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(HANSARD)

Wednesday, December 11, 1996

THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

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THE SENATE

Wednesday, December 11, 1996

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

UNITED NATIONS

FIFTH ANNIVERSARY OF RATIFICATION OF CONVENTION ON THE RIGHTS OF THE CHILD

Hon. Landon Pearson: Honourable senators, five years ago today, children from every province and territory gathered in this building in the Hall of Honour to witness with their signatures Canada's ratification of the United Nations Convention on the Rights of the Child. The instrument of ratification was deposited at the UN on December 13, which is why that is our official date for accession to the convention but what I would like to commemorate today is that lively scene of five years ago, of which I was privileged to be a part, when the future of Canada could be seen and heard in all its variety — francophone, anglophone, aboriginal, immigrant, all the rich human potential the convention is designed to nurture and protect, both here and abroad.

The lobby of Parliament looked as lovely then as it does now with all its seasonal sparkle, and the children were enchanted to be part of such a momentous occasion. For it was a momentous occasion. Through these children, the Government of Canada was saying to the children of Canada: You are immensely valuable to us and by signing this document, we, your elders, are committing ourselves as a nation to the promotion of your well-being, knowing full well that, by so doing, we are promoting our own.

Since that day five years ago, we have gone through a recession and a necessary period of fiscal restraint, both of which have unfortunately put an increasing number of children at risk. That is the bad news. The good news is that Canadians are rallying around children's issues as never before. The national conference two weeks ago on "Canada's Future, Canada's Children", which I had the privilege to chair, was clear evidence of that, as is our government's stated international commitment to children's rights.

Today, UNICEF, as part of its commitment to solutions, is releasing its annual report on the state of the world's children. This report focuses on the most heinous forms of child labour and contains concrete ideas of what to do about it. One of UNICEF's recommendations, improved education for girls, was addressed by the Honourable Don Boudria, Minister for International Cooperation, at the launch this morning; he announced increased support for a number of excellent girl education programs in Africa.

Honourable senators, the well-being of children is a non-partisan issue.

• (1340)

Five years ago, it was Prime Minister Mulroney who ratified the convention on Canada's behalf. Now it is Foreign Affairs Minister Lloyd Axworthy who is supporting children's rights in the international arena.

Let us ensure that not only today but every December 11 will be a celebration of renewed national commitment to the well-being of our children.

[*Translation*]

NATIONAL UNITY

RECOGNITION OF QUEBEC'S DISTINCT SOCIETY STATUS

Hon. Jean-Maurice Simard: Honourable senators, in October 1995, a mere 50.6 per cent of Quebec voters voted in favour of maintaining Canadian federalism.

In my opinion, it is time to reopen the constitutional file.

I am well aware that Canadians are fed up with hearing about the Constitution. Whether we like it or not, however, the referendum outcome exacerbates the uncertainty, by making it obvious to everyone that there will be another referendum.

Our country is in danger of breaking apart.

Canadians deserve to have a vision of the future presented to them. This is why we must come to a formal recognition of the distinct character of Quebec in the Canadian Constitution, the famous distinct society clause. The ball is now in the federal government's court, and that of the provincial premiers and legislatures.

In this connection, I support the leadership that has come from the Minister of Intergovernmental Affairs, the Honourable Stéphane Dion, and the positions he took in a speech he gave in Toronto on November 26, 1996, to members of the Canadian Jewish Congress, the Hellenic Canadian Congress and the National Congress of Italian Canadians of Ontario and Quebec. His words were as follows:

> I see no valid reason for not recognizing Quebec's specific nature in the Canadian Constitution... Let us remember that all great reforms of the past, such as female suffrage, compulsory schooling and progressive taxation, were rejected by the public for a long time before being accepted.

Mr. Dion, I applaud you for this.

Canadians must be convinced to endorse this concept of a distinct society, acknowledging that Quebec is unique and very different by virtue of its language and its culture. Canadians must understand and accept the undeniable fact that francophones, especially those in Quebec, constitute a national minority within Canada. In this country, where all the provinces are different from each other, Quebec is doubly different. If we believe in Canada, we ought not to fear facing this fundamental reality.

Quebec and the rest of Canada have far more in common than one would imagine: the way francophone Quebecers feel within an anglophone continent bears an uncanny resemblance to the way other Canadians feel about American culture.

Let us emphasize that, in a federal state such as Canada, one of the underlying principles is the acknowledgment of unity in diversity. The creation of such a state indicates the presence of a concrete, long-term commitment by all parties concerned, and assumes the presence of a firm desire to cooperate. Federalism makes possible a broad range of changes, which in turn make it possible to respond to changing needs and particular situations.

In 1867, Canadian federalism provided the necessary compromise. Federalism has also proved to be exceptionally flexible over the years. Students of the Canadian Constitution have long since reached that conclusion.

Canada already recognizes the French language and the distinct identity of Quebec in a number of ways, including the Official Languages Act of 1969 and the protection given the French language under the Constitution and the Quebec Civil Code. Section 27 of the Charter recognizes the multicultural character of our Canadian heritage. Furthermore, thanks to the passage of Bill C-110 last February, five Canadian regions, including Quebec, have a veto on all constitutional amendments.

As we know, the whole world considers Canada a symbol of tolerance. The history of our country has been marked by great openness to diversity. Recognizing the distinct society concept in the Constitution would be a wonderful way to reflect these great Canadian values.

We must not forget that, although anglophones and the various ethnic communities in Quebec voted massively against the sovereignist option in the last referendum, many of them support recognizing the unique identity of Quebec in the Canadian Constitution.

In concluding, if Canadians outside Quebec were to make a clear gesture without trying to obtain something in return, it would be, I would almost say, a giant step towards the unity of their country.

I support what has been done by Mr. Dion in this respect, and I urge the Prime Minister to do likewise.

The leader of the Quebec Liberal Party and Leader of the Opposition in the National Assembly announced the constitutional component of his party's program on the weekend. Actually, I deplore some of the reports by journalists that gave this document a rather cool reception, seeing it as an attempt by Mr. Johnson to win the next election and reminding us of the Meech Lake and Charlottetown failures.

Daniel Johnson announced he was confident that he would have the support of five provincial premiers on this issue. I would ask the other premiers to show the necessary courage and leadership and make their respective constituents aware of the very real danger represented by the secession of Quebec.

Again, a consensus has yet to be reached. I hope that we will be able to do so and that we will not see the break-up of a country — our country, Canada — that is the envy of the entire world, just because we did not care or could not be bothered.

Again, three cheers for Daniel Johnson and Stéphane Dion. May our political leaders, journalists and opinion leaders, fired by your courage and leadership, push for a reopening of the constitutional debate.

[*English*]

WORLD HUMAN RIGHTS DAY

Hon. Consiglio Di Nino: Honourable senators, I wish to join my colleagues who spoke yesterday in recognition of World Human Rights Day. In particular, I would like to congratulate Senator Kinsella, who gave an accurate report card on Canada's human rights record under this government.

Sadly, though, in too many places in this world, millions, if not hundreds of millions, of men, women and children continue to suffer the indignity of human rights abuses at the hands of despots and dictators, who control them at the end of a gun and deny their fellow human beings the fundamental human rights we take for granted here in Canada.

I also take to heart the statement that Senator Fairbairn made yesterday on human rights. I would ask her please to send copies of her remarks, together with those of Senators Kinsella, Prud'homme and others who spoke on the issue, to her cabinet colleagues and, in particular, to the Prime Minister, to remind them all of their responsibilities in this area.

ROUTINE PROCEEDINGS

CODE OF CONDUCT

SECOND REPORT OF SPECIAL JOINT COMMITTEE PRESENTED

Hon. Donald H. Oliver, Co-chairman of the Special Joint Committee on a Code of Conduct, presented the following report:

Wednesday, December 11, 1996

The Special Joint Committee on a Code of Conduct has the honour to present its

SECOND REPORT

Your Committee has examined its Order of Reference adopted by the Senate on Thursday, March 21, 1996, and on Wednesday, June 19, 1996, and by the House on Tuesday, March 12, 1996, and Wednesday, June 19, 1996 and recommends the following:

That the report deadline be extended to Friday, March 21, 1997.

Respectfully submitted,

DONALD H. OLIVER
Co-Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

CANADA-ISRAEL FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF COMMITTEE

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Wednesday, December 11, 1996

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-61, An Act to implement the Canada-Israel Free Trade Agreement, has examined the said Bill in obedience to its Order of Reference dated, Thursday, November 28, 1996, and now reports the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

• (1350)

PARLIAMENTARY DELEGATION TO TAIWAN

REPORT TABLED

Hon. Lorna Milne: Honourable senators, I have the honour to table, in both official languages, the report of the delegation of Canadian parliamentarians to Taiwan.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Mabel M. DeWare, Chair of the Standing Senate Committee on Social Affairs, Science and Technology, with leave of the Senate and notwithstanding rule 58(1)(*a*), moved:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit at 3:00 p.m. today even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

AFRICA

SITUATION IN RWANDA-BURUNDI-ZAIRE REGION— NOTICE OF INQUIRY

Hon. Anne C. Cools: Honourable senators, pursuant to rules 56(1),(2) and 57(2), I give notice that two days hence I will call the attention of the Senate to the situation in the African country of Rwanda; and to the United Nations Security Council Resolution 955(1994) constituting the United Nations War Crimes Tribunal for Rwanda; and to this Tribunal's Chief Prosecutor Justice Louise Arbour, a Canadian judge; and to the legal and constitutional foundation in international law for the

constitution of this and like tribunals; and to the military invasion by the Rwandese Patriotic Army, RPA, and the Ugandan National Resistance Army, the NRA, on October 1, 1990; and to the deaths of the Rwandese President Juvenile Habyalimana and Burundi President Cyprien Ntaryamira in an aeroplane crash on April 6, 1994; and to the prosecution of the accused Rwandan citizens for violations of war crimes for the time period January 1 to December 31, 1994.

PARLIAMENTARY DELEGATION TO TAIWAN

NOTICE OF INQUIRY

Hon. Lorna Milne: Honourable senators, I give notice that Tuesday next, the 17th of December, I will call the attention of the Senate to the report of the delegation of Canadian parliamentarians to Taiwan.

QUESTION PERIOD

NATIONAL UNITY

QUEBEC—SIGNIFICANCE OF RECENT REMARKS OF PRIME MINISTER—GOVERNMENT POSITION

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, my questions arise from some of the very disturbing statements made by the Prime Minister last night, in both French and English, on the CBC town hall broadcast. Until now, no prime minister in the history of this country ever entertained the possibility of a province separating as other than a challenge to the unity of their country, which had to be repelled at every turn. Now the country has a prime minister who, no later than last night, not only reconfirmed his refusal to follow in his predecessors' footsteps, but in his answers to questions — and I will just limit myself to those on the CBC town hall program — indicated that he had resigned himself, and his government obviously, to the probability of separation. That is, plan A has been replaced by plan B.

