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THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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THE SENATE

Tuesday, March 11, 1997

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

Prayers.

[*Translation*]

THE HONOURABLE MAURICE RIEL, P.C., Q.C.

TRIBUTES ON RETIREMENT

Hon. Joyce Fairbairn (Leader of the Government):

Honourable senators, we are bidding farewell today to our distinguished and much loved colleague Senator Maurice Riel who will be retiring on April 3. We shall be sad to see him go, but we must express our most sincere appreciation to him for his contributions to the Senate, to his province, and to Canada.

[*English*]

There is no question that Maurice Riel has brought dignity to the Senate. He has done so through the quality of his work, his sense of decency and civility, and his sense of humour. It is interesting to look back to his maiden speech in this house in which he gave a candid description of his thoughts as he entered this place:

When I was approached for my appointment to the Senate, I must say that I knew very few of its members. Like everybody, I had read in the papers over the years and heard, quite often, some rather unkind jokes on this assembly and its members.... Then, when I was appointed, I had, for a while, an uncertain and vague reaction, neither fish, flesh nor fowl.

But after taking my seat and having the opportunity to meet my new colleagues, to hear them and see them at work, I can tell you that my feeling toward the Senate and its members is not either uncertain or vague any longer.

He added:

This newcomer among you finds in this house skill, experience and work.

That maiden speech, honourable senators, is worth reading because, through the eyes of a newcomer with an open mind and vast public experience prior to his appointment, Senator Riel offered a stirring advocacy of the worth of the Senate and the importance of its place in our parliamentary system. His words are as fresh and valid today as they were in 1974.

Senator Riel put his own skill and experience to work at once. One of his first duties was to co-chair a special joint committee on immigration. As well, over the years, he has served on a number of our committees, including Agriculture and Forestry, Foreign Affairs, Internal Economy, Standing Rules and Orders, and even as his retirement approached, he offered his time as co-chair of both joint committees on Official Languages and the Library of Parliament. However, honourable senators, perhaps his greatest pride, and ours, came in 1983 when he was given the primary honour in the Senate of being appointed as its Speaker, a position he filled with his customary dignity, fairness and respect for this institution.

[*Translation*]

Senator Riel is now the dean of Quebec senators, which indicates the extent of his contribution to his province. Born in Quebec, he received all of his schooling there, and was called to the Quebec Bar in 1945. He was the chairman of the Corporation de Montréal métropolitain.

[*English*]

He did not confine his abilities to Canada. He developed a European following as well, as one of the foremost Canadian lawyers acting as counsel for leading companies, particularly in France. I am told that his love of art, culture and literature occasionally brought him in contact with the late François Mitterrand as they browsed through the same library together in Paris.

[*Translation*]

Back home in Canada, Senator Riel turned to politics and played an active role in the renaissance of the Quebec Liberal Party, as personal adviser to its head, Georges-Émile Lapalme, during the Duplessis days. His commitment continued through the sixties, at the side of the Honourable Jean Lesage. He had a hand in the inauguration of Quebec's delegations to Paris.

[*English*]

Throughout the years, he has been an ardent federalist and an enthusiast for this country. To return to his maiden speech 23 years ago, he spoke of national unity. He gave advice then which is even more important today:

Like Penelope's web, the work must be started over again, every day and never be left alone.

Senator Riel has preached a message of optimism, tolerance and faith in this country, which is an inspiration to all of us. I know it is a cause that he will take with him always as he leaves this chamber.

• (1410)

Before I conclude, honourable senators, I want to make a special reference to some very generous remarks made by Senator Riel when he first came to the Senate, and I am sure they are as appreciated today as they were then. He said:

...it is also with great pleasure that I have found in this assembly where I have been called, a number of ladies whose contribution to the debates of this place I have listened to carefully to my great intellectual enrichment....

Honourable senators, if you hear me speak with such conviction of my confidence in the wisdom of women and of their fundamental contribution to human destiny, which I readily acknowledge, it is because I speak from experience. Indeed, I had the good fortune to have at my side, throughout my career, the silent — yet how full of the soundest judgment — presence of a wife who gave me children of whom I am happy and proud and who, by her patient understanding and strength of character, contributed as much as I could myself to my presence in your midst.

