 691
Public reaction to food additives, 683
Research 'climate' and government reaction to, 683
Risk, benefit and acceptability, 683-4
Scientific comments as result of study on ban, 632-3
Globe and Mail, 633
International convention of toxicologists, Toronto, 632
Time magazine, 633
United Press, Washington, 632
US Office of Technology Assessment, 658
Speakers: Senators
Buckwold, Sidney L., 623, 630, 631-3, 690-2
Flynn, Jacques, 692
Forsey, Eugene A., 631
Grosart, Allister, 630, 631, 634-5
McDonald, A. Hamilton, 630, 631, 641-2
Perrault, Raymond J., 664, 678-9
Phillips, Orville H., 630, 631, 635
Rowe, Frederick William, 634
Smith, George I., 633, 664, 678-9
Stanbury, Richard J., 682-4
Sullivan, Joseph A., 642, 646, 656-9

St. John the Baptist Day, 982

St. Patrick's Day, 531-2

Saskatchewan
Grain crop, 33
Potash industry, 152, 159-60

Science policy
Atomic energy, 177
Crisis in scientific research, 176
Meetings of committee during Senate adjournment, 175
Recommendations of committee implemented by government, 175
Budgetary procedure, 175
Reorganization of granting councils, 175
Recommendations of committee not implemented by government, 175-6
Expenditures related to research and development, 175
Transfer of researchers to private and public sectors, 175
Scientific manpower immobility, 175, 176
SCITEC, 177
Secondary manufacturing industries, 176

Science Policy, Special Senate Committee
Authorization to publish and distribute Vol. 4 of report, 1264
Budget, 673
Expenses, 148
Meetings during Senate sittings, 374-6
Members, 178
Notice re motion for appointment of special committee of the Senate, 149
Motion agreed to, 175-7
Organization meeting, 178
Reports
Quorum of committee, 193
Terms of reference, 149, 175

Scientific Activities
See Government Organization (Scientific Activities) bill C-26, 820, 848-51, 879-80, 893-900, 959, 971-2, 976-7, 999, 1031

Securities
See Financial Administration and Satisfied Securities bill C-8, 820, 836-7, 840, 941

Selection Committee
Appointment, 6
Members, 6
Reports
Clerestory of the Senate Chamber Committee, members, 532
Science Policy Committee, members, 178
Standing Committees, members, 51-52, report as amended adopted, 84; question re membership, 85

Senate
Absence of Conservative senators, question, 19
Air conditioning system, 999
Ambassadorial appointments, 80
Appointment of opposition members, 638, 659-63, 990-5, 1074-6
Appointments, question re Hon. Robert Stanfield, 687-8

Senate - *Concluded*
Broadcasting of Senate proceedings in corridors during Senate sitting, 810
Business, 9, 19, 52-53, 62, 63, 68, 97, 139, 180-1, 203, 205, 244, 267-8, 307, 395, 429, 461, 475, 477, 533, 561-3, 629, 650, 673-4, 698-9, 730-1, 756-7, 807-08, 829, 833, 852-3, 875, 975-6, 1032-3, 1106-07, 1140-1, 1160, 1162, 1181, 1224, 1287, 1288-9, 1311, 1327
Easter adjournment, 629-30
Summer adjournment, 1288-9, 1311
Canadian Press coverage of Senate proceedings and attendance of senators, 374-6
Clerestory of the Senate Chamber, 465, 483, 532, 840, 852-61, 978-81, 1135-6, 1218-23
Clerk's receipts and disbursements (1976-77) tabled and ref to com, 770
Committee work, 23, 38, 44-45, 49, 78
Role in examination of federal expenditures and estimates, 44-45, 49, 1249-55
Imbalance of government and opposition parties representation, 76
Lack of press coverage, 963
Maxims regarding Senate, 81
Minutes of the Proceedings, error in English and French text of Speech from the Throne, 9-10
National Finance Committee achievements, 211
National unity, role in study, 278-9, 708, 742, 743, 769, 779, 812, 825-6
Opposition membership, 108
Parking space for senators' cars, question, 944
Power in passage of legislation, 78-79
Privy Councillors and other members of prominence, 76, 77
Provincial appointments, 81
Question of privilege, 63, 229
Role of, 13, 25, 44-45, 49, 77-79
Initiation of legislation, 25
Representation of regional interests, 25
Role as protector of minorities, 77-79
Salaries of senators, 79
Widows' allowances, 79
Simultaneous interpretation, 6, 9
Supreme Court of Canada judges, appointment of, 80
Taking of photographs of the Senate Chamber by the public, question, 876; notice of motion re, 911; motion withdrawn, 930; further notice of motion, 930; motion withdrawn, 967-9
Television appearance of senators, 42, 57
Term of office, 79
Travel arrangements for senators, question, 875
Use of Senate Chamber by Commons, request for, 1154
Vacancies, 20, 76
Vancouver *Sun* report on Senate by John Sawatsky, 376
Veto power, 80
Western Canada representation, 120

Senate, appointment of senators, 638, 659-63, 990-5, 1074-6
Alberta Senate appointments, article by Paul Jackson, 661
Canadian Press report re opposition representation, 661
Discussions and correspondence with Prime Minister and Senate government leader, 659-62
Excerpts from Prime Minister's speech and letter to opposition leader, 991
Political imbalance in appointments, 659
Present distribution of parties, 659
Prime Minister's comments during 1974 Throne Speech debate, 660
Prime Minister's statement at press conference, 662
P.C. appointments since 1968, 662
Requirement for opposition to submit name to Prime Minister, 660, 661, 991, 992
Voluntary retirement, 661-2