I urge all honourable senators to read the transcript of what he said, because only by doing so will you realize that what I am asserting is sad but true.

I have three questions for the Leader of the Government in the Senate based on this transcript. When Mr. Chrétien was asked by one of his questioners what would happen following a federalist loss in a referendum, he gave a rather lengthy answer, which he ended by saying, "You cannot be half-and-half. You're one way or the other."

Does that mean it is status quo or separation? Does that mean you are one way or the other? You can only be what you are now as a Canadian, or you are out? Is there nothing in between, in terms of bringing the federation up to date and being at least sympathetic to requests by a number of provinces, including Quebec, obviously, to modernize the system? Is it status quo, frozen as it stands, or get out?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I would not wish to put words in the Prime Minister's mouth. I should like to seek clarification on the question that my friend has asked of me.

Senator Lynch-Staunton: I hope that the clarification will come from the man who spoke the words. All we get are denials.

I will persist. The moderator, Mr. Mansbridge, asked:

> Is there or is there not a contingency plan to protect anglophone Quebecers who want protection in the case of a Yes vote? Just yes or no. Or if there was a contingency plan, would you tell them?

Mr. Chrétien answered, to a question which was perfectly clear in reflecting the anxiety and the concerns of hundreds of thousands of Quebecers:

> The problem is, you're putting me a hypothetical question.

Is the Prime Minister so removed from reality, so ignorant, so oblivious to the results of the 1983 referendum, that this concern, expressed by hundreds of thousands of Quebecers and other Canadians, is purely hypothetical?

Senator Fairbairn: Honourable senators, the Prime Minister is and has been extremely concerned about the future and the unity of the country, and he has expressed that concern on many occasions. Shortly after the referendum, he responded to the distinct society and the veto issues, through Parliament in the fashion he had indicated he would. He has carried the issue beyond those efforts by appointing successive ministers to deal with the specific issues — currently it is the Honourable Pierre Pettigrew— by negotiating with provinces on developing the social union, and by moving responsibility for labour-market training to the provinces — as has been requested repeatedly for a long time, not just by Quebec but by other provinces. As the Prime Minister has said repeatedly, he has taken the stand that it is a priority of the government to conduct itself in its work with the provinces, including Quebec, in such a way that there will not be another referendum; there will be no need for another referendum.

• (1400)

With respect to what my honourable friend has said about the Prime Minister's indicating an indifference or a lack of interest, far from it. As an overall priority for himself, and for this government, the Prime Minister is keenly interested in keeping this country together, and governing in such a way as to make that a reality and thus reduce, and indeed remove, the necessity of holding another referendum.

Senator Lynch-Staunton: Last night, when the Prime Minister spoke, it was on the assumption that there would be another referendum. At no time did he ever indicate that he would do all he could to avoid another referendum, which is what he should be doing.

If the Prime Minister is so concerned about the unity of this country, and about the anxieties and concerns of literally hundreds of thousands of Quebecers, particularly anglophones, how could he answer the following question as he did? The questioner was referring to anglophones, and asked:

> What will happen to us in the case where a vote in favour of separation is so strong that the Government of Canada will have to recognize it as something that they cannot ignore? What happens to us?

Here is the Prime Minister's answer:

> But you can live in Quebec, or go.

Some Hon. Senators: Shame!

Senator Lynch-Staunton: How can anyone so intimately involved with the situation say such a thing? In particular, the leader of this country, and the one entrusted with keeping the country together. Every previous prime minister, whether or not we agreed with them, whether it was former Prime Ministers Trudeau, Mulroney, Clark, Pearson or Diefenbaker, in his own individual way recognized the trust that the Canadian people had in him to keep this country together. In their own way, each of them succeeded because they recognized their responsibility.

Honourable senators, this country is still together. However, we now have a prime minister who is saying, "I must go to the Supreme Court to find out how I can negotiate, in the event of separation. I will tell you that if the question is clear enough and the majority vote is strong enough, I must recognize that majority vote because I am a democrat. You, sir, have lived in Quebec, and your family has been here for generations. You may wish to continue to be part of this country. However, in the event that your province decides to change its status, we must go along with the will of the strong majority, and you can either live on in Quebec, or go." How can the Prime Minister face the Canadian people today after such a shameful statement?

Some Hon. Senators: Resign!

[*Translation*]

THE ECONOMY

ISSUES RAISED AT TELEVISED TOWN HALL MEETING—GOVERNMENT POSITION

Hon. Pierre Claude Nolin: Honourable senators, my question is for the Leader of the Government in the Senate. Did she watch the program Senator Lynch-Staunton referred to?

[*English*]

Has the Leader of the Government in the Senate watched the television program?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, with great regret I must tell you that I did not. However, I will do so, Senator Nolin. I had the responsibility of speaking last night at an event that involved literacy, and was a commitment of long standing. I will definitely view the program on tape.

[*Translation*]

Senator Nolin: Honourable senators, if you watch it, I suggest you watch it in French and in English. In 1993, during the last election, the Prime Minister of the time, Ms Campbell, announced, with some candour, I will admit, that it would be difficult to bring the unemployment rate under 10 per cent before the year 2000. The leader of the opposition at the time, Mr. Chrétien, was indignant, disavowed such candour and promised unprecedented job creation. Last night, we watched on that program the Prime Minister distort reality once again, in both official languages. And I do mean "distort reality," when he none too kindly challenged Canadians expressing their concerns. I am not expecting a response today from the Leader of the Government in the Senate, but when do you think the Prime Minister of Canada will set policy interests aside and take the interests of the one and a half million jobless Canadians to heart?

[*English*]

Senator Fairbairn: Honourable senators, as I said before, I truly regret not having had the opportunity last night to watch the program, but I will do so.

However, on the question of unemployment and jobs, that has been — and will continue to be — the central priority of this government. It is one of a number of reasons why we have made such a concerted effort to put our economy in order, bring down interest rates, reduce the deficit, and raise our economic growth to rates it has not enjoyed for some time. In Canada, we are now in a position to have one of the strongest sets of fundamentals underpinning our economy amongst any of our trading partners in the world. It is only when we are able to achieve that economic stability that we will have the basis on which to grow jobs. The Prime Minister knows that; in fact, everyone on the other side of this house knows that.

What the Prime Minister has done — and he has repeatedly done this, as has the Minister of Finance — is to express his tremendous disappointment in the difficulty that this country has experienced in lowering those percentages. That is a fact. The government is trying to do everything it possibly can to bolster our private sector and put it into a position where jobs can be created. That remains the fundamental priority of this government. As well, it is part of our national unity strategy.

Honourable senators, as a government we have been working very hard in the three years that have passed since the Speech from the Throne. We are focusing on jobs for youth, on trade and on technology. Those are the areas in which jobs will be created. Over 650,000 jobs have been created to date.

As well, one of the benefits of an improved economy — and, in a sense, it is a mixed benefit — is that it brings people back into the labour force. Indeed, one of the reasons why the unemployment figures have not been in the downward trend that we would wish them to be is that a great number of people have come back into the labour force. In terms of the creation of new jobs, while the growth has been strong, the numbers have not quite matched the numbers in the labour force.

I can tell my honourable friend, without watching any program, that this is the daily preoccupation of the Government of Canada — that is, providing a climate and doing everything possible through the trade missions and through the efforts of the Minister of Industry to create an atmosphere in which jobs for Canadians can be produced. That is the priority. That is what this government is doing, and it has been doing so with some success.

[*Translation*]

Senator Nolin: Honourable senators, I have a comment concerning the reply of the Leader of the Government in the Senate. As far as the 25-per-cent youth unemployment rate is concerned, we agree that the results you achieved were not very great. You are giving me an opportunity to touch on a few things.

You had the chance to support a high-technology company in the Ottawa area but you did not. Your government chose to support an American company instead.

You can see on that program that the Prime Minister went to great lengths to hide the facts in a way that is insulting to unemployed Canadians. We wonder about this. It is not what you had promised to do. How do you respond to the very honest and candid questions of Canadians who are told by the Prime Minister that the government has created 672,000 jobs and that they must have confidence?

The people have lost faith in your government. That is the problem.

• (1410)

[*English*]

The Hon. the Speaker: Honourable senators, I do not wish to interfere, but I have a large number of senators who have indicated that they want to ask questions. I simply wish to remind you that, the longer the preamble to the questions, the fewer the senators who will have an opportunity to present questions.

Senator Fairbairn: Honourable senators, I did not talk just about what we plan to do. I also talked about what we have done. We have created more summer jobs for young people in the past year than before. We have increased the youth service corps, which has helped a number of them. We have put in place a program of entrepreneurship for young people across this country, which has been very well received. However, it is definitely not enough, and we recognize that. These numbers are very hard to bunch.

We are trying to help small businesses access the benefits of new technology to create advantages for them, because they are the engine of job creation in this country. I have mentioned the trade missions with the Prime Minister, which have taken small-, medium- and large-size businesses around the world to make the contacts, build the networks and sign the deals that mean jobs here in Canada.

We have done a great number of things in the last year and preceding years. We will continue to do them and we will accelerate our efforts. This is not a question of sidestepping an issue. It is an issue that we have faced head on.

I go back to my original premise. Without economic stability, none of these efforts are even possible. When we came in as a government, it was our priority to build that economic stability. That is why we have consistently not just met our deficit-reduction targets but improved on them, and we will continue to do so. We have brought down interest rates, and inflation is low. The combination of those factors has produced an atmosphere in which it will be possible to create more jobs in this country. We have done that, Senator Nolin. These are not pious words.

Senator Nolin: With all the opportunities that you have to reduce the payroll tax, you still have not done so.

The Hon. the Speaker: Honourable Senator Nolin, this is becoming a debate, not a Question Period.

HEALTH

CUTS TO TRANSFER PAYMENTS TO PROVINCES— GOVERNMENT POSITION

Hon. Brenda M. Robertson: Honourable senators, at the town hall forum held last night, one woman expressed her fear over health care. She explained that, four times a week, she or her husband goes to the hospital with one of their children who suffers from a particular disease. The Prime Minister was asked whether he felt a social responsibility relating to this matter. Once again, the Prime Minister showed no compassion for the plight of that woman and her child.