Senator Riel, on behalf of my colleagues on this side, we thank you. We urge you to come back and visit us. We wish you and your wife, Laurence, and your family many happy years together.

[Translation]

With all our love and affection, we wish him the best of luck.

Hon. Norman Grimard: Honourable senators, I will certainly not claim that an appreciation of good food is a sure-fire way to enter politics but, applied judiciously, it can help us to put up with the inconveniences of politics. As an example, I would like to quote from a letter Senator Riel wrote to me on October 25, 1973, in reply to my letter of October 11, in which I congratulated him on his appointment to the Senate by Prime Minister Trudeau. This is what Senator Riel, who had barely spent 10 days in this chamber, wrote to me on that occasion, and I quote:

I received your letter dated October 11, 1973, and I was interested to read the prudent advice you gave me —

If things do not always work out as one would wish, if they often do not work out at all, it is because people do not take the time to eat properly. If they did, they would have time to calm down and get back into a good mood. They would get along better with people. Since at our age, we can no longer change the world, we must try and avoid making

all the usual mistakes and especially the worst mistake of all — a sin, I would say — which is not to eat well.

I have known Senator Riel for more than 30 years. We had several things in common. We were both lawyers and we then found we shared an appreciation, in fact a real love of good food. We still do. Perhaps I should say we also shared a love of reading, although what we read did not necessarily reflect the same political philosophy and sometimes led to very different conclusions. Senator Riel went on to say in another paragraph of his letter of October 25, 1973, which I also wish to quote:

The other paper you sent me is a historic document that I will keep in my records. The appointment of Normand Grimard as legal adviser to the Liberal Party in the riding of Rouyn-Noranda is a historic event that is worthy of a place in the national archives.

For your information, it was a provincial election.

I have always seen Senator Riel as a man of intuition and quiet efficiency. However, Senator Riel is also capable of passion and zeal. A federalist and Liberal to the core, he thought it was a tragedy that the Victoria Charter was not adopted under Prime Minister Trudeau in 1971 because of Quebec's last-minute opposition. He reminded me of this painful disappointment so many times. Today he remains convinced that this Charter would have solved all of Canada's political problems. I hope Senator Beaudoin will not hold it against me if I say that it would also have deprived us of not one but many volumes of subsequent constitutional discussions. This Charter would have given Quebec a veto. In the end, Quebec withdrew because it insisted on exclusive jurisdiction over social security, and Ottawa and the other provinces refused to go along with this.

[English]

You will not mind if I warm to my theme. Very few of our senators can claim, as can Maurice Riel, to have been a close personal friend of Pierre Elliott Trudeau's and to have been dubbed by him, I quote, "mon frère Riel" — my brother Riel. That was long before either of them entered politics. I learned that from an article in the April 21, 1979 issue of *La Presse*, a daily Montreal newspaper. We know that the two men attended university together.

Senator Riel is a man who is proud of his origins. He always considered it an honour to sit in the Senate chamber of the Parliament of Canada, the very institution that endorsed the execution of his distant cousin Louis Riel, in another age, of course.

Another occasion on which Senator Riel demonstrated his deep, personal and Canadian convictions was during the remarkable eulogy he delivered following the death of the Right Honourable Jeanne Sauvé, Governor General from 1984 to 1990. Here is an excerpt from his remarks taken from a January 1993 issue of *La Presse*:

[*Translation*]

To honour the memory of Jeanne Sauvé is to recall her prestigious personality, her penetrating intelligence, her sound judgment, her unflinching good taste and her happy fertile wit. But she had determination. Jeanne Sauvé was her own woman.

There is hardly a topic that can stump the distinguished senator who will soon leave us.

[*English*]

Senate reform was also much on Maurice Riel's mind. After having been sworn in on October 5, 1973, he served faithfully as a senator for 24 years. I cannot count the number of times he expressed his disappointment at the systematic criticism of the Senate by a great majority of our fellow citizens who were, apparently, bent on completely eliminating the upper chamber. Senator Riel tried to turn that disputable tendency around, but all of us here know that Senate reform is not an easy task.