Senate, appointment of senators - *Concluded*
Speakers: Senators
Ewasew, John, 993, 994
Flynn, Jacques, 659-63
Grosart, Allister, 1076
Perrault, Raymond J., 638, 990-5, 1075-6
Smith, George I., 992, 994-5, 1074-5, 1076

Senators, deceased
Basha, Hon. Michael G. (Nov. 26/76), 168-9
Burchill, Hon. G. Percival (Aug. 22/77), 1312-13
Prowse, Hon. J. Harper (Sep. 28/76), 7-9
Venoit, Hon. Clarence Joseph (Mar. 7/77), 463-4

Senators, new
Adams, Hon. Willie (Apr. 26/77), 637
Bosa, Hon. Peter (Apr. 26/77), 637
Ewasew, Hon. John, (Dec. 20/76), 250
Frith, Hon. Royce (Apr. 26/77), 637
Marchand, Hon. Jean, P.C. (Dec. 9/76), 204
Olson, Hon. Horace Andrew (Bud), P.C. (Apr. 26/77), 637
Rizzuto, Hon. Pietro (Feb. 1/77), 273
Steuart, Hon. David Gordon (Dec. 13/76), 223

Senators, resignations
Blois, Hon. Frederick M. (Oct. 12/76), 72-74

Senators, retirements
Basha, Hon. Michael G. (Nov. 18/76)
Carter, Hon. Chesley W. (July 29/77), 1137-9, 1161
Lefrançois, Hon. J. E. (Nov. 5/76), 141

Separatism
Committee on Western Independence, excerpt from report of meeting, 119
Quebec, 93, 294-5, 403
Churchill Falls hydro development, termination of contract in event of Quebec status as foreign power, 294
Communication by land, air or water, 295
Joint parliamentary committee to study matter, suggestion for, 296
Questions in relation to NATO, 403
Questions re assets, obligations, boundaries, currency, etc., 296
Treaty of Paris (1763), 295
See National unity

Singapore
Income Tax Conventions bill C-12, 829, 880-2, 900, 932-6

Small loans
Borrowers and depositors protection, rep of com on subject matter of Bill C-16, 1106, 1120-5, 1144-51, *see also appendix to Debates of July 11/77*

Smith, Hon. George Isaac
Address in reply to Speech from the Throne, 99-103
Air transport, tabling of report re bilingualism, 1114
Appropriation bill No. 1, 1977 C-44, 588-9
Atlantic provinces
DREE, 100
Regional disparities, 100-01, 102
Transportation problems, 101
User-pay concept, 101
Blois, Hon. Frederick M., resignation from the Senate, 73-74
Bretton Woods Agreements bill C-18, 1102-04
Contributions to IMF and World Bank, 1103, 1104
Gold status, 1103
International Monetary Fund, 1103, 1104
US Monetary and Financial Conference (1944), 1102-03
Excerpt from speech of Secretary Morgenthau, 1102-03
World Bank, 1103, 1104
Canada Deposit Insurance Corporation bill C-3, 902
Canada Pension Plan bill C-49, 1127-30
Contributions, provincial borrowing of, 1128
Drop-out provision, 1129
Equality credits for spouses upon breakup of legal marriage, 1127, 1128-9
Funding of Plan, 1127-8
Ontario power of veto, 1129-30
Payments to Advisory Committee members, 1130
Retroactivity for late applications, 1130
Canada Week, Parliament Hill program, 1005, 1318
Canadian Armed Forces, retired personnel, alleviation of hardships, 971, 984
Canadian Broadcasting Corporation
Accountability to Parliament, 675
CRTC inquiry into CBC activities, 489
Canadian Human Rights bill C-25, 889-90, 891, 892
Ministerial powers, 889
Political beliefs discrimination, 889-90
Senate appointments, 890
Clerestory of the Senate Chamber, 1136, 1218-22
Locus of parliament, 1219
Throne area, 1219
Walls, and pictures depicting World War I, 1219
Canadian achievements and sacrifices in field of battle, 1219-20
Poetic tributes to Canadians who died in service, 1222
Significance of war on Canada's history and industry, 1220-2
Conflict of interest, resignation of committee members on discussion of banking legislation, 123-4
Constitution of Canada, 102-03
Equalization payments, 102-03
Provincial conferences (1968), 102
Regional disparities, 102
Crown corporations not subject to audit, 717
Diplomatic and Consular Privileges and Immunities bill C-6, 904-05
Common law jurisdictions, 904
Consular convention, 904
Foreign diplomats accused of breaking Canadian law, 905
Provincial legislation, 904

Smith, Hon. George Isaac - *Continued*
Energy, construction of natural gas pipeline, 1277-9, 1280
Administration agency, 1279
Canada-US exchange of reserves, 1277-8
Canada-US relations, 1279
Indian land claims, 1278
Quebec-Maritime pipeline, 1277, 1280
Studies and recommendations:
AlCan, 1279
Lysyk Report, 1278-9
Mackenzie Valley, 1278, 1279
National Energy Board, 1278
Estimates (Appropriation bill C-44)
St. Lawrence Seaway Authority debt, 589
VIA Rail Canada Inc., 588-9
European Parliament, Luxembourg conference, 158-61, 162
Agricultural policy of Community, 159, 160, 162
Budget, 159
Economic Community-Canada Trade Agreement, 159-60
Access to raw materials, 159
Foreign investment in Canada, 160
Newsprint, 159
Non-tariff barriers, 159
Potash, Saskatchewan, 159- 60
Election of members to European Parliament, 159, 160
Energy discussions, 161
Functioning of and problems in Community, 161
Joint Cooperation Committee, 161
Nuclear safeguards, 161; CANDU, 161
Parliamentary links, Canada and Community, 160
Powers of Parliament, 159
Federal-Provincial Conference of Finance Ministers, 308
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 598, 599, 600, 602-08, 618, 619, 621-2, 625, 628-9
'Decentralization', 607
Equalization formula, importance of, 607-08
Federal income tax reduction, 604
Legislation, objections to draftsmanship of, 602-05
Levelling adjustments, 598, 599, 600
Provincial agreement, question of, 605-06
Chronicle Herald article 'Financial Talks Deadlocked', 606
Citizen article re agreements, 606
Comments of NS Finance Minister, 606-07
Gazette article 'Quebec gypped in new revenue deal: Levesque', 606
Quebec separatism, 628
Reference of bill to appropriate committee, 618, 621-2
Unemployment statistics, 628
Fisheries, violations of coastal jurisdiction, 674, 758
Government expenditures, 49
Anti-Inflation Board guidelines, 49
Immigration bill C-24, 1250