The fact is that this government has cut transfers for health by 37 per cent. This government is not ready to sit down with the provinces and talk about modernizing our health system. Instead, they have this non-productive National Forum on Health. Again, the Prime Minister used statistics and threw out numbers on the GDP and the deficit. She wanted to know what this government is doing for people who need care and very often cannot get it. In effect, she said, "Do not hide yourself, Prime Minister, behind statistics and rosy comments like 'We are the best country in the world.' Are you ready to take your responsibility and admit that you have cut health care transfers? Are you willing to admit that you are hiding behind numbers because you do not have any idea what you are doing?"

Minister, is it not true that the health forum's biggest accomplishment to date is to meet in fancy hotels and resorts across the country? I should like to present the reality on behalf of this lady who spoke so compassionately and so sincerely last night. You and I know that the Prime Minister said one thing during the campaign and did something else once elected. The Canadian people deserve the truth. When can they get the truth on health cuts, which were not promised in the Red Book?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, the Prime Minister has reiterated, throughout an election campaign and throughout the years since the election, the commitment of this government to sustaining health care in Canada and maintaining the five principles of health care. There is no area of social policy in which the government has been more clear.

My honourable friend has talked about the health forum. The health forum will report its findings. It has done much more than just meet in fancy hotels. That group of very committed people has been working its way across the country and looking at every jurisdiction in this country. Because of the essential importance of health care, every level of government is looking for other ways to sustain our system, including areas of preventative medicine. Those are some of the questions raised at meetings which the health care forum has held around the country. I look forward to seeing their report.

Senator Robertson: Honourable senators, I would still like to have a definitive answer on the cuts to health transfer payments.

The other thing I should like to ask of the Leader of the Government is that she provide to this chamber a list of all the meetings held by this health forum, where they were held and the cost of each meeting, and the total cost of this health forum operation to date.

Senator Fairbairn: Honourable senators, I will do my best to get my honourable friend that response.

REFUSAL OF PRIME MINISTER TO RELEASE CABINET DOCUMENTS TO COMMISSION OF INQUIRY ON BLOOD SYSTEM—GOVERNMENT POSITION

Hon. Richard J. Doyle: Honourable senators, last week in the House of Commons, the Prime Minister indicated he could not release 1984 cabinet documents that were crucial to the Krever inquiry because the law of the land will not permit this request.

Would the Leader of the Government in the Senate advise us on what law the Prime Minister is basing his decision not to cooperate? To make her job easier, I would suggest she not seek the answer from the Office of Access to Information, as they have already publicly indicated that they do not know to what the Prime Minister is referring.

Senator Lynch-Staunton: They are not the only ones! Approximately 20 million other Canadians feel the same way.

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, my honourable friend will know that it has been a convention for a very long time in Canada that one government cannot release the cabinet papers of a preceding government. That is provided for, I am advised, under section 39 of the Canada Evidence Act.

• (1420)

The Prime Minister has restated repeatedly in the House of Commons that these papers are not this government's to release. We have had this discussion before, on other occasions. That is the basis for the Prime Minister's comments in the House of Commons.

Senator Doyle: Honourable senators, could it be that the Prime Minister is using his cabinet cover to avoid upsetting plans for changing the blood system in this country before Judge Krever is able to report?

Senator Fairbairn: Not at all, honourable senators. The Prime Minister is not hiding behind a convention. The Prime Minister has made the position of this government clear, as has been the position of other governments. He has been quite open about this. He has said repeatedly in the House of Commons that the documents that were specifically requested in recent weeks are not his to release.

He has also indicated that the government has cooperated in every other way in terms of providing the commission with all of the documents it has sought, save those that have been set aside under the rules that have governed not only this administration but the prior one, and the one before that.

Senator Doyle: Honourable senators, cabinet confidentiality is one thing; yet the government has the capacity, which it has demonstrated on a number of occasions, to change even the Criminal Code within 24 hours when that has been necessary for its purposes.

Would this not be one of those occasions on which even the cabinet itself would agree? After all, it is the present government that asked Judge Krever to get to the bottom of a very tragic chapter in Canadian history.

If it were a simple, unbreakable law, why was Judge Krever left waiting for weeks for the reply to his request?

Senator Fairbairn: I cannot answer the latter part of my honourable friend's question. I agree with him entirely, as would the government, that the subject of this commission is of fundamental importance. Over the course of the proceedings of the Krever commission, the government has responded in accordance with that belief.

The Prime Minister has indicated simply that the cabinet papers that were sought relate to another government and are not his to release. Other documents requested by the commission have been provided.

The government is very anxious to receive the report of Mr. Justice Krever and to get on with the job of restoring the confidence of Canadians in the security of the blood supply in this country.

GOODS AND SERVICES TAX.

HARMONIZATION WITH PROVINCIAL TAXES—EFFECT ON PRICE OF HEATING FUEL IN ATLANTIC PROVINCES—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, my question is somewhat supplementary to those asked earlier with regard to the television forum held with the Prime Minister. They arise out of questions asked by Juanita Mackeigan, an unemployed woman from Cape Breton, where there is a 23-per-cent unemployment rate, although the rate is much higher in certain areas of industrial Cape Breton.

The Prime Minister's reply to her question about jobs, among many other things, was just as the Leader of the Government in the Senate has said: that interest rates are down, and that this should help the economy. She replied to him that when you have no money, you cannot create a business; you simply try to pay your rent, buy your groceries and pay your power bills. She could have mentioned paying your home heating fuel bill.

Does the Leader of the Government in the Senate have an answer to the plea of people, such as Juanita Mackeigan, that: "Yes, and that is fine, but now you, as the Leader of the Government in this country, are allowing my groceries, my fuel, my power, my rent, to increase by 15 per cent, all because of Savage in Nova Scotia, and you support him."

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, at the end of my honourable friend's question, he referred to the proposal to harmonize the GST in Nova Scotia, New Brunswick and Newfoundland. By bringing the taxes together, individuals in those provinces will see relief in their taxes overall.

Senator Simard: No, no.

[Senator Doyle]

Senator Fairbairn: Yes they will, Senator Simard. If that were not the case, neither the federal government nor the provinces would have agreed to do this.

The situation of Canadians from Cape Breton is one for which everyone in this house has enormous concern, sympathy and compassion. We hope that there are opportunities within our social security system for some relief. However, there is no relief better than getting a job. As I have told this house repeatedly, it is the priority of this government to provide that opportunity, particularly in areas of Canada where the situation is most difficult.

Senator Forrestall: Does the Leader of the Government not appreciate that home heating fuel is not currently taxed in Nova Scotia? Kerosene, diesel, food and hydro are not taxed. A general election was fought in Prince Edward Island on an issue related to this one, to the sorrow of the Liberals there.

Would the minister not agree that adding 15 per cent to the cost of the three most expensive items purchased in a household is a tax increase?

Senator Fairbairn: Honourable senators, from the first day that the legislation establishing the GST was enacted in this country, many things that were not taxed before have been taxed.

My honourable friend is correct in saying that some of the items in that province that were not previously subject to tax will be taxed at a lower total tax rate. The tax on other items, however, will be substantially reduced.

DELAYED ANSWER TO ORAL QUESTION

Hon. B. Alasdair Graham (Deputy Leader of the Government): Honourable senators, I have a response to a question raised in the Senate on December 5, 1996 by the Honourable Senator Lynch-Staunton regarding the accuracy of the news release describing the lease of Pearson International Airport to the Greater Toronto Airports Authority.

TRANSPORT

PEARSON INTERNATIONAL AIRPORT—LEASE TO GREATER TORONTO AIRPORTS AUTHORITY—ACCURACY OF NEWS RELEASE REGARDING PREVIOUS AGREEMENTS WITH PRIVATE CONSORTIUM—GOVERNMENT POSITION

(Response to question raised by Hon. John Lynch-Staunton on December 5, 1996)

The backgrounder referred to by Senator Lynch-Staunton was prepared by the Department to highlight the difference between the Greater Toronto Airports Authority (GTAA) transfer and the T1/T2 deal. The focus of the document was the "not-for-profit" nature of the GTAA as compared to the "for-profit" nature of the consortium involved in the T1/T2 deal. Under the "not-for-profit" basis of the GTAA, any net profits generated by the airport will be used for airport improvements or cost reduction to users. The Senator is correct in stating that the T1/T2 deal was a 57-year lease and not a sale.

The quote that the Senator has taken from the backgrounder is under the heading "Unified Control of the Airport". The "approach" that is referred to is not the agreements between the previous government and the private sector developer but the general philosophy of the government of the day with respect to the development, management and operation of Pearson Airport. There was indeed a Request For Proposals (RFP) issued by that government in 1993 to the private sector for the financing and construction of runways and the management of airside operations. That RFP closed prior to the election. The bids were subsequently sealed and the RFP cancelled. In contrast, the transfer of the entire airport to the GTAA allows for a more unified and effective control of the development, management and operation of the airport.

• (1430)

[*Translation*]

ORDERS OF THE DAY

CRIMINAL CODE

BILL TO AMEND—THIRD READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Milne, seconded by the Honourable Senator Mercier, for the third reading of Bill C-45, An Act to amend the Criminal Code (judicial review of parole ineligibility) and another Act.

Hon. Pierre Claude Nolin: Honourable senators, the sponsor of this bill informed this house, during the debate at second reading, of the nature of the legislation.

I wish to go back to the origins of section 745 of the Criminal Code, or, to be more precise, section 745.6, so that we all know what we are talking about.

You will recall that, 20 years ago, in 1976, capital punishment was still in effect in Canada. Thank goodness Parliament then decided to put an end to that cruel and outdated practice.

At the time, the debate largely focused on the question: What are we going to replace it with? I should point out that, at the time, capital punishment only applied to the most serious murder cases, such as killing a police officer or a prison guard on duty. In 1976, the government of the time introduced the notion of first-degree murder.

A first-degree murder is a murder that is planned. It can also be a murder committed in exchange for financial consideration, commonly called a contract, or a murder committed during the commission of another serious crime, such as sexual assault, armed robbery, and so on.

Anyone who killed a person while committing such a crime would be found guilty of first-degree murder and sentenced.

The government of the time introduced the notion of imprisonment for life, along with a minimum period of imprisonment without eligibility for parole. This minimum was set at 25 years for first-degree murder.

Today, I will not deal with the crime of high treason, which is rather rare and which would not add anything to our debate. Nor will I discuss second-degree murders, which include all murders other than first-degree murders. You will agree that, while these are certainly major crimes, they are not as serious in nature.

Section 745 was introduced at the same time. Today, we refer to section 745.6, but back then it was section 745.

This provision in the Criminal Code allowed, and still allows, a person who has served at least 15 years of his sentence for murder or high treason to apply to a jury for a reduction of the 10-year period left to serve on his minimum 25-year sentence. At the time, there were numerous reports in the media about the minimum sentence of 25 years, but little was said about section 745.