• (1420)

I cannot claim that Senator Riel's pronounced Liberal principles never clashed with my equally strong support for Maurice Duplessis, l'Union Nationale, and the Quebec wing of the national Progressive Conservative Party. We certainly had our disagreements about politics, but our specialty was discussing and resolving them with mutual respect as two well-mannered gourmets would — over good food and fine wine.

[*Translation*]

Then there are in any friendship subjects that are a little more sensitive, that we gloss over, when the lamps are low, as our forebears would say. Here is the next one.

I apologize to Maurice about the fact that the arrival of the Conservatives limited his time as Speaker of the House to nine months after his appointment on December 15, 1983. We know what happened next: On September 4, 1984, Brian Mulroney became Prime Minister for the next nine years. Two months later, Maurice was sworn in as a member of the Privy Council.

Senator Riel was one of those, together with my good friend Senator Bolduc, who guided me warmly on my arrival in the Senate in September 1990. I am grateful to him. I wish him a happy retirement and invite him to come anytime to claim the rest of the gratitude owed him and share in a friendly chat as in the time of the old stove league during hockey games on radio and TV.

I say to him this afternoon what I said on June 23, 1994 about another near and dear friend who was leaving us, Senator Beaulieu: "Maurice, I miss you already." You are heading off to enjoy more leisure. You will read more, I have no doubt. We are

simply saddened by your leaving. I offer my best wishes to your wife, Laurence, who is in the gallery, and wish you both a long and happy life together. You deserve it.

Hon. Dan Hays: Honourable senators, one of the most precious things I have inherited from my father was Maurice Riel's friendship. The two of them shared, among other things, their membership in the Liberal Party of Canada, adjoining offices in the East Block and a remarkable wisdom that benefited us all.

[*English*]

• (1430)

I have long admired Maurice's keen grasp of regional issues as well as those that are pan-Canadian and international in scope. We, in this chamber, have benefited from his wise counsel and leadership over 24 years, particularly as our Speaker and from his work, among other things, respecting agriculture, forestry, and foreign affairs.

Maurice was never a frequent intervener in the Senate, to my memory, but when he did intervene, he made up for that infrequency with the length of his speeches. Once, if I recall correctly, reporting on his time as Speaker, his speech lasted for several days. I have forgotten exactly how many.

[*Translation*]

Personally, I would like to take this opportunity to tell our friend how grateful I am to him for his solid friendship and generous support.

I recall in particular that, over the years, he has given me an insight of Quebec and its mysteries and shared with me his views on the place of Quebec within Canada.

I also want to thank Maurice's wife, Laurence, and their family for sharing him with the people of Canada for so many years. Their sacrifice has benefited us all. My best wishes of happiness and success to the Riel family for the future.

Honourable senators, it has become a rare privilege to meet a man who exemplifies integrity and dedication, a man in whose footsteps we would like to follow. Senator Maurice Riel is one of these men. He leaves his colleagues in the Senate and the people of Canada with a legacy of many years of dedicated public service.

[*English*]

Hon. W. David Angus: Honourable senators, I had not realized that Senator Riel would be taking his leave from the Senate today. I must admit I listened with great care to the speech he gave us in this chamber before Christmas when he talked with great affection about his years in this chamber and some of the goals he had set for himself when he was first appointed.

As I entered the chamber this afternoon, I realized, Maurice, that this could be my last opportunity, so I did not want to let the moment pass without adding my own words to the tributes of some of your other colleagues.

[*Translation*]

Honourable senators, Maurice Riel, a personal friend of mine, has been my colleague in the Senate since 1993 and an associate in our law firm in Montreal for more than 25 years. I think that Maurice Riel is now the dean of Quebec senators. He has set an outstanding standard for many of us from the beautiful province of Quebec.

[*English*]

Honourable colleagues, Maurice Riel has many outstanding qualities, most of which we are all so very familiar with, but there are two or three overriding qualities which I would like to note on the record so that honourable senators can share with me the wonderful aspects of being a friend of Maurice Riel.