Smith, Hon. George Isaac - *Continued*
Income Tax bill C-22, 420-2
Charitable organizations, 421
Child care expenses, 421
Exploration expenses, 421
Nil assessment, 421-2
Registered retirement savings plans, 420-1
Retroactive effect, 421
Small businesses, 421
Social insurance numbers, use on ownership certificates, 422
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1053-9
Compulsory expropriation and compensation, 1055-6, 1058
Excerpt from Canadian Human Rights bill, 1058-9
Extinguishment of claims, 1055, 1056-8
Injunction to halt Quebec hydro project, 1054
Quebec undertaking to negotiate, 1054-5, 1057
Mackenzie Valley pipeline, Berger Commission report, 687
Manpower and Immigration Dept., Manpower Division, 49-50
Maritime Code bill C-41, 722-5, 1320-2, 1323, 1324
Builder's mortgage, 723
Coasting trade, 724
Enforcement officers and powers of, 724, 725
National character and status of ship, 725
Offencies and penalties, 724
Phasing out of Canada Shipping Act, 723
Registration of ship or of mortgage, 724
Regulatory power, 725
Medical and hospital insurance, post-secondary education, financial and administrative arrangements re, 101-02
National unity, Joint Committee on the Constitution, consideration of report, 665
North Atlantic Assembly, Williamsburg conference, 545-7
Canadian Armed Forces, statistics on personnel, 546
Defence committee of Senate and Commons, question of, 546
Military equipment, standardization and interoperability of, 545-6
Nuclear weapons, 546-7
Nova Scotia
Energy costs, 100
Equalization grants, 9, 87,125
Steel industry, 100
Canstel project, Cape Breton Island, 100
Oil pollution, territorial waters or territorial sea, definition of, 699, 944-5
Parliament Hill ceremony of Beating Retreat, 1266
Pension bill C-11, 667, 668, 669
Correlating of former medical reports with present disability, 669
Pension Review Board, 668, 669
Port of Halifax Operations bill C-14, 66-67
Delay in government action to terminate dispute, 67
Economic loss as result of strike, 66
Rules of the Senate
Questions asked of government leader, 909
Referral of bill C-37 to appropriate committee, 618, 620, 621-2
Saccharin, ban on
Cyclamates, non-restricted use of, 664, 678-9
Genetic effects, 633

Smith, Hon. George Isaac - *Concluded*
Senate
Appointments, lack of opposition members, 992, 994-5, 1074-5, 1076
Business, 995
Committee work, role in examination of federal expenditures and estimates, 49
Question of privilege, 63
Resumption of sittings on short notice, 63
Taking of photographs of Senate Chamber, 968
Travel arrangements for senators, 875
Solar Energy Application bill C-309, 729, 847, 848
Referral of bill to Banking, Trade and Commerce Com, question of, 847
Team Canada, taxpayers' contribution to, 641
Transportation
Obstruction of access to airport by transport company, 961, 962
Pacific Western Airlines, judgment of Supreme Court of Canada, 436-7, 444
Possibility of air traffic controllers' strike, 1265-6
Transport Dept., car rental booths at airports, 150

Social standards
Freedoms, erosion of, 116
Social values and luxury spending, 117
Unequal distribution of wealth, 117
World hunger, 61, 115

Solar energy application
Citizen article re, 727
Diminishing of NRC responsibilities in research, 741
Draftmanship of bill, 746, 759
Energy crisis, 727
Incorporation as private institute, 746, 761, 845
Institute establishment, 740, 741, 746, 761
Members and Board of Directors, 741
Legal aspects, 728
NRC role and involvement of other government depts., 746, 791
Non-renewable energy resources, 727, 746
Parliamentary process for bill vs letters patent, 791, 793, 845
Principle of bill, 760-1, 791, 792, 810
Referral of subject matter to com, 760, 762, 763-4, 765, 791, 792, 793, 795, 796, 809, 810-11, 845-6, 847
Research expenditures, Canada and US, 727, 728, 740, 747, 791; PEI, Manitoba, BC, 727
Revenues for operations, 740, 793
Speakers: Senators
Argue, Hazen, 763-4
Asselin, Martial, 845-6
Austin, Jack, 726-9, 760-1, 762, 764, 765, 792, 795, 847
Carter, Chesley W., 792
Croll, David A., 793
Deschatelets, Jean-Paul, 765, 791-2
Flynn, Jacques, 747, 759, 760, 762, 763, 764-5, 795, 796, 846
Godfrey, John M., 760, 761, 764
Grosart, Allister, 728, 729, 745-7, 761-2, 763, 809-10, 811
Hicks, Henry D., 740-1
Lamontagne, Maurice, 761
Langlois, Leopold, 810-11
Lapointe, Renaude, 790-1, 795, 796, 797, 847, 848