I must admit that, because I am a lawyer by profession, I knew about this provision. However, we have heard in committee from other lawyers, experts and members of the general public who came and told us they did not know anything about this specific provision. I have expressed dismay in committee about this. If we took a purely professional or technical view of section 745, based on the testimonies of professionals who are called upon to defend inmates or support applications made by inmates under section 745, if we were to listen to these professionals, we would be inclined not to amend or even touch section 745 in any way and not to interfere with a system that works quite well, according to them.

On the other hand, we understand the government's desire to address public concerns about the fact that these two provisions coexist in the same piece of legislation, which is disturbing to some.

I told you earlier about this article that says: "Mr. or Mrs. So-and-so, you have been found guilty of murder in the first degree; you are therefore sentenced to life and will have to serve a minimum of 25 years before becoming eligible for parole." Everyone knows about that provision; that is what replaced capital punishment.

In the same piece of legislation, another section in the Criminal Code provides for the possibility, after 15 years, to go before a jury and have the minimum sentence reduced. Ordinary Canadians, and even lawyers, have told us: "We do not believe in that system. As far as we are concerned, that is a denial of justice. We do not believe that that provision is reasonable."

From then on, as I indicated to our colleagues on the committee, I was preoccupied by the technical aspect of enforcing section 745. As I said at the beginning, I will not deal with that section. However, 27 million Canadians do not know about section 745, and those who hear about it are shocked to find out that a piece of legislation can contain two contradictory provisions. As parliamentarians, we must be concerned not only with the technical aspect of law enforcement, but also with how it is perceived. There is a saying in law that justice should not only be done, but should also be seen to be done.

Honourable senators, I have come to the conclusion that the process proposed by the government should be changed. Through Bill C-45, the government is proposing to change the procedure for enforcing section 745.6. I agree with the government that the mechanisms used to enforce section 745 must be strengthened.

• (1440)

In a few minutes, I will table an amendment, which is not intended to further complicate the procedure for enforcing section 745. We want to add an element linking executive power to the entire procedure for enforcing section 745.6.

Senator Milne referred to a proposal the Attorney General of Ontario made to us in committee, whereby section 745.6 should come under the jurisdiction of the executive branch. The Attorney General of Canada should be involved in the application of section 745.6 from the start.

Let us not forget that these 15 years are part of a sentence of life imprisonment, where the minimum is 25 years. The government is proposing to retain section 745 and to provide for the involvement of the executive branch. Thus, the Attorney General of Canada should authorize the application of the procedure associated with section 745.6. What does that change? Some will say that the decisions will be made by public servants. I would be very surprised indeed if this were the case, because the Minister of Justice, through the Attorney General of Canada, is responsible to Parliament for these decisions, and this is the thrust of this amendment.

Canadians must have the impression that the most dangerous criminals, those who have committed the most serious crimes, and not just any inmate, have access to parole procedures.

The aim of this amendment is to introduce this element of ministerial accountability in a legal procedure, completely independent of executive power. But why? There is, within the sphere of executive power, an ancient power long called "the royal prerogative of mercy." At the time, kings had final say over the life or death of prisoners. With time, this prerogative of mercy changed; we gave it a context. Today, the courts alone administer justice.

Since we are dealing with criminals who are in jail for very serious crimes, I am of the opinion that it is time and that it is important, honourable senators, that we reintroduce an element of ministerial responsibility.

Will it make the Attorney General of Canada's job any easier? Definitely not. Once this amendment, which I will read out in a few minutes, is approved, the Attorney General of Canada will have this responsibility.

It is a bit like those people in the United States who have the power to commute death sentences to life imprisonment. They lose sleep over this. Whether they are presidents or governors, those people have trouble making these decisions. And you know why; they are fraught with consequences.

The process described in section 745.6 has been in effect for five years. The provision has existed for 20 years, but it was 15 years before inmates could use it. In the last five years, there have been 69 applications under this provision.

Of these 69 cases, 55 inmates were granted a reduced sentence, undoubtedly for very good reasons.

We have heard, however, in committee from parents of victims, representatives of victims groups, and professionals, who told us that it was a system that, in their view, ran counter to justice. They want to believe that our criminal justice system is fair, but they can no longer do so.

In certain Canadian provinces, petitions were circulated. Canadians rose up against the existence of this provision in the Criminal Code. I am not suggesting that this provision be abolished. It has a reason for being. However, we have a responsibility to see that it is applied fairly.

All the evidence we have heard tells us that, beyond any doubt, the application of this provision is seen by Canadians as being unfair. It is for this reason that I am introducing the following amendment.

MOTION IN AMENDMENT

Hon. Pierre Claude Nolin: Honourable senators, I move that Bill C-45 be not now read the third time but that it be amended:

(a) in clause 1, by replacing line 7, on page 1, with the following:

"may, with the consent of the Attorney General of Canada, apply in writing to the appropriate Chief";

(b) in clause 2, by replacing line 20, on page 6, with the following:

"may, with the consent of the Attorney General of Canada, apply in writing to the appropriate Chief"; and

(c) in clause 2, by replacing line 41, on page 10, with the following:

"may, with the consent of the Attorney General of Canada, apply in writing to the appropriate Chief".

[*English*]

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

Hon. Sharon Carstairs: Honourable senators, I have a question for the Honourable Senator Nolin. During the translation of the honourable senator's motion in amendment, I heard the words "Solicitor General."

Senator Nolin: That is not correct.

Senator Carstairs: Therefore the amendment deals with the request of the Attorney General of Ontario, and that it be given to the Minister of Justice, who is also the Attorney General of Canada.

Senator Nolin: That is it exactly. Perhaps I spoke too quickly.

The Hon. the Speaker: Does the Honourable Senator Carstairs wish to speak to the amendment?

Senator Carstairs: Your Honour, I believe Senator Cools wishes to speak.

Hon. Anne C. Cools: Honourable senators, I wish to speak to the main motion, but I had not anticipated the amendment moved by Senator Nolin. I would like an opportunity to speak tomorrow, after I have reviewed my remarks in light of the amendment.

On motion of Senator Cools, debate adjourned.

JUSTICE

INVESTIGATION INTO SALE OF AIRBUS AIRCRAFT TO AIR CANADA—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Anne C. Cools: Honourable senators, pursuant to rules 56(1), (2) and 57(2), I give notice that two days hence I will call the attention of the Senate to:

> The Airbus affair and the accusations against former Prime Minister Brian Mulroney, contained in a Department of Justice document, that Mr. Mulroney was "involved in a criminal conspiracy to accept payments for influencing Air Canada's decision to buy airplanes from Airbus";
>
> and to the fact that this affair is causing deformity, embarrassment to and suspicion of the system;
>
> and to the handling of these matters;
>
> and to the erosion of parliamentary process;
>
> and to the damage caused to parliamentary government, to the Prime Minister's Office, to the principle of ministerial responsibility, to Parliament, and to senators, including myself, who voted on Bill C-129, the bill to privatize Air Canada, on August 4, 1988, in the Standing Senate Committee on Banking, Trade and Commerce;
>
> and to the belief that Parliament, in the interest of public confidence and integrity, should take cognizance of these matters and take these matters into Parliament's consideration.

• (1450)

MANGANESE-BASED FUEL ADDITIVES BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming debate on the motion of the Honourable Senator Kenny, seconded by the Honourable Senator Bonnell, for the second reading of Bill C-29, to regulate interprovincial trade in and the importation for commercial purposes of certain manganese-based substances.

Hon. John Buchanan: Honourable senators, I do have a few comments to make about this bill. My comments will be to address the environment, the effect on refineries, the effect on Atlantic Canada, and specifically on Nova Scotia.

This is a complicated bill; so complicated that, like Senator Kenny, I will not even attempt to say what MMT is. I know it is manganese, and I know it is an additive. It is an additive to enhance octane in the performance of gasoline.

Over the past months, we have heard from supporters of the bill and we have heard from those who oppose the bill. Very simply, supporters of the bill say that the bill should be passed because MMT is a serious health hazard to the Canadian public and causes damage to the environment. Supporters of the bill say that MMT causes malfunction of emission control devices called on-board devices, or OBD. Supporters have also contended that Canada should adopt this legislation to be in harmony with the United States, which has banned the use of MMT as an additive to gasoline.

Opponents of the bill say that it will have a negative environmental impact if the bill passes, a potential increase of greenhouse and other gases from refineries, and that would include, of course, tailpipe emissions of nitrogen dioxide. Opponents also say it would increase the demand for crude to provide feedstocks to produce replacement octane enhancements, with the resultant tailpipe emissions and an increase in the emission of nitrogen dioxide.

Those who oppose the bill also say that there will be an economic impact on refineries, and therefore on the consumer. If there is an increase to the refineries, then there is an increase to the consumers who use gasoline. There could also be a loss of jobs.

Our refineries, particularly those in Atlantic Canada, would continue to be more competitive in meeting demands because the United States has now lifted the ban on MMT. However, if this bill passes, it will prevent our refineries from using the additive and will thus cost them additional moneys to formulate fuel for foreign markets. Our refineries, and therefore our provinces and the people of our provinces, would be the economic losers.

This bill also appears to be contrary to the spirit and the intent of the free trade agreement. It is designed to ban MMT through commercial or trade legislation, not environmental legislation. Those are basically the reasons given by those who oppose the bill and by those who support the bill.

Those who support the bill say it is a health hazard. We should take a look at what Health Canada has to say about that. On December 6, 1994, Health Canada released results of an independent risk assessment focusing on new epidemiological studies and Canadian exposure data entitled: "Risk Assessment for Combustion Products of MMT in Gasoline." The Health Canada study concluded that the use of MMT in gasoline does not represent a health risk to any segment of the Canadian population. Airborne manganese particles resulting from the combustion of gasoline-powered vehicles is not entering the Canadian environment in quantities or under conditions that might constitute a health risk. That is an answer to those who say it will create a health hazard.

It is interesting to note that, if it is creating a health hazard, MMT has been used in our refineries for almost 20 years, and suddenly today it will cause a health hazard? Health Canada has answered that question.

It is claimed that emission control systems in automobiles will malfunction. That is the claim of supporters of the bill. Honourable senators, there is no scientific evidence that I have read that would support the conclusion that there is a malfunction of emission control systems. Studies have been conducted that indicate that that is not correct. Other ongoing studies have not even been released by the automobile industry.

In addition to that, in December of 1993, the EPA in the United States concluded that MMT:

> ...does not cause or contribute to the failure of vehicles to meet applicable emission standards required by the U.S. Clean Air Act...

I think we can all agree that that is one of the finest clean air acts on this continent.