First, Maurice is a true gentleman in every sense of the word. In all the many years that any of us have had anything to do with Maurice, he has set the example of loyalty in his friendships and relationships. It is something for all of us to remember and aspire to.

[*Translation*]

Needless to say, honourables senators, Maurice Riel is also a man of very high integrity. In the field of public affairs, Senator Riel remains a fine example to follow.

[*English*]

Honourable senators, I, too, am very proud to be a friend of Maurice Riel's, for he is a passionate Canadian, a federalist "jusqu'au bout," and a man who understands the subtleties of this great nation, the importance of keeping it together, and the great traditions which were created when the two founding peoples came together to establish the rich base upon which we have been able to go forward and build this wonderful Canada of ours. I know of no other Canadian, no other Quebecker who exemplifies the ability to support Canada and to be a true Canadian, "de l'expression francophone," better than Maurice Riel.

At the same time that he exhibits these qualities of the quintessential Canadian, Senator Riel also exhibits a great love and understanding for France, and for its traditions and cultural heritage. He understands how that blends in with our own anglophone Canadianism. Maurice brought this cultural richness to our chamber, and time and again I have seen how we have been able to benefit from it.

Honourable senators, Maurice also understands, and he upholds in all he does, the rule of law. This, again, is a quality

one must admire, for Maurice is a fair and a wise man. His door is always open.

[*Translation*]

Senator Maurice Riel is a gentleman who is always available to his colleagues. I have noticed this here in the Senate, and in our office in Montreal.

[*English*]

I have been fortunate to be one of those who has personally benefited from Maurice's quiet but sage counsel. I thank him for that.

Honourable senators, Maurice Riel always takes a balanced view of things. This was never more evident than when he served as the Speaker in this chamber. There were some difficult times, and Senator Riel was always able to guide and lead this chamber with its great traditions through such times with his wisdom and sense of fairness.

It is also important to note that Maurice Riel is as well a connoisseur of the finer things in life. I have spoken of friendship — what could be more important than that — but also of love and family values. Senator Hays spoke of Laurence Riel, the wife of Senator Riel. She is a most gentle, beautiful and wonderful woman. The two of them set such an extraordinary example as human beings.

Senator Riel is also a connoisseur of art and music and, indeed, of fine foods and wines. This, too, was evident when he served as Speaker of this chamber, and the doors of the Speaker's Chambers, including the dining room, were always open to his fellow senators to enjoy his very well-stated and balanced epicurean tastes.

[*Translation*]

Dear Maurice, we will truly miss you when you leave. I miss you already.

[*English*]

We all wish you a well-deserved rest, and much happiness in your retirement.

[*Translation*]

Farewell and good luck, my friend.

Hon. Eymard G. Corbin: How else to describe the esteem in which I hold my friend Senator Riel? The senator is very approachable, always ready to give advice, with colourful anecdotes drawn from his vast experience, his unique encounters with key figures and the pages of books from all eras. This charming colleague is taking leave of us. There is therefore nothing we can do to hold him back, but the senator and Madame Riel will remain in our memories for a long time.

When I was an MP, my wife and I chanced to meet the Speaker of the Senate and Madame Riel for the first time in Beijing, China. A few months later, I was appointed to the Senate. Since then, in the course of the many meetings that make up our daily menu, our esteem for this distinguished couple has grown. We will most certainly miss you, dear friends. However, if chance is as kind to us in future, it will perhaps favour us with an unexpected meeting in an antique shop in Paris, or at a second-hand bookseller's stall beside the Seine, or along some fragrantly scented country road in Provence, if not on Sherbrooke or Ste-Catherine in Montreal.

I wish you and your wife good health, a happy retirement and, above all, much enjoyable reading.

Hon. Roch Bolduc: Honourable senators, when I was appointed to the Senate, Senator Riel was among the first to give me some advice when he saw my astonishment at finding myself in this place, which was quite partisan at the time. I truly appreciated Senator Riel's advice at the time.