Solar energy application - *Concluded*
Speakers: Senators - *Concluded*
McElman, Charles, 764, 810
Molson, Hartland de M., 763, 764
Perrault, Raymond J., 759-60, 762, 793, 794, 846
Robichaud, Louis-J., 793, 795
Smith, George I., 729, 847, 848

Solar Energy Application bill C-309. 1r, 638; 2r, 726-9, 740-1, 745-7, 759-60, m in amdt that bill be not read second time but that subject matter be ref to com, 760-5; Speaker's ruling on point of order, 790-1; m in amdt neg, 791-4; m to ref bill to com, m in amdt, 794-6, 809-11, 845-8; ref to Banking, Trade and Commerce Com, 848

Sparrow, Hon. Herbert O.
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1191-4
Endorsement of permit books, 1192-3, 1194
Excerpts from committee report, 1193-4
Necessity of bill, question of, 1191, 1192
Reversal of vote pooling, possible effects of, 1194
Witnesses invited to appear before committee, 1191-2
Diefenbaker, Olive E., the late, 271
Estimates year ending Mar. 31/75, Manpower Div., Dept. of Manpower and Immigration, 93-95, 477
Listing of job vacancies with Manpower Div., 95
Private placement agencies, 94-95
Professional and executive placement services, 95
Role as unemployment agency, 94
Training expenditures, 95
Estimates year ending Mar. 31/77, Supplementary (D), 477, 484-8, 491
Agriculture, 485
Dollar votes, 484-5, 491
Energy, Mines and Resources, 485-6, 487
External Affairs, 486
Health and Welfare, 486
Industry, Trade and Commerce, 487
Post Office, 487
Secretary of State, 486
Supply and Services, 486, 487
Transport, 486, 488
Veterans Affairs, 488
National Finance Committee
Authorization to review com recommendations on Manpower Div., Dept. of Manpower and Immigration, 477
Expenses re examination of legislation and other matters, 124
Reports
Government Expenditures Restraint bill C-19, rep without amdt, 267
Work of committee, 93-94
Rules of the Senate
Printing or publishing of anything relating to the proceedings of the Senate, 280

Speaker of the Senate
Pro tem
Bourget, Hon. Maurice, 650, 770, 775, 829
Macdonald, Hon. John M., 63
See Lapointe, Hon. Renaude

Speech from the Throne
Opening of Second Session of Thirtieth Parliament, 1-6
Consideration, commencement of, 6; termination of debate, 9
See Address in reply to Speech from the Throne

Spence, Hon. Wishart F., O.B.E., Puisne Judge of the Supreme Court of Canada
Royal assent, 600-01

Sports
Team Canada
Organization for future international hockey tournaments, question, 686
Performance at World Hockey Tournament in Vienna, 641
Taxpayers' contribution to, 641

Stanbury, Hon. Richard J.
Address in reply to Speech from the Throne, 57-61
Economic growth of principal nations, *Fortune* article re, 60
European Parliament, Luxembourg conference, 173-4
Economic disparities, 174
International political organizations, 173-4
Liberal International, 173, 174
Political instability, 174
Problem differences of nations, 174
Farm Improvement, Small Businesses, Fisheries Improvement Loans bill C-48, 931-2
Interest rate, 931
Lending period and ceiling on loans, 932
Loan statistics, 931
Lapointe, Hon. Renaude, Speaker of the Senate, 57
National unity, economic and cultural aspirations of certain regions, 866-9
Addresses on national unity, suggestion for publication in booklet form, 866
Education
Bilingualism, 868, 869
Canada Studies Foundation, 868-9
Canadian history books of note, 867
History, 867
Manitoba ban on French language in schools, 868
Provincial departments of education, preparation of curricula, 867
Quebec ban on 'O! Canada' game, 868
Teacher training, 867
What Culture? What Heritage?, excerpt from, 868
Parliamentary democracy, 57-58
Decline of Parliamentary Democracy, conference on, 58
Discontent and insecurity of populace, 57-58
Government policy, excerpt from Prime Minister's speech, 59
Legislation to alleviate discrepancies in government administration, 58
Public Service of Canada, 58-59
The Way Ahead, 59
Watergate, 58
Saccharin, ban on, 682-4
Availability for dietary reasons, 684
Genetics effects, 683
Public reaction to food additives, 683
Research 'climate' and government reaction to, 683
Risk, benefit and acceptability, 683-4

Stanbury, Hon. Richard J. - *Concluded*

Senate
Canadian Broadcasting Corporation television appearance of senators, 57
Small businesses, 59-60
Trade agreements, 60

Statute law (metric conversion)

Acts amended:
Consumer packaging and labelling, 1173, 1204
Gas inspection, 1173, 1204
Oil and gas protection and conservation, 1173, 1203
Regional development incentives, 1173, 1204
Weights and measures, 1173, 1204
Wheat Board, 1203
Difficulty of adapting to new system, 1204
Educational and public awareness campaign, 1173
Grain handling industry, 1172-3
International system (SI) 1172, 1205; US, 1172, 1205
Metric Commission, 1172, 1203
Metric Conversion in Canada, White Paper on (1970), 1171, 1172
Metric equipment costs, 1204
National program of guideline dates, 1172
Price profiteering from new packaging, 1204, 1205

Speakers: Senators

Belisle, Rheal, 1203-05
Molgat, Gildas L., 1171-4, 1205-06

Statute Law (Metric Conversion) Amendment bill C-23. 1r, 1163; 2r, 1171-4, 1203-06; 3r, 1214; r.a., 1288

Steuart, Hon. David Gordon (Introduced in the Senate Dec. 13/76)