• (1500)

The United States Supreme Court has also granted orders to the EPA to grant waivers for the use of MMT in the U.S., agreeing with the conclusion that MMT does not cause or contribute to the failure of vehicles to meet applicable emission standards.

Many supporters have indicated that we should harmonize with the United States. They are a little behind the times, because the United States has now lifted the ban on MMT. It has been lifted by the EPA not because of a procedural problem but because the EPA says that the additive does not cause or contribute to the failures already mentioned. No appeals were registered in the United States, and 40 American companies informed the producers of MMT that they have registered at least one of their refineries for the use of MMT. Of the 24 largest U.S. firms, 18 are now registered to use MMT. With regard to harmonizing with the United States, we should not even be discussing this bill, because harmonizing with the United States means continuing with the use of MMT.

It is a fact, and I think everyone in the Senate knows it, that six provinces are openly opposed to the ban on MMT, and I shall refer to several letters that I have received.

The Minister of the Environment of New Brunswick, Vaughn Blaney, states:

> I am given to understand that the motor vehicle manufacturers now better understand the negative impacts the removal of this substance would have on the environment and the economy and are prepared to make the engineering adjustments to their systems that will allow the harmonious use of this additive.
>
> Given that neither the federal government nor the motor vehicle manufacturing industry have provided the information and assurances that this province and the refining industry have requested regarding the economic and environmental impacts of this bill, and given the current discussions on use of this compound in the United States, I would hereby request that this bill be set aside until the questions raised have been clearly responded to by Canada and a decision on the continued use of this additive is taken in the United States.

In Nova Scotia, another of the provinces objecting to this ban, the government held many meetings with various departments. In a letter to the Prime Minister, Premier John Savage said:

> As a result of these meetings and research, the Government of Nova Scotia continues to oppose the ban on the importation and interprovincial trade of MMT which would be imposed by Bill C-29, for the following reasons.

1. The allegation that MMT interferes with on-board diagnostic systems being installed in new cars, a crucial justification of the introduction of Bill C-29, remains scientifically unproven. It is disputed by Ethyl Canada, the CPPI and indeed by some automobile manufacturers.

That is from the Honourable John Savage, the Premier of Nova Scotia.

Senator Lynch-Staunton: What did McKenna say?

Senator Buchanan: Whatever he said is totally irrelevant, because normally when the Premier of New Brunswick speaks, he has all the wrong information, as I have been able to prove by my press releases. It is interesting to note that the minister from New Brunswick who wrote the letter was Vaughn Blaney, because I believe that the Premier of New Brunswick has said that he does not agree with his own minister. That is a controversy in New Brunswick, and I never get involved in such New Brunswick controversies. Premier Savage went on to say in that letter:

> An independent study into the truth of this allegation must be conducted under the auspices of the Canadian Council of Ministers of the Environment before there can be any assurance that this bill is being introduced for a valid scientific reason.
>
> Early speculation over health concerns related to the use of MMT, which initially prompted the introduction of Bill C-29, has now been shown to be unfounded, according to Health Canada.

Further on, the letter reads:

> Finally, I must point out that the fuel reformulation required as a result of a ban on MMT, would result in an increase of 5 to 10 per cent in operating costs at Imperial Oil's Dartmouth refinery. This would place the refinery in a precarious financial situation and threaten 234 skilled jobs.
>
> Nova Scotia has already suffered a disproportionate loss of public sector jobs as a result of Federal cutbacks and transfers of staff and facilities to other Provinces. The additional loss of private sector as a result of a policy change founded on unproven and, in some cases, disproven, allegations is simply not acceptable.
>
> Bill C-29 should be hoisted until such time as thorough scientific study can determine the veracity of the allegations regarding MMT.
>
> Signed John Savage, Premier of Nova Scotia.

I wholeheartedly agree with my premier.

Now, what is the impact on refineries? At a meeting of energy ministers of Canada held in Yellowknife, every minister except Ontario agreed that this bill should be set aside for further study on the environmental impacts, as well as the impacts on refineries — every energy minister in Canada, including the two representing territorial governments. It seems to me that if we are to have federal-provincial cooperation, then certainly the government should have considered what these ministers, particularly those of the six provinces that openly oppose this ban, have been saying.

Senator Kinsella: Then why are they doing it?

Senator Buchanan: That is something we will find out in the committee hearings.

The Standing Senate Committee on Energy, the Environment and Natural Resources will conduct hearings where interest groups on both sides will have an opportunity to be heard, and then we will be able to obtain more information.

What is the implication for refineries? Let me read some comments from other provinces. First, removing MMT will increase costs to refineries. In a letter to Environment Canada the Saskatchewan Minister of the Environment and Resource Management said:

> We are also concerned with the impact this decision has on the Consumers' Co-operative Refineries Limited in Regina. CCRL has advised us that refining costs will increase in the order of $500,000 annually if MMT is banned. We have difficulty rationalizing this cost with no identifiable benefits to air quality by this action.

The president of the CPPI commented that, from an economic standpoint, the removal of MMT will add over $90 million to the cost of operating refineries.

The Minister of Energy of Alberta, in a letter dated April 1996, was concerned that if MMT were removed, a major retrofit would have to take place in the refineries to change reformer capacity.

Honourable senators, according to the minister, that would have a cost of anywhere from $100 million to $120 million with an annual cost of another $15 million, even though there is no proven benefit on the environmental side to justify that kind of move. That is from Alberta.

• (1510)

The Quebec Energy Minister stated that the Quebec National Assembly can signal its desire to ensure that the federal government does not impose an additional tax of $80 million on the oil companies, of which $12 million will be on Quebec oil companies. The Montreal Board of Trade, in joining the Quebec National Assembly's opposition, stated that, according to available data, eliminating MMT and replacing it with other products would increase the cost to the oil industry in east end Montreal by $12.5 million and could endanger its refineries, which represent 4,000 jobs in this region of Montreal.

Alberta Premier Ralph Klein stated that banning MMT is likely to increase, not decrease, emissions. He feels that, with no discernible benefit, in fact a potential environmental detriment, Bill C-29 will cost refiners in Western Canada alone approximately $100 million in capital costs and ongoing annual costs of $15 million.

There are other comments here from Saskatchewan. I have already mentioned the comments from Nova Scotia and New Brunswick, where there is no question that the ban on MMT will have a detrimental effect, according to Vaughn Blaney and the people at Irving Oil, the largest refinery in Canada. This will have a big impact on their ability to be competitive with the United States now that the ban in the U.S. has been lifted.

Environment Minister Sergio Marchi has recognized that Bill C-29 will place an added burden on Canadian refineries. On September 25, 1996, he stated:

> The study estimated that the cost for refiners to remove MMT for all of Canada will total $150 million in capital expenditures plus $50 million a year in added operating expenses.

Remember, honourable senators, with no discernible benefit to the environment and possibly negative effects on the environment.

Let us go closer to Atlantic Canada, which is of great interest to me and people such as Senator Graham, Senator Moore, Senator Lewis from Newfoundland, senators from New Brunswick and the other Atlantic provinces.

I have already read letters from the Minister of the Environment in New Brunswick and from the Premier of Nova Scotia. There is absolutely no doubt that this ban will have a serious negative effect on the refineries in Atlantic Canada, particularly a small Imperial Oil refinery in Dartmouth. It is well known to my friend Senator Forrestall. We have lost two refineries in Nova Scotia over the last number of years. We have lost the Gulf refinery in Port Hawkesbury at Point Tupper and the Texaco refinery in Dartmouth. We will now stand to lose the Imperial Oil refinery in Dartmouth because of this bill. Given its smaller size and location, the Dartmouth refinery is fully exposed to offshore competition, and it is a continuous struggle to remain competitive.

Keep this in mind, honourable senators: The MMT ban has been lifted in the United States, contrary to what some other senators have said. Refineries in the United States have already registered to use MMT. If it is banned here, we will not be able to remain competitive at Imperial Oil, at the refinery at Come-by-Chance, at Irving Oil and of course at other refineries. I have the facts to back me up in letters from the premier of Nova Scotia, and from ministers from New Brunswick and Newfoundland, which has a refinery at Come-by-Chance that exports to the United States. Remember, the ban has been lifted in the United States.

Over the last number of years, the small refinery in Dartmouth was told by the head office of Imperial Oil that they had to cut theirs costs and become more competitive, which they did. Imperial Oil has worked very hard over the years to reduce their operating costs and maintain a competitive operation. Removal of MMT will undo much of the cost-saving work that has been done, particularly in the past two or three years. Although the removal of MMT will not result in a shutdown of the refinery, it does bring us one step closer and certainly will not help in the long-term survival of that small plant.

I again refer to the man in charge of Nova Scotia at the present time, who states:

> This would place the refinery in a precarious financial situation and threaten 234 skilled jobs.

Honourable senators, what about the other refineries? There is no question that MMT has been approved for use in the United States and that, if it is banned in Canada, that will have a negative impact competitively for refineries in Atlantic Canada.

Again, I want to mention to those senators from Newfoundland and New Brunswick the negative impact this measure will have on Irving Oil's big refinery in Saint John and the North Atlantic refinery at Come-by-Chance, which exports large volumes to the United States.

Honourable senators, it is important that this bill proceed to committee. There, all parties who wish to be heard will have that opportunity, one they did not have in the House of Commons hearings, which were very short.

I also support the proposal of a definitive evaluation by a neutral third party of MMT. It is interesting to note that in the United States that definitive study is ongoing and will continue for the next 12 months, while in Canada automobile manufacturers have not initiated that kind of definitive study.

I wish to make one more point. The reason it is important to have this study and to have our hearings is that the allegation that MMT interferes with onboard diagnostic systems being installed, which in itself is a crucial justification for the introduction of this bill, remains scientifically unproven. When we were in Los Angeles, California, with the Standing Senate Committee on Energy, the Environment and Natural Resources, I asked if MMT was banned in California. They said "No, now that the ban has been lifted U.S.-wide, it is not banned, but it is not used because it has never been used in California."

The next questions are these: Is MMT a problem for the environment? Will it contribute to health problems? Is it a health hazard? The answer: We have no studies to indicate, one way or the other, whether it is harmful. That dispels what I have heard from time to time, namely, that California bans it because it is a health hazard. That is not the reason. They have never studied the subject.

• (1520)

Another reason that our committee must study this subject and why there should be a definitive study by the industry is that early speculations as to health concerns have been shown to be unfounded, according to our own Health Canada. There is no doubt that MMT does reduce NOx emissions. These emissions are significant contributors to ground level ozone, a major transborder pollutant affecting Nova Scotia, New Brunswick, P.E.I. and Newfoundland. Fuel reformulation requirements could result in an increase in costs of 5 per cent or 10 per cent in our own little Imperial Oil refinery in Dartmouth.