Like many of us, Senator Riel received a classical education, including several years of Greek and Latin, philosophy, French literature and, finally, Quebec's civil law, which is the Napoleonic Code as adapted to Quebec. This education gave Senator Riel some qualities which I was able to appreciate and which left a strong impression on me, namely moderation, wisdom and discretion.

I will not pay him a long tribute. I simply hope he enjoys his travels with his wife, in both the geographical and the literary sense of the word, particularly in the company of his friends Malraux, Montherlant and Giono, and I wish him a happy retirement.

Hon. Pietro Rizzuto: Honourable senators, I have appreciated Senator Riel's advice and wisdom for 20 years. A number of senators arrive here with some parliamentary experience. When I was appointed to the Senate in 1976, I had never been involved in politics and I was not really familiar with the parliamentary system. Senator Riel helped me a great deal. He taught me how to fulfil my role as a senator, with Canadians, with members of the other place and with those who expect us to find solutions to society's problems.

Earlier, the Leader of the Government in the Senate pointed out that we are losing the dean of Quebec senators. This puts a heavy burden on my shoulders, since I will now become the dean of Quebec senators in this place.

Senator Riel, it will not be easy for me to fulfil that role. You did it with great wisdom and know-how. I will try to assume this responsibility as you did so well. I am convinced that, even if you are leaving this place, Madame Riel and you will continue to show an interest in the House of Commons, in the Senate, and in our country, so that Canada continues to be what it is today. I am also convinced that you will continue to put your wisdom and

advice at the service of our country's leaders, so that Canada remains one of the best countries in the world.

I wish you and Madame Riel an enjoyable retirement. I know you will always be the kind of people who give a lot to their country, through their wise advice, their presence and their endeavours. Senator Riel, I am not saying adieu, but au revoir. I hope to see you again in the Montreal area, where your experience is needed.

Hon. Gérald-A. Beaudoin: Honourable senators, I would like to pay tribute to Senator Maurice Riel, who will be leaving the Upper House in a few days.

Speaker Riel will leave an indelible mark in the history of the Parliament of Canada. As mentioned earlier, Maurice Riel is an eminent jurist, a wise parliamentarian, a fair person and a distinguished humanist, but he is also a historian. His judgment on the famous Victoria charter, to which my colleague Senator Grimard referred, is, in my opinion, very well founded. We discussed this issue a number of times, and our views were exactly the same.

I wish Senator Riel a long, happy life. If he feels like it, I would invite him to write about his experience as a jurist, a parliamentarian and a statesman.

[English]

Hon. Jeremiah S. Grafstein: Honourable senators, I, too, was surprised today to learn that our colleague and distinguished friend Maurice Riel will be leaving us.

I was called to this place when Maurice, a legendary figure, was occupying your Chair, Your Honour, and I found him in person to be greater than his legend. He was quiet, at all times expert, always sound, always wise and blessed with a capacious mind that was both subtle and supple.

We share a love of books. Rarely was there an occasion when Senator Riel would not be seen in this chamber reading a book. Indeed, we share the love of French novels, he, obviously reading the original French, and I, a bad English translation.

I recall one occasion here in the Senate when I was preparing to give a speech and intended to quote a famous French author. Before making that speech I decided to be careful, since my French is less than satisfactory. I therefore consulted my great friend Senator Riel and asked him how one would pronounce the name of this great French author Albert Camus, in particular, whether or not the "s" was pronounced. Senator Riel thought for a moment and said, "I believe his name came from a certain part of France. In that part of France, the word "Camus" was enunciated with the "s" sound; therefore, his name should be pronounced Albert Camus" — sounding the "s". I therefore followed Senator Riel's advice when making my speech, but I was soundly attacked by my colleagues, both opposite and on this side, for my ignorance and illiteracy, and my disrespect for la belle langue.