Canadian Wheat Board, Western Grain Stabilization bill C-34, 1194-5, 1216
Administration of Wheat Board, 1194-5
Voluntary pooling, 1184, 1185
Diefenbaker, Olive E., the late, 271
Historic Sites and Monuments bill C-13, 851
Board composition and functions, 851
Special committees, 851
Yukon Territory and Northwest Territories representation, 851
Sites designated, persons and events commemorated, 851
National unity, economic and cultural aspirations of various regions, 733-7
Bilingualism, 734-7
Canadian citizenship, 734
History education, 736, 737
Immigration policy, 735-6
Parti Quebecois, 734, 737
Provincial school systems and teaching of French language, 736
Quebec Act of 1774, BNA Act and Official Languages Act, 735
Saskatchewan, 734-5, 736
Immigrants, 736
School system and language training, 734-5, 736
Violence in the communications industry, report of Royal Commission, 930, 944

Sullivan, Hon. Joseph A.
American Otological Society, election as Fellow Emeritus, 638
Illness of, 179
Saccharin, ban on, 642, 646, 656-9
American Cancer Society report, 657
Globe and Mail report re cyclamates, 657
Non-Nutritive Sweeteners and Human Bladder Cancer: Preliminary Findings, by Director of Research at Johns Hopkins University, 657
Opinions of prominent Canadian scientists, 658-9
Precipitous action of government in enforcement of ban, 656-7, 658
US Office of Technology Assessment statement, 658

Supply bills
See Appropriation bills,
Estimates.

Switzerland
Income Tax Conventions bill C-12, 829, 880-2, 900, 932-6, 945, 1031

Thailand
Prince and Princess Prem Purachatra, visitors to Senate, 820

Thompson, Hon. Andrew
Council of Europe, Parliamentary Assembly, Strasbourg meeting, 813-19
Background of Council, 814
Canadian delegation, 813
Czechoslovakian refugees, 814
Estonians imprisoned, 816-17
Excerpt from speeches of MP Herbert Breau, 815, 819
Excerpt from speech of Rt. Hon. David Owen, UK, 819
Excerpt from speech of US Congressman re USSR repressions, 817
Flow of information, 816
Helsinki Agreement, implementation of, 813-14
Humanitarian and other fields, cooperation in, 816
Hungary invasion, 814, 815
Imprisonment of Lithuanian girl, 817
Karlovy Vary Declaration, 815
Military manoeuvres, advance notification of, 816
Peaceful settlement of disputes, 815
Principles of human rights, 815
Ukrainians in Mordovia, 814, 816
USSR occupations and ill-treatment of dissidents, 813
Customs duty on parcels to relatives in USSR, 816
USSR statement re concession to Agreement terms, 815
Disregard of terms, 815-17
Treaty violations, 817
Warsaw Pact, 816
Western solidarity re principles of freedom, 818
Crime, CBC broadcasts re, 912
Diplomatic and Consular Privileges and Immunities bill C-6, 902-04, 905-06
Common law jurisdictions, 903
Commonwealth representatives, 904
Diplomatic and consular relations, articles re, 903-04
Foreign diplomats accused of breaking Canadian law, 905-06

Thompson, Hon. Andrew - *Concluded*
Diplomatic and Consular Privileges and Immunities bill C-6 - *Concluded*
International law based upon custom, 903
Provincial jurisdictions, 906
Quebec legislation, 905
Reciprocal implementation of provisions, 904
Vienna convention on Diplomatic Relations, 903
Federal-Provincial Fiscal Arrangements and Established Programs Financing bill C-37, 594-600, 616-18
Discretionary powers of minister, 617-18
Education, 617
Equalization formula, 595-6, 616-17
Provincial distributions per capita, 596
Established programs financing, 597-8, 617
Fiscal stabilization programs, 596
Hospital insurance, medicare, health care programs, 595, 597, 598
Legislation, draftsmanship of, 616
Levelling adjustments, 598-9
Natural resource revenues, 596-7
Ceiling on, 596
Post-secondary education, 598
Provincial agreement, 600, 617
Provincial enterprises, influence on equalization entitlement, 596
Provincial tax revenue guarantee payments, 597
Quebec, 597
Reciprocal tax agreements with provinces, 598
Regulations and recovery, 598
Tax abatement, 598
Tax collection agreements, 597, 599-600, 617
Transfer payments in respect of income tax, 597
Helsinki Agreement
Customs duty on gifts to relatives in USSR, 745, 808
Implementation of, 704-05, 930, 960
Printed information, distribution of, 715, 930, 960-1, 1015
Ireland
Efforts to promote understanding and reconciliation in Northern Ireland, 162-7
Leaders of peace movement, visitors to Senate, 180
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1048
Parliamentary Assembly of the Council of Europe, 813-19
Personality disorders and criminal behaviour, 547-9
British Columbia correctional system, 548
Crime costs, 547-8
Historical facts of harsh punishments, 548
Incorrigibles, lack of understanding of, 548-9
Senate role in study, 548
Spelling difficulties, 549
St. Patrick's Day, 531-2
Yaremko, Hon. John, felicitations on Honorary Doctorate in Political Science, 151

Tomato industry
See Agriculture, 1287, 1290-2

Trade
Economic Community-Canada Trade Agreement, 152-3, 159-60
European Parliament, Luxembourg conference, 151-5, 158-61
Tomato industry, surtax order, 1287, 1290-2
Trade agreements, 60

Transport and Communications, Standing Senate Committee
Meetings during Senate adjournments, 1245
Meetings during Senate sittings, 1140, 1164
Reports
Aeronautics and National Transportation bill C-46, rep without amdt, 975
Bell Canada bill S-2, rep without amdt, 227
Maritime Code bill C-41, rep with amdts, 1313-18, 1319-25