As I mentioned, MMT has been used in virtually all Canadian gas for 20 years without customer complaints.

I support the study. I support the committee hearings. I also support all of the Atlantic Canadian governments who oppose this bill in the interests of our refineries, jobs, the economy and our environment.

Honourable senators, with the information I now have, I am opposed to the passage of this bill.

Hon. Eymard G. Corbin: Honourable senators, I wish to put a question to the honourable senator.

Senator Buchanan has quoted from a number of letters. Would he agree to table that correspondence at this time?

Senator Buchanan: Certainly. I will do that right now.

Hon. Colin Kenny: Honourable senators, would Senator Buchanan entertain a question or two?

In the spirit of reciprocation, would he be good enough to tell the chamber what MMT stands for?

Senator Buchanan: Methylcyclopentadienyl manganese tricarbonyl.

Senator Kenny: I share your concern about the Dartmouth refinery. That is a legitimate concern all of us share. We are aware that the refinery has for some time been threatened with closure by its head office. Some are of the view that the company is using MMT as an excuse to close the facility. Can the honourable senator give this house any assurance that the refinery will continue in operation if the bill is not passed?

Senator Buchanan: I do not know where the honourable senator got the information that MMT is being used as an excuse to close the refinery. That is absolute nonsense.

I certainly cannot give any assurance that the Imperial Oil refinery at Dartmouth will continue to operate, but about three years ago, when Esso issued a directive to Imperial Oil stating that they had to cut costs and become more competitive, the workers and management at Imperial Oil did the job. That refinery became more competitive and in line with other refineries in North America. The problem is that our competitive position will be eroded if MMT is banned — and I was told this again today. In this regard, I would refer to no less an authority than the premier of Nova Scotia, who says that studies done by the Government of Nova Scotia and by Imperial Oil itself have indicated that indeed our competitive position will be eroded if MMT is banned and they must spend millions of dollars to formulate new octane additives at Imperial Oil. That will possibly make Imperial Oil more non-competitive than it is at present.

Neither the Government of Nova Scotia nor myself, nor others who know that operation, want to see it become less competitive than it is at the present, after all the hard work that has been done by the workers at that plant over the last number of years to make it a more competitive operation, and certainly where there is no scientific evidence to support the theory that this will help the environment. Yet, there is much scientific support for the theory that it will hurt the environment.

Senator Kenny: If I understand Senator Buchanan correctly, he is saying that he has no assurance that the plant will continue, with or without MMT.

Senator Buchanan: That is a hypothetical question. I will not call the head office of Esso or Exxon to ask them, "Will you assure me that, if I make this speech, you will keep it open?" I can only tell you that I know that refinery. I have followed its operation over the years. I have watched two other refineries close in Nova Scotia, and I agree with John Savage when he says that we will not allow this to happen in Nova Scotia, and you should not allow it to happen in Newfoundland, nor should you allow it to happen in New Brunswick, at Irving's refinery.

Hon. Nicholas W. Taylor: Perhaps I might also be allowed to ask a question of such an experienced hand? Has the honourable senator thoroughly checked out the difference between adding MMT and reformulating gasoline? I feel there may be a parallel line to be drawn here and that we may be confusing these two issues. MMT is buying a quart of Ethyl Corp and pouring it into the gas and it is emitted. Reformulating gasoline is the wave of the future which is now sweeping across the land. It means changing refineries to put out what they call a more oxygenated form of gasoline.

Does the honourable senator's research distinguish between adding MMT and reformulating gasoline? My honourable colleague used those terms, but they are not interchangeable. They are entirely different. As the honourable senator would know, since he is of Scottish ancestry like myself, there are all kinds of Scotch whisky. There is double malt and single malt. It makes a big difference. The same applies to gasoline. There is reformulated gasoline and not reformulated gasoline. There are different forms. You used the term "formulated," which throws me off track, as an old engineer. I think your researcher may have confused the two.

Senator Buchanan: The other additives to replace MMT would be more expensive to the refineries of Canada than the status quo. That opinion is not mine; it is the opinion of the refineries in Western Canada who have clearly indicated that they will be paying millions of dollars more to adapt to new additives if they must drop MMT.

One of the curious aspects in this regard is that we have been using MMT for 20 years in all of our refineries in Canada. The United States will now be using MMT in their refineries. If we legislate a ban on MMT, we will be less competitive.

Senator Rompkey: Not in California.

Senator Buchanan: They have never used it in California. They have never needed to use it. Senator Rompkey was present when I asked what the health hazards were, and they replied that they did not care because they have never used it. Nevertheless, if they wanted to do so now, they could.

• (1530)

In response to Senator Taylor's question: What is the big rush to do this? For 20 years, we have been using MMT. It has helped our refineries in Atlantic Canada. Now they want to do something to hurt our refineries in Atlantic Canada, something that may close some of those refineries. We would lose more jobs. The unemployment rate in Atlantic Canada is high enough now, particularly in Eastern Nova Scotia, Northern New Brunswick and Newfoundland. There is very high unemployment.

Why can we not wait for a year, so that a definitive study can be conducted by a neutral third party? It is my understanding that if such a study is conducted and reveals a health hazard, the CPPI are willing to voluntarily remove MMT. However, they want that study.

Why are we rushing this bill through all of a sudden? We could wait a year and have a neutral third-party study done, in which CPPI is willing to participate. What is the big rush? For 20 years we have used this substance. Do we want to legislate something that will cause the loss of jobs, particularly in Atlantic Canada, and cost Canadian refineries up to $150 million immediately, and up to $50 million per year thereafter? We will all pay more for the gas in our tanks, and we will not know why, because there has been no study done to determine whether or not it hurts the environment.

Maybe we should get rid of Health Canada. What do they know? Health Canada has said that MMT does not create a health hazard in Canada, and I believe Health Canada.

Hon. Noël A. Kinsella: Honourable senators, in the briefing book we received from the department, there is a letter dated June 5, 1996, from the Premier of Nova Scotia to the Prime Minister of Canada. In the second paragraph, Premier Savage says:

> Our difficulties with the proposed ban centre around two issues.

Honourable senators, the first of those issues is the environmental issue from the perspective of the government of Nova Scotia. This is important for senators who are looking at the environmental dimension of this bill.

Premier Savage writes:

> First, Nova Scotia is presently the recipient of a transboundary influx of ground level ozone. One of the major constituents of this pollutant, nitrogen oxide compounds, are measurably reduced through the use of M.M.T. as a gasoline additive.

Therefore, the government of Nova Scotia is saying that its first concern is an environmental one because the prevailing winds bring from Upper Canada not only bad ideas but bad air.

His second concern is that the replacement of MMT with another octane enhancer could have that adverse impact on the sole remaining refinery in your province. Do you agree with the premier of your province?

Senator Buchanan: As I have already said, when the premier of our province is correct in my opinion, then I agree with him, and he is absolutely correct at this time in this letter that he wrote to the Honourable Jean Chrétien, Prime Minister of Canada.

On motion of Senator Kinsella, debate adjourned.

DOCUMENTS TABLED

The Hon. the Speaker: Honourable senators, a request was made earlier by Honourable Senator Corbin to have Honourable Senator Buchanan table the letters to which he referred. I am advised that that can only be done with leave of the Senate.

Honourable senators, is it agreed that those documents be tabled?

Hon. Senators: Agreed.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. Pierre De Bané moved the second reading of Bill C-270, to amend the Financial Administration Act (session of Parliament).

He said: Honourable senators, the purpose of this amendment is to ensure that Governor General's special warrants may not be used between sessions of Parliament but only after the dissolution of a Parliament and before the recall of a new Parliament.

As you know, Governor General's special warrants are available to a government to use during election time. That part is fairly clear. That has always been the case. When Parliament is dissolved and is unable to be called together to vote supply to enable the government to defray the expenses of the public service, it is normal to have a mechanism in place whereby the government may access public funds from the treasury for the purpose of paying the bills. The method by which this money is made available is by a Governor General's special warrant. It has been commonplace to make those warrants available between sessions of Parliament.

This bill was triggered by what happened in 1988. As honourable senators will remember, there was an election on November 21, 1988. Parliament was convened on December 12 of that year. The session lasted for about two weeks. Aside from the Speech from the Throne and a brief debate on it, which was never completed, no supply was voted during that two-week session. The free trade bill was introduced and passed through all stages with multiple use of closure.

The passage of that bill ended the session. The House of Commons adjourned for Christmas to a fixed date in February. Before that fixed date in February arrived, Parliament was prorogued until a date in April. Since no supply had been voted, no final Supplementary Estimates had been approved, and indeed no midterm Supplementary Estimates had been approved, the government chose to help itself to the funds of the treasury by way of Governor General's special warrants.

Honourable senators, this bill is intended to limit special warrants to the period between the dissolution of a Parliament and the recall of the new Parliament after an election.

Hon. Donald H. Oliver: Honourable senators, I rise today to take part in the second reading debate on Bill C-270. This is a private member's bill sponsored by Peter Milliken, the member of the House of Commons for Kingston and The Islands.

Before I discuss the bill in depth, I want to pay tribute to its sponsor, Mr. Milliken. I am sure that his desire to see Parliament work more effectively is what lies behind his sponsorship of this bill. However, the bill does have problems.

This bill has but one clause, but that clause would change the financial workings of government significantly. It limits the time period within which a government can finance its activities through the use of Governor General's warrants. At present, under the Financial Administration Act, the government has the authority to use warrants when Parliament is not in session, or is adjourned *sine die*, or to a date more than two weeks after the use of the warrant is authorized. Under Bill C-270, a warrant could only be used during the dissolution of Parliament for a general election, and for 60 days after the date of return of the writs, provided Parliament was still in dissolution. As with the existing section of the Financial Administration Act, the moneys would have to be required urgently for the public good and when no other appropriation was available.

• (1540)

It is argued that the 60-day limitation is a reasonable period of time for a government to prepare to meet Parliament. Statistics indicate that, from the 25th to the 35th Parliament, the average length of time between the date set for the return of the writs after a federal election and the recall of Parliament was 51 days. Therefore, 60 days would seem to give even a new government plenty of latitude if it deemed it necessary to raise money through those Governor General's warrants.

How did we get to the point where it is necessary for a bill to be brought forward that, in reality, limits the power of the executive at the same time as it exerts the power of Parliament over the spending of money?

Originally, the sections of the Financial Administration Act that dealt with the use of Governor General's warrants stated:

> If when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other reason arises when any expenditure not foreseen or provided for by Parliament is urgently and immediately required for the public good, then upon the report of the Minister of Finance and Receiver General that there is no parliamentary provision, and of the Minister in charge of the service in question that the necessity is urgent, the Governor in Council may order a special warrant to be prepared, to be signed by the Governor General for the issue of the amount estimated to be required, which shall be placed by the Minister of Finance and Receiver General to a special account, against which cheques may be issued from time to time in the usual form, as they are required.