After completing my remarks, I sat down and was silent. I did not defend myself. My friend Senator Riel approached me and said, "You know, we will have to seek higher counsel on this matter." He decided, with my consent, to send a letter to a mutual colleague of ours in France who is the *secrétaire perpétuel* de l'Académie française in Paris. After a lengthy exchange of correspondence, Senator Riel stood in his place in this chamber and advised honourable senators that his advice had been incorrect and, indeed, Albert Camus' name should be pronounced without the "s" — and in the process, defended my honour. I tell this story because it touches only the tip of the iceberg, of the fastidiousness of this cultural man who is leaving us. He was always graceful and scholarly. He has a bold, sagacious mind.

We share a love of precision in language and a love of Canada, and we shall miss him. I wish Senator Riel and his wonderful and beautiful wife — Godspeed.

Honourable senators, the word "honourable" is a word that, at times, we throw around loosely in this chamber. We are called honourable, and call each other honourable, but somehow we slide over the articulation of that phrase. When I think of the word "honourable" and when I think of the words "the honourable senator" there is no better exemplar of those words than our dear friend the Honourable Senator Maurice Riel.

[Translation]

Hon. Marcel Prud'homme: Honourable senators, just like previous speakers, I did not know that today we would be paying tribute to our friend Senator Riel. He will, in fact, remain here for a few more weeks since his departure is only scheduled for April.

• (1450)

I have known the Honourable Senator Riel for almost 40 years. He typifies exactly what we have been trying to portray to our colleagues in the Senate, to members of Parliament and to all Canadians: a true French Canadian who is not afraid to acknowledge that he is a devout Catholic. The Honourable Senator Riel can be described as a true French Canadian, who is, of course, from Quebec.

He represents the best French Canada and the province of Quebec have to offer. Previous speakers have talked about the man and his classical education. Senator Riel studied Latin, Greek and French literature, as some have mentioned. He is somewhat representative of that great civilization, which we want to salute today.

Senator Riel is also a wise man who takes the time to reflect upon and consider every situation. Let me give you an example. When the Right Honourable Brian Mulroney invited me to sit in the Senate — in circumstances that will be known someday — my introduction to the Senate was not all that auspicious. This memory brings a smile to my face because, at the time, it created quite a stir and came as a real shock to my Liberal friends.

So much so in fact that I, quite innocently, decided, according to parliamentary tradition, that I would enter the Senate chamber for the first time between the Leader of the Government, Senator Murray, and a dignified man, a worthy representative of the French Canadian people, a former speaker of the Senate, Senator Riel. I will not mention today all the emotions I went through for four days, which even forced me to postpone my introduction in the Senate. However, I had made a decision as the stubborn man that I am — and as all French Canadians are — a bit mistrustful, but mostly stubborn. I knew a miracle would occur. It would have to be Senator Riel and no one else.

The miracle occurred at ten o'clock on the morning of my introduction to the Senate, when I still did not know who would accompany me as I would enter the Senate chamber for the first time. I got a phone call in my office as I was changing into my best suit and all the medals and things a new senator needs. I then heard this calm, soft voice telling me: "Dear Marcel, I understand you want me to stand by your side when you are introduced in the Senate." Of course, I said in the same tone of voice: "Yes I do." He told me that he was honoured to accept. The greatest day of my life as a senator was when I came here before you, accompanied by the Leader of the Government in the Senate and by my sponsor, Senator Riel.

Like Senator Beaudoin, I, too, wish that Senator Riel, who writes beautifully, would write about everything that he has seen, as he sees and understands it, because we are going through a difficult time in our country, where some people want to rewrite history. It is men such as Senator Riel, who has well-known roots in French Canada and in Quebec, who could set the record straight. However, once this wise man is no longer a parliamentarian, perhaps people will be more inclined to listen to him, because in this history that some want to rewrite, we forget, as was pointed out and as he himself points out, the Victoria conference.

It is unfortunate that some people in Quebec still claim that English Canada rejected them, when all the premiers had shown great understanding and openness at the Victoria conference. When they say that all of English Canada — always this easy word — rejected us, it is not true either as far as Meech Lake is concerned. Nothing could be further from the truth. Some people did vote against the Meech Lake Accord, as they had a right to, but all the premiers had agreed to take this step toward the reconciliation of all Canadians.