Transportation
Air Canada service during closing of Ottawa airport, 551
Air Traffic Control Services Continuation bill C-63, 1293-1311
Atlantic Provinces transportation program, 772
CNR line with Fairbanks, Alaska, question, 977, 1126
Car rental booths at airports, question, 150
Ferry service between North Sydney, NS. and Port-aux-Basques, Nfld., question, 699, 789
Licensing of buses and trucks, jurisdiction re, 446
Winner case, 446
Obstruction of access to airport by transport company, 961-2
Pacific coast, 111, 157-8
Federal-provincial policies re assistance for freight, passenger and water transportation, 157
Freight operations, Rivtow Straits, 157
Pacific Western Air Lines, judgment of Supreme Court of Canada, question, 436-7, 442-4, 457-8
Passenger service to Namu, Stewart and other ports, 157
Queen Charlotte Islands, 157
Possibility of air traffic controllers' strike, question, 1265-6
Regional airlines, Eastern Provincial airlines, 458, 473
User-pay concept, 101, 113-14, 396

Transportation, land, air, sea, regional differences in Canada, 201-03, 240-3, 246-9, 396-402, 430-2
Air fare from Charlotte Islands to British Columbia, 431
Atlantic provinces, dependence on transportation services, 201-03
Prince Edward Island and Newfoundland, 201
Regional differences, federal assistance in relation to, 201-02
Shipments of potatoes and other perishables, 431
Statement of Hon. Otto Lang to PEI Tourist Assoc. and Restaurant Assoc., 201, 430
Subsidies, 202-03; PEI, 202; Nova Scotia and Newfoundland, 203
Air transportation and bus service, 203, 430-1; freight rates and freight assistance, 203
Tourism, increased ferry rates, 202
BC coastal communities, difficulties of, 242-3; *Malibu Princess.* 242
BC ferry service between Victoria and San Francisco, federal financing of, 242
BC subsidies, withdrawal of, 242
BNA Act provisions re provincial jurisdiction of transportation, 241
Canadian Pacific Airlines, 243
Commission appointed by agreement of federal and Nfld. governments, 430-1
Competition in rail transport, 241
Crowsnest Pass, 248
East Coast Marine and Ferry Service, 242
Freight rates, regional differences, 247
Grain shipments, Saskatchewan, 247-8
Statement issued by Saskatchewan government, 247-8
Ice-breaking ferry, PEI and New Brunswick, 431
Illegal strikes, 243
National policy, 241, 242
Rail service in western Canada, Hall inquiry, 247

Transportation, land, air, sea - *Concluded*
Railway passenger and freight services, abandonment of, 243
Shipping between Canadian ports by Canadian vessels, 241
Snavely Commission on transportation, 248-9
Costs and revenues re moving of grain, 248-9
Railway costing procedures, 249
Transport Dept. annual report, implementation of recommendations, 241
User-pay policy, 201, 430
Vancouver *Province*, article by Norman Hacking re ferry subsidies, 242
Vancouver *Sun*, article by Paul St. Pierre, re transport ministry, 241
Speakers: Senators
Bell, Ann Elizabeth, 240-3
Bonnell, M. Lorne, 201-03, 396, 430-2
Buckwold, Sidney L., 246-9
Rowe, Frederick William, 396-402

Transshipments of oil to Pacific coast ports, public hearings re environmental aspects, 308-09

Tributes
Basha, Hon. Michael G., the late, 168-9
Burchill, Hon. G. Percival, the late, 1312-13
Carter, Hon. Chesley W., resignation from the Senate, 1137-9, 1161
Diefenbaker, Olive E., the late, wife of Rt. Hon. John G. Diefenbaker, 271
Hopkins, E. Russell, the late, former Law Clerk and Parliamentary Counsel of the Senate, 169-71
Lefrançois, Hon. J.E., resignation from the Senate, 141
Prowse, Hon. J. Harper, the late, 7-9

Trudeau, The Rt. Hon. Pierre Elliott, P.C., Prime Minister of Canada
Address by Prime Minister before United States Congress, 435, *see appendix to Debates of Feb. 22/77*
Constitution of Canada, patriation of, exchange of correspondence between Prime Minister and Premier of Alberta, 63-64, 69-71
Constitution of Canada, patriation of, letter from Prime Minister to provincial Premiers and copy of draft resolution respecting the Constitution, 280, 287-9, 297-303

Unemployment, 20, 41, 82
Budget for job creation, question, 685
Cape Breton, 1198, 1199
Employment and Immigration Reorganization bill C-27, 1163, 1167-71, 1197-1203, 1213, 1246, 1288
Failure of government to deal with problem, 919-22
Unemployment Insurance Entitlements Adjustment bill C-52, 677, 688-90, 700-01, 703
Unemployment insurance, statistics as of Mar. 31/77, question, 758-9
See Economic conditions and prospects,
Economy of Canada, unemployment and failure of government to deal with problem, 919-22.

Unemployment insurance entitlements adjustment
Delay in passage of bill, 700-01
Employment and Immigration Reorganization bill C-27, 1163, 1167-71, 1197-1203, 1213, 1246, 1288
Extract from Bill C-27, 690, 700, 701
Termination of claims for persons 65 yrs. and over, 688, 689, 689-90, 700-01
Appeals, 688, 689
Interest on payments claimed, 689, 690, 701
Notification of persons affected by Bill C-52, 689
Payments to estates of deceased, 689-90, 701

Unemployment insurance entitlements adjustment - *Concluded*

Speakers: Senators

Flynn, Jacques, 690, 700-01
Langlois, Leopold, 688, 689-90
Phillips, Orville H., 688-9, 690

Unemployment Insurance Entitlements Adjustment bill C-52. 1r, 677; 2r, 688-90; 3r, 700-01; r.a., 703

Union of Soviet Socialist Republics

Arrest of Soviet dissidents, motion to convey message of concern to government of Soviet Union, 428-9; agreed, 429

United Nations Water Conference, Argentina, 587-8

United States

Address by Prime Minister Trudeau before United States Congress, 435; *see appendix to Debates of Feb. 22/77*
Canada-United States Inter-Parliamentary Group, Victoria meeting, 1213, 1225-42
Diversion of water from Lake Michigan, question, 237, 309, 435-6
Her Majesty Queen Elizabeth and Prince Philip, visit to, 42

van Roggen, Hon. George C.