The present section, which Bill C-270 seeks to replace, requires that the government demonstrate that the warrants are required "where a payment is urgently required for the public good."

As originally worded, it is clear that this section was to cope with sudden emergencies occurring when Parliament was in recess. Parliament, for long after Confederation, met for only a small part of the year. It would be silly to have to go to the trouble to recall Parliament to vote money to fix a leaky roof or rebuild part of a building destroyed by fire.

However, in 1896, special warrants were first used to finance ordinary government expenses. For two months, during the summer of 1896, the whole of the ordinary business of government was financed by warrants. The late Senator Eugene Forsey in his work, entitled, "Question of Confidence in Responsible Government," states that "this was unprecedented, and it raised a storm." The late senator went on to state:

> In the United Kingdom, and in Australia, there is nothing corresponding to Section 23 of the Financial Administration Act. It is a distinctively Canadian institution. In the United Kingdom and Australia, no dissolution is ever allowed to take place till Supply has been voted for at least the period of the election. Even in Canada, at least two Lieutenant-Governors have insisted on Supply being granted before they would agree to a dissolution: Sir Henri Joly de Lotbinière in British Columbia in 1903, and Sir James Aikins in Manitoba in 1922. But with the precedent of 1896 in the Dominion, the convention that there should be no dissolution without Supply disappeared from this country, and recourse to Governor-General's special warrants became increasingly common.

A historical review of when special warrants have been used is helpful as their use tends to break down into four categories. Four of the governments that secured these warrants have been defeated in the House of Commons, including Mr. Trudeau's in 1974. Four were minority governments that had not yet met the newly elected House of Commons, let alone received a vote of confidence. This group includes Mr. Pearson's government in 1963 and 1965-66. The third category includes those governments that resorted to the use of warrants because supply had run out prior to the date of the election.

A fourth category includes the use of these warrants by Mr. Trudeau in 1972. Honourable senators will recall that, in that year, Mr. Trudeau's government possessed the largest number of seats but by no means had a majority in the House of Commons. Mr. Trudeau used warrants to cover the ordinary expenses of government from October 1 to December 31, 1972, and then met the House on January 4, 1973. This seemed a rather curious use of this device to avoid meeting Parliament. Perhaps it might have been in order for the Governor General to refuse to grant the warrants and to call on Mr. Stanfield to form the government, if he was willing to meet the House of Commons and have it vote supply.

Furthermore, I thought it useful to review the historical use of warrants because, in presenting this bill and debating it at its second reading in the House of Commons, as well as here in the Senate by Senator De Bané, a great deal of emphasis was placed on the 1988-89 period. Following the 1988 general election, which returned a majority Progressive Conservative government, special warrants were reverted to on three different occasions between January and April 1989; but at least the Progressive Conservative Party, having the majority of the seats after the 1988 election, met Parliament in December of 1988 and actually had legislation passed. Contrast that with Mr. Trudeau's use of warrants in 1972 prior to meeting the house when he was in a minority situation.

Mr. Milliken, the sponsor of this bill before us today, took great exception to these actions of the government of 1988-89 and raised a question of privilege in the House of Commons. The Speaker ruled that "the government respected all the procedures required by the House" when it issued the warrants. The Speaker then went on to say about his question of privilege:

> After studying the circumstances of this case to determine whether the ancient rights of Members of Parliament have been denied in relation to the granting or withholding of supplies, the Chair concludes that the Government has respected all of the procedures required by the House. As the Honourable Member for Kingston and the Islands has himself said, the House will have an opportunity to pronounce itself on the moneys found in the Special Warrants when the House votes on the next appropriation Bill.

I only raised the issue of the use of warrants in the historical context because I thought I should bring a measure of balance to the arguments surrounding Bill C-270. Special warrants have been resorted to by both Liberal and Progressive Conservative governments in Canada in a variety of circumstances.

One thing is certain. We have moved away from the original intent of this section of the Financial Administration Act and the restriction on the use of warrants to emergency situations simply no longer applies.

Dealing specifically with the need for Bill C-270, let me review the constitutional requirements of a government to meet Parliament. The legal requirement is that Parliament meet once a year. Accordingly, a government, if it chose to be unscrupulous, could call Parliament into session for a day, have a Speech from the Throne and then adjourn the house for a year. It could continue to run the administrative machinery of government by using Governor General's special warrants.

While that scenario may seem a little absurd, it nevertheless is possible under our present law. The passage of Bill C-270 is a step in the right direction as it would begin to bring some order to the financing of government activities and assert the supremacy of the legislative branch of government in the matter of supply.

However, before advocating the adoption of this bill, I believe it necessary to study its implications in committee. In May 1985, then Finance Minister Michael Wilson, a Progressive Conservative, as part of his budget that year, tabled a document entitled, "The Canadian Budgetary Process: Proposals for Improvement." That document referred to Governor General's warrants, stating:

A further problem relating to borrowing could arise when Parliament is prorogued or dissolved. The Financial Administration Act, in recognition of the need to make necessary expenditures on such occasions, authorizes the Governor-in-Council to issue special warrants in payments urgently required for the public good. Should a need to borrow during this period arise, and assuming Parliament has not passed the necessary borrowing authority, the only recourse would be to borrow by way of temporary short-term loans. This could be totally incompatible with an effective and well-managed debt program. To deal with this contingency, the government's intention would be to introduce appropriate amendments to the Financial Administration Act.

• (1550)

Changing the Financial Administration Act was a proposal made in this document in the context of changing the whole budgetary financial process of government. Among other things, this paper proposed a fixed date for the budget, relaxation of budgetary secrecy and the development of procedures "that would enable the government's borrowing requirements to be fully considered and debated by the Members of the House of Commons and the Senate while, at the same time, ensuring that the government is able to go about the business of planning and carrying out an orderly debt program."

That paper was studied at length by the House of Commons Procedure and Organization Committee chaired by the former member for Peace River, Albert Cooper. This committee recommended the adoption of a financial calendar for parliament that would bring a measure of certainty to the whole financial year. The same things would happen at the same time each year.

The thrust of the Wilson discussion paper and the committee report was clearly to improve the budgetary process and obviate the necessity of governing through the use of Governor General's warrants. It is important that we realize there are a number of problems with the financial process of government and, while Bill C-270 may have its merits, I believe that, in committee, we should study the whole process and make comprehensive recommendations relating to all aspects of the government's financial cycle.

Relating specifically to Bill C-270, questions that a Senate committee may wish to consider relate to whether the bill is actually too restrictive. What if a special emergency, which required the immediate expenditure of funds occurred at a time other than between dissolution and the scheduled recall of Parliament? Should warrants be available to government to deal with expenditures occasioned by a natural disaster or war? Will the adoption of Bill C-270 lead to the types of government shutdowns that occurred recently in the United States?

I urge those looking at this bill in committee to study it with regard to its impact on the whole question of parliamentary control over the finances of government. Is Bill C-270 an appropriate step to take, or is it just a band-aid solution? In other words, should we use Bill C-270 as a catalyst for a major overhaul of the parliamentary financial machinery?

I believe that, if we are to review Bill C-270 in committee, we should spend the time necessary to thoroughly review the issues raised in the 1985 Wilson paper and the solutions proposed by the Procedure and Organization committee of the other place in December of 1985. We can then determine whether Bill C-270 is an appropriate response to the problems it seeks to resolve or there might be a more comprehensive answer to the question of the use of Governor General's warrants.

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 De Bané, bill referred to the Standing Senate Committee on National Finance.

SCRUTINY OF REGULATIONS

FOURTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Joint Committee for the Scrutiny of Regulations (*Budget*), presented to the Senate on December 10, 1996.

Hon. P. Derek Lewis, Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations, moved the adoption of the report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF TWELFTH REPORT OF COMMITTEE— DEBATE ADJOURNED

The Senate proceeded to consideration of the twelfth report of the Standing Committee on Internal Economy, Budgets and Administration (*benefits re individuals on contract with senators*), presented in the Senate on November 7, 1996.

Hon. Colin Kenny, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, moved the adoption of the report.

He said: Honourable senators, it is a pleasure to finally speak to this report. The report concerns the extension of benefits and entitlements to individuals who are currently on contract with senators. The Standing Committee on Internal Economy, Budgets and Administration recommends the adoption of this proposal because, quite frankly, it is the right thing to do.

The problem addressed in the reports is that the research function in the Senate has grown significantly since 1988 when the guidelines for research expenditures were first approved by the committee. There is now a requirement for researchers to meet the needs of senators on a more continuous basis and in closer proximity to the workplace. Consequently, the Senate could be at risk of having an employer-employee relationship claimed by contractors and be seen to be an unfair employer. It is therefore not surprising that the issue of extending benefits to this group of individuals is a focus of interest amongst many senators.

In accordance with the Senate guidelines for research expenditures approved by the Standing Committee on Internal Economy, Budgets and Administration on April 28, 1988, a contractor will not be an employee of the Senate or any senator. Accordingly, payroll deductions at source will not be made and employee benefits are not available.

At this time, senators are entitled to one secretary at $38,777 and an allowance of $50,000 for research expenses. Employment arrangements can be established to meet short- or long-term needs.

Currently, persons who were hired under what we refer to as a "contract" use Senate equipment, premises, and so on, and it is common for them to function in a similar way to any employee.

There is a considerable possibility that outsiders could interpret the relationship as an employer-employee relationship under the terms of the Public Employees Staff Relations Act. To clarify the situation, our committee has made certain recommendations.

We believe three categories of employees should be implemented. The first category should be for employees who are under contract for a short period of time. Senators could continue to enter into contracts for short periods, for example, when they need assistance in speech writing. The contract would specify the task, the fee and the time frame, and it would be paid through the senator's research expenses. No deductions at source would be made, and no benefits or entitlements would be given.

In 1995-96, 83 short-term contracts, which would have fallen into this category of employment, were issued by senators. Under the new proposal, there would be no additional costs to the Senate regarding individuals who fall into this category since no benefits would be extended.

• (1600)

The second category is for terms of less than six months. Senators could request the Human Resources Directorate to hire on their behalf an individual on a temporary basis for a period of up to but not exceeding six months. This individual would not become an employee but would be subject to deductions at source, would be entitled to a record of employment, and would be eligible to receive unemployment insurance benefits.

In the last fiscal year, 220 such contracts, which would have fallen into this second category of employment, were issued. The cost of extending employee benefits to these people would have been 5 per cent of the total salary cost of this group, or $60,000 had it been for the full fiscal year.