I thank Senator Grafstein for pointing out this incident. It was not an insult to Senator Grafstein when he talked about Camus. I was the one who mentioned Camus. To show the noble spirit of Senator Riel, I did not know it was he who had told you that, because I would probably have refrained from commenting. However, Senator Riel did not hesitate. He came back to say: "No, it was I." And he went to the Académie française before telling us that, in fact, we have to say Albert Camus without pronouncing the "s". It shows what a cool-headed man he is.

Yesterday was your 52nd wedding anniversary, if I am not mistaken. That is quite extraordinary in this day and age.

I join with all your colleagues who have paid tribute to your gracious wife, whom I admire very much and have known for a long time, and I am looking forward to celebrating your diamond anniversary. I hope we will be invited to this celebration, and, more important, that you will come back to visit us. I wish you a happy life in the company of your ten grandchildren, your children and your wife.

Do not forget that you are not really leaving the Senate. You have friends here who respect you, who love you very much and think you will always be with us. You are starting a new chapter in your life, and we hope you will remember we are still here, always ready to welcome you. Our doors will always be open to you, at least mine will be, because I will always be grateful to you for your help at the beginning of my political career in the 1960s, and for your presence at my side on the day I was introduced as a senator, not an easy day for me.

The Hon. the Speaker: Honourable senators, does Senator Riel wish to speak?

Hon. Maurice Riel: Honourable senators, a lot of things have been said, but I do not believe they are all true. I realize there are two instances in the Senate when one is really overwhelmed by emotion: when one makes his maiden speech and when one makes his last speech. Therefore, I had prepared my departure by making my last speech on December 6, and I thought everything was settled with the highest authorities for me to leave on December 31. However, my departure was postponed from month to month, and it now seems that I will stay here until the end of my term according to the law.

The reason I wanted to leave on December 31 was to avoid all these nice speeches that are indeed a true expression of friendship for the person who is leaving, but I was afraid all this would go to my head. That is why I said earlier that I did not believe all the compliments that were paid to me.

[English]

• (1500)

I read Sir Harold Nicolson's letters and diaries about his leaving the cabinet of Sir Winston Churchill. At the beginning of the war, he was a very junior minister. I do not believe he had access to a meeting of any cabinet, but he was Minister of Communications because he was a good writer.

One day, not long after his induction into the cabinet or into the ministry, he was informed that he would not be retained in a shuffle that was imminent. He was informed of that by Mr. Churchill's third or fourth male secretary. It gave him the idea that maybe he was not a prominent political personality in his country. The demotion having been announced to him by the

fourth secretary confirmed that. He realized that humility was the beginning of realism, and he shut his mouth.

I will pursue a few more sentences in English, although I am deficient in that language.

I read a story in a French paper recently entitled, "British Humour." It outlined the progress of age in one person. Apparently, age progresses in three stages. The first stage is that you realize you are not the man that you used to be, and you know it, but you are the only one who knows it. The second stage is that you realize you are not the same person that you used to be, and you know it, but other persons know it, too. The third stage is that you are not the same person that you used to be and only you are not aware of it.

[Translation]

I want to thank all those who paid tribute to me. I think it is an expression of friendship, and that all that was said is not necessarily true, but it is always nice to hear these memories.

Fifty years or half a century ago, in 1947, I became a member of the Liberal Party. In September 1947, I attended the young Liberal national convention at McMaster University, in Hamilton. I remember that people who made speeches then said more or less the same things that are said today. I could show Senator Beaudoin that the more things change, the more they stay the same.

I remember that Maurice Lamontagne was there, and so was Dalton Camp. It may remind somebody of something. I remember that a friend of Mrs. Bacon's and of mine, Raymond Setlakwe, was also present. Raymond and I met there in 1947 and have never missed a convention since. We are still friends today.

In 1948, we were together here, in Ottawa, when Mr. St Laurent was elected and when Mr. King retired. I had the opportunity to speak with Mr. King. I am not that old. I did not sing: "Lloyd George knew my father; father knew Lloyd George."