Banking legislation, resignation of committee members on consideration of, 132, 133
Canadian Human Rights bill C-25, 890
Committee meeting during sitting of Senate, 1212
Energy, construction of natural gas pipeline, 1273-6, 1282
Canada-US exchange of reserves, 1275, 1282
Canada-US relations, 1273
Costs and benefits, 1274-5
Economic impact, 1273
Heritage Fund, 1274
Indian land claims, 1273
Studies and recommendations:
AlCan, 1273, 1274, 1275
Arctic Gas, 1275
El Paso, 1274
Lysyk Report, 1273
Mackenzie Valley route, 1274
National Energy Board, 1275-6
Environment, construction of coal-fired power plant in Saskatchewan, 1016
European Parliament, Luxembourg conference, 151-5
Agricultural policy of Community, 152
Conference on international economic cooperation, 152
Control of Commission and Council of Ministers, 151
Delegates to conference, 151
Economic Community-Canada Trade Agreement, 152-3
Non-tariff barriers, 152
Potash, Saskatchewan, 152
Election of members to European Parliament, 151, 154, 155
GATT, 152, 153
Helsinki Agreement, 152
Joint Cooperation Committee, 153
Meeting areas of European Parliament, 154-5
Parliamentary links, Canada and Community, 151, 155
Role of elected members, 152

van Roggen, Hon. George C. - *Concluded*
Foreign Affairs Committee
Canada-United States relations, com authorized to make study, 86
Expenses re, 124
Meeting during Senate sitting, 929
Reports
Diplomatic and Consular Privileges and Immunities bill C-6, 959
Immigration bill C-24, rep without amdt but with statement re powers of Governor in Council, 1244, 1248-56
Helsinki Agreement, 1004
Immigration bill C-24, 1244, 1249-50
Nominated relatives, 1244
Provisions on regulations, 1244
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1096
Lumber industry
Tariff on importation of softwood plywood, effect on Canadian industry, 479-80
Western European Union Assembly, 406
European Parliament, universal elections, 406

Venezuela
Canada-Venezuela relations, 390
Parliamentary delegation visitors to Senate, 390

Veniot, Hon. Clarence Joseph, the late
Tributes, 463-4

Veterans
Pensions, 637-8, 645-6, 665-9, 670, 677, 688, 703

Violence in the communications industry, Royal Commission, 930
Recommendations, question re, 930, 944

Visitors
Baltic Honorary Consuls, 463
Commissioner of the Holy Land, Father George Germain, 86
Commonwealth Parliamentary Association, Secretary General Sir Robin Vanderfelt, 730
Northern Ireland peace movement leaders, Lady Patricia Fisher, Mrs. Joan Robins and Mr. Pat Martin, 180
Senegalese Parliament and International Association of French-speaking Parliaments, member Mr. Christian Valentin, 189
Thailand, Their Excellencies Prince and Princess Prem Purachatra, 820
Upper Volta, Mr. and Mrs. Abdulaye Dicko, 700
USSR delegation, 21
Venezuela parliamentary delegation, 390

Votes
Canadian Wheat Board, Western Grain Stabilization bill C-34, 1217, 1218
Constitution of Canada, correspondence from Prime Minister to provincial Premiers, 288-9
Immigration bill C-24, 1255-6
James Bay and Northern Quebec Native Claims Settlement bill C-9, 1097-8
Solar Energy Application bill C-309, 794, 796

Walker, Hon. David, P.C.
Address in reply to Speech from the Throne, 76-81
Auditor General bill C-20, 1068
Crown corporations, auditors for, 1068
Independence of office, 1068
Printing Bureau costs, exposé by Public Accounts Com, 1068
Banking legislation, referral to Banking, Trade and Commerce Com, 128, 129, 130
Resignation of committee members upon discussion of, 128, 130
Canada Deposit Insurance Corporation bill C-3, 902
Corporation members, 902
Coverage, increase suggested, 902
Canada Week, Parliament Hill program, 1005
Competition policy, 672
Constitution of Canada, 76-78
Energy, construction of natural gas pipeline, 1275, 1276
Financial Administration and Satisfied Securities bill C-8, 836-7
Discharge granted to Indian, 836-7
Human Rights Charter, 81
James Bay and Northern Quebec Native Claims Settlement bill C-9, 740, 1022, 1048
Miscellaneous Statute Law Amendment bill C-53, 908-09
Senate
Ambassadorial appointments, 80
Committee work, 78
Imbalance of government and opposition parties representation, 76
Maxims regarding Senate, 81
Power in passage of legislation, 78-79
Privy Councillors and other members of prominence, 76, 77
Provincial appointments, 79
Role of, 77-79
Salaries of senators, 79
Widows' allowances, 79
Supreme Court of Canada judges, appointment of, 80
Term of office, 79
Vacancies, 76
Veto power, 80