The third category relates to those people who are employed for a term of more than six months. Senators could request that Human Resources hire an individual for a temporary period of over six months. Those persons would be deemed to be employees with all benefits and entitlements attached thereto.

In the 1995-96 year, 53 contracts falling into this category were issued. We estimate the cost of extending benefits to these employees to be $200,000 for the full fiscal year. This figure is calculated at a rate of 14.5 per cent of the salary costs for these individuals.

Senators could continue to avail themselves of Category 1 within the limits prescribed by the guidelines for research expenditures. Categories 2 and 3 would allow senators to choose, from the full extent possible, options to meet their requirements. The guidelines for research expenditures would be amended to implement Categories 2 and 3. These modifications would apply solely to research contracts in senators' offices.

It is important to note two additional points about this proposal. First, there is no retroactivity. As the ninth report states, these benefits will be extended starting on the date the report is adopted by the Senate.

Second, if two, three or four senators hire or share a researcher, the researcher will be considered to be an employee only once and will only be able to claim the benefits once.

Honourable senators, the implementation of this program will be administered by Human Resources in accordance with appropriate policies and guidelines as required and approved by the Standing Committee on Internal Economy, Budgets and Administration.

Since the Employee Benefits Plan is funded through a statutory vote, this increase will have no impact on the Senate's operational budget. Funding for additional expenditures will automatically be provided by Treasury Board for this fiscal year. However, for the fiscal year 1997-98, the Senate will have to take this issue into account when it prepares its budget for the next and future years.

If I may, honourable senators, I should like to make additional comments that might shed further light on our proposal.

First, this proposal matches, word for word, the existing arrangements for members of Parliament in the other place. We have gone to their manual and copied it word for word as it applies to the benefits for each category. There are no differences.

Second, I have here a letter from the parliamentary counsel. It is addressed to me as chair of the committee, and it relates to the ninth report. I will read it, if I may, into the record:

> Dear Senator Kenny:
>
> This letter responds to your request for an opinion that implementing the Ninth Report of the Standing Committee on Internal Economy, Budgets and Administration will enable the Senate to comply with the law in its employee relations.
>
> Under the current *Guidelines for Research Expenditures*, all Senators' researchers are independent contractors. The Report proposes a more flexible approach under which Senators' researchers may also be hired for terms less than six months and terms longer than six months, but never exceeding the fiscal year.
>
> Implementation of the Report will allow the Senate to reconcile and align its administrative and financial practices for Senators' researchers with the spirit and provisions of a series of labour-related statutes such as the *Parliamentary Employment and Staff Relations Act*, the *Income Tax Act*, the *Employment Insurance Act*, the *Canada Pension Plan*, the *Public Service Superannuation Act* and the *Government Employees Compensation Act*.
>
> The changes in administrative and financial practices to be authorized will allow the Senate to address and resolve the problems identified in the Report, in particular, the problem that "The Senate could be at risk of having an employer-employee relationship claimed by contractuals" because, "currently for persons hired on contract by senators, the use of Senate equipment, premises, etc., is very common and could lead to an interpretation that they are "employees"."
>
> Implementation of the Report will also allow the Senate to confer on those Senators' researchers it hires as employees and who otherwise qualify the benefits and entitlements extended to Senate employees under certain Treasury Board plans, such as the *Public Health Care Plan*, the *Public Service Management Insurance Plan*, and the *Public Service Dental Plan* and under certain Senate policies, such as the policies on vacation leave, sick leave and injury-on-duty leave.
>
> Trusting the whole to your satisfaction, I am ...

The letter is signed by Mark Audcent.

In addition, honourable senators, I should like to note for the benefit of members of this house that this report has been on the Order Paper for over six months. We have all had an opportunity to consider it. It has come back to the Standing Committee on Internal Economy, Budgets and Administration once. On both occasions the committee considered the report and passed it unanimously. There were no dissenting voices when this report was passed on both occasions.

Finally, I would comment briefly on what I consider to be the plight of the employees who are currently members of our staffs. Those who have been employed by us for six months or longer are legally entitled to certain rights. They are legally entitled to certain fringe benefits. They have not been obtaining them.

When we first introduced these rules, we, as the Senate, decided to proceed on the basis of contract. We told the employees that they would be contractors. They trusted us. They went ahead and organized their lives as though they were contractors.

Now we have information which says that, should they be audited, there is every likelihood that Revenue Canada would not, in fact, treat them as contractors because they do not meet the test the Department of Revenue normally applies to contractors. They work in our offices; they use our tools; they receive direction from us. They do not behave as normal contractors.

There is a group who are contractors. They come in for a couple of days. They agree to do a piece of work for a certain amount of money. They go away to do the work. When they come back, they present it to us. They are contractors. That is group one. Groups two and three, and particularly group three, who have contracts for over six months, do not resemble contractors at all.

• (1610)

On the one hand, we are denying them benefits to which they are entitled while their counterparts in the House of Commons, doing very similar work, have been receiving those benefits for over a decade. We are not paying them in lieu of these benefits. On the other hand, we are insisting that they operate as contractors, but they may find that the Department of National Revenue will not recognise them as such.

I urge honourable senators to take this report seriously. I urge you to support it. I urge you to do so, not only because the law says that we must do this, but because it is the right thing for senators and employers to do. The time for us to do this is now.

On motion of Senator Berntson, debate adjourned.

HEALTH CARE IN CANADA

INQUIRY—DEBATE ADJOURNED

Hon. Wilbert J. Keon rose pursuant to notice of November 25, 1996:

> That he will call the attention of the Senate to issues concerning the *Canada Health Act* and other matters related to health care in Canada.

He said: Honourable senators, I rise to speak to you today on strengthening the federal leadership role in health care in Canada.

I read with interest the report on the health of Canadians which was prepared for the meeting of the ministers of health in Toronto in September. There are numerous other documents from every corner of our country addressing health and health reform over the next weeks or months. I should like to address a number of matters relevant to this subject, including federal-provincial roles and relations in health, models for health delivery systems, health research and health education. For today, however, I will limit my remarks to the Canada Health Act itself.

Our country's health system is more than a quarter of a century old. We have tinkered with it, certainly abused it and, until very recently, avoided the exercise of any meaningful reform. Today, every province across this country is implementing sweeping reforms to their health care systems. These reforms are materializing in various regions at different rates and are leading provinces down a number of different paths within the framework established by the Canada Health Act.

The changes taking place in the delivery, management and funding of provincial health structures present both a challenge and a great risk for our national-provincial health system. In some cases, the provincial reforms are challenging some of medicare's fundamental principles, and the concept of a national health system built on strong federal-provincial ties is in jeopardy.

In view of the current health reforms and the factors driving these reforms, including the decline in the cash portion of federal transfers to the provinces, some parties have even argued that it is time to abandon the principles of the Canada Health Act. This is an issue which should be of great concern to all of us.

Honourable senators, I believe it is time for the federal government to take a more aggressive stance in defining how the system should function.

We have reached a critical point in our history when we must refocus our discussion on the fundamental principles upon which our health system is based; a time when we need to talk about strengthening, not abandoning, the core principles upon which our health system is built; a time when we need to engage the public more actively in meaningful and constructive discussions about what a national medicare system means and why we must preserve a system built on national-provincial values; a time for the federal government to undertake a serious review of the Canada Health Act — what it says, how it is interpreted, and how it is enforced.

The Canada Health Act has been and continues to be an important cornerstone for building and sustaining one of the best health systems in the world. Preserving a national medicare system will only be possible if we continue to ensure that the principles of the Canada Health Act are protected. For this to happen, the federal government must strengthen its essential supporting role. Honourable senators, this supporting role will require a review and, in my view, a strengthening of the Canada Health Act.

The Canada Health Act has been a critical link in both the development and the survival of our nation's health care system. The act sets out five criteria that the provinces must meet in order to receive federal health care funds. Those are accessibility, comprehensiveness, public administration, portability and universality. These five tenets of the Canada Health Act have shaped the evolution of Canada's health insurance system. Without federal provision of financial support within broad standards, the present system could never have come into being.

The act goes on to prohibit user fees and extra billing through financial incentives. I prefer to think of "incentives" rather than financial levers. It is incentive, or lack thereof, that influences human behaviour. Instead of creating new financial levers and seeing what incentives they spin off, we should consider the forms of action we desire and then create the incentives that will ensure realization.

Are the principles the right ones? What do they mean? For example, what do we mean by "portability"? What end do we want to achieve? How can we ensure that it is maintained? Indeed, many patients today question its existence at all as they move from one province to another requesting health care. What about public administration? Is it the best way to administer all elements of the health system?

Perhaps it is time to consider strengthening the act by adding more principles. What about accountability? Should this become the sixth core principle? We all talk about the need for greater accountability in the system. It is one area in which we all agree we can do better. We must talk about accountability in terms of both value for money and money spent in relation to the overall return for health.

The Canada Health Act must be seen as a stabilizer in a period of change. It should be flexible enough to permit real change, while reassuring individual Canadians on the value issue.

For all of us involved in the business of health care, it has become increasingly clear that new knowledge, new demands and new fiscal realities can no longer be accommodated within a design dating back to the inception of medicare more than 25 years ago. Change must happen. It can make the system better. However, there are areas where the central government must continue to protect and assume the lead.

I strongly believe that most Canadians support the concept of universal health care. Finding a way to modernize the Canada Health Act is critical to preserving the best of our system. Modernizing the act, however, will require redefinition of our traditional definition and outlook on health. It will require a perspective that focuses on disease prevention, health education, promotion and population health.

It will require better definition of acceptable standards of health and health delivery systems. It will require careful analysis of forces shaping health care and the establishment of acceptable outcomes. It will require the application and standardization of information technology and communications to bring many obsolete systems up to acceptable levels.

• (1620)

There is no doubt that the underlying concepts and values of the health system in this country remain strong. They provide the foundation from which a new structure can and must be built. Let us act quickly to protect and reinforce one of our nation's most valued and respected social programs.

Honourable senators, let us remember that health is not a single matter assigned by the Constitution exclusively to one level of government. What we have in this country is a balance of federal and provincial responsibilities, depending on the purpose and effect of the health measure at issue. Let us remember that the Canada Health Act is the glue that binds our precious health system. Indeed, it may well be the most important glue that holds our country together.

In closing, I should like to acknowledge the major contribution of Senator Bonnell in the early days to the refinement and passage of the original bill, the Canada Health Act.

Honourable senators, I ask your support in encouraging a quick and thorough review of the Canada Health Act and a call for a stronger federal presence in health reform across the country.

On motion of Senator Anderson, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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