Western Africa Upper Volta visitors to Senate, 700

Western European Union Assembly, Paris conference, 186-9, 391-4, 402-06
Armaments control, 187
Assembly functions, 393
Brussels Treaty Organization, 186-7
Civil and military technological and scientific cooperation, 187
Cyprus, Greece and Turkey, 403-04
Continental shelf in Aegean Sea, 403-04; oil prospecting, 404
Defence of Western Europe, 187-8, 392, 393, 402-04
Anti-submarine warfare, 404
British Army of the Rhine, 403
Canadian contribution, 403, 404
Conflicts between US and European nations, 402
Strategic arms limitation talks, 404
USSR power, 187-8, 402, 403, 404, 405
Warsaw Pact countries, 402
Weapons standardization, 402-03; research in, 402-03

Western European Union Assembly - *Concluded*
Energy supplies, 404-05
Oil moving to Western Europe through Mediterranean, 405
USSR ships in area of Indian Ocean, 405
European Common Market, 393
European Parliament, 392-3, 406
Europe's dependence on US for protection and economic prosperity, 188
Helsinki Agreement, 405-06
Lebanon, 404
Mediterranean problems, 403
National unity in Canada, 393
Quebec separatism, questions in relation to NATO, 403
Speakers: Senators
Austin, Jack, 391-4, 402-06
Belisle, Rheal, 186-9

Western grain stabilization
Canadian Wheat Board, Western Grain Stabilization bill C-34, 887, 939-40, 947-8, 1152-3, 1175-80

Wheat agreement, international
Negotiations re, question, 1005, 1164, 1182

Whips
Chief Government Whip in the Senate, Hon. William J. Petten
Chief Opposition Whip in the Senate, Hon. John M. Macdonald

Williams, Hon. Guy
Doctor of Laws, Simon Fraser University, 790
Energy, construction of natural gas pipeline, 1282-3, 1284
Environmental problems, 1283
Lysyk Report, 1283
Yukon Territory concerns re aboriginal rights and customs, 1282-3 1284
Council of Yukon Indians, participation as advisers and observers, 1282
Employment for Indians, 1283
Talingets, 1282
James Bay and Northern Quebec Native Claims Settlement bill C-9, 740, 1022, 1048, 1062
Deficiencies in bill, 1022
Extinguishment of claims, 1022
Lack of financial revenue to Indians, 1022, 1048
Language rights, 740
Provision for reservations, assurance from dept., 1022
Quebec undertaking to negotiate, 1022
Rights under Indian Act, 740
Oil pollution, protection of Juan de Fuca Strait, 699, 944-5
Queen Elizabeth II, Silver Jubilee, competition for design of commemorative medal, 228, 289

Women, status of
Advisory Council report on, 55
International Women's year, Toronto *Star* article re, 88
Mexico conference, 87-88
National Organization for Women in the United States, call for strike, 89
Wife-husband role in sharing of workload, 88

World War I and World War II
Senate Chamber pictures depicting World War I, 1158, 1219-23
Canadian achievements and sacrifices in field of battle, 1219-20
Poetic tributes to Canadians who died in service, 1222
Significance of war on Canada's history and industry, 1220-3
World War II, 1221-2
Canadian officers, 1221-2

Yaremko, Hon. John
Felicitations on Honorary Doctorate in Political Science, 151

Yukon Territory
Alaska Highway, 10
Constitutional development, 1262-3
Council of Yukon Indians, 11
Dawson City, 10
Energy, construction of natural gas pipeline from western Arctic to southern Canada and continental United States, 12-13, 1266-87
Council of Yukon Indians, participation as advisers and observers, 1282
Employment for Indians, 1283
Environmental, social and economic disruption, 1273
Heritage Fund, 1272, 1274, 1277
Yukon administration of, 1272
Hydro potential, development needs, 1272
Indian land claims, 1272, 1273, 1276, 1278, 1280
Talingets, 1282
Indian organizations, 11
Territorial government role in settlement of Indian land claims and other problems, 11
Tourism, 11
See appendix to Debates, 1257-63

Yuzyk, Hon. Paul
Arrest of Soviet dissidents, motion to convey message of concern to government of Soviet Union, 428-9; agreed, 429
Canadian Human Rights bill C-25, 876-8, 892
Bill of Rights, 877
Canadian identity and Constitution, excerpts from report of Committee on the Constitution of Canada, 876-7, 878
Human Rights Commission, member and powers, 877
Indian women married to white men, loss of reservation rights, 878
International covenants on human rights, 877
Language rights, 878
Privacy Commissioner, 877
Privacy of individuals and right of access to records, 877
Racism and discrimination, 878
Canadian Wheat Board, Western Grain Stabilization bill C-34, 947-8, 1188-9, 1217
Marketing plans, submission of proposal for, 948
Necessity of bill, question of, 1189
Obligation to producers to complete crop year with pool, 947-8
Rapeseed industry, 947, 1189
Voluntary pools, 947, 1189
Administration of, 1189
Carter, Hon. Chesley W., retirement, 1138-9
Doctor of Laws, University of Saskatchewan, 789-90

Yuzyk, Hon. Paul - *Concluded*
Helsinki Agreement, 405
Reunification of families, statistics, 961
Review Conference, Canadian delegation, 1004-05, 1092
North Atlantic Assembly, Williamsburg conference, 281-5; *see appendix to Debates of Feb. 1/77*
Citizenship education, 282
Delegates from Senate and Commons, 281
Education, Cultural Affairs and Information Committee, 281-2
Euro-communism, 282
Free flow of information, 282
Helsinki Agreement, 282, 283-4
Universal Declaration of Human Rights, 284-5
USSR, 283-4
Passports for Soviet citizens, 284
Persecution in religious areas, 284
Pledges re human rights and disregard of, 284-5
Western European Union Assembly, Paris conference, 405