We were here in 1948 when Mr. St Laurent was elected. I want to go back to 1947, when I was in Hamilton, and to 1948, when I was in Ottawa with Mr. St Laurent. The premier of Quebec then was Mr. Duplessis. The opposition leader was Mr. Godbout, a man that history has forgotten.

I do not want to take up too much time. Yesterday, Senator Milne gave a speech to mark International Women's Day. Mr. Godbout was elected premier of Quebec in the fall of 1939. He had a progressive Liberal agenda, perhaps too progressive for the Province of Quebec at the time. He was a real Liberal. During his first session in 1940, he introduced legislation giving women the right to vote in the province of Quebec. Ladies, if you want to honour Mr. Godbout during women's week, you could mention him in your speeches.

There are a few more things I could say about Mr. Godbout. As I said, he gave women the right to vote. He also introduced legislation giving women the right to become professionals, and that year two or three Montreal women were called to the bar. He was denounced by the clergy, the bishops and archbishops. He was the greatest premier.

He gave women the right to vote and, as early as the fall of 1940, there were two women on the Montreal municipal council. He gave them the right to become professionals. He did all that despite the opposition of the clergy and the whole nationalist element in the Province of Quebec. Then he introduced a bill making education compulsory between 6 and 14 years of age, and providing for free textbooks.

• (1510)

Again, try to imagine the outcry in Quebec's denominational education system, when compulsory education was mentioned; it caused a revolution. Moreover, he liberalized the province's labour laws.

After that, what did Mr. Godbout do? In 1944, he passed a law creating Hydro-Québec. Now we are told that Hydro-Québec was created by René Lévesque. When they adopted the Hydro-Québec Act, in 1944, I was articling with a lawyer working for Montreal Lighting and Power at 107 Craig Street West, where I stayed for two years. I was there when they passed the act creating the Quebec Hydro-Electric Commission and establishing Montreal Lighting and Power, whose chairman was Mr. Norris. I would walk into that building every morning with my briefcase and see Mr. Norris use the private elevator reserved for the chairman. Like everybody else, I used the elevator at the end of the corridor to go to my office. So, Mr. Godbout created Hydro-Québec.

I read recently in the paper that a bust of René Lévesque, who is responsible for the 1963 government take-over, will be placed in the Hydro-Québec building. There is no room, no building, no dam in all of Quebec named after Adélard Godbout. There is not one street in Montreal named after Adélard Godbout.

Indeed, we are deeply indebted to Mr. Godbout. He died in poverty. Mr. St Laurent appointed him to the Senate in 1948, so he could make ends meet. As we all know, at the time, a senator earned \$4,000 a year. Mr. Godbout died in 1956. I think he deserves Quebec's deep gratitude. When I pay tribute to Mr. Godbout, I feel that women should erect a monument in his memory. Hydro-Québec employees should at least inscribe his name somewhere. I do not wish to denigrate Mr. Duplessis. Out of deference to Senator Grimard, my colleague and associate, I must say something nice about Mr. Duplessis. Mr. Godbout was a very fine man, an excellent premier, a deep thinker, and he carried out all of these things against all opposition. Mr. Duplessis was a fine politician; there was no one like him.

Before leaving, I will tell you how Mr. Godbout's political career ended. He promised he would support Canada's war effort and made statements based on what Ernest Lapointe and Mackenzie King, who was his good friend, had told him. At that time in Quebec, the promise had been made that no conscripts would be sent overseas. At a certain point, Mr. King was forced to send soldiers overseas. Mr. Godbout was then in a totally untenable position, and his enemies attacked him on this point, destroying him. They discredited him publicly, but not because he supported the war. That was just a pretext.

What I said earlier about women's right to vote, compulsory education and workers' right to unionize, that is what the fight was about. Nobody even cared whether two conscripts died in battle. Nobody knows. I never heard whether conscripts died in battle. Perhaps there were, but in the war effort, a few unfortunate remarks were made about the support he had given. His friends here in Ottawa, I must say, were involved in the war effort. Things look different depending on whether one is in Ottawa or in Quebec.

So Mr. Godbout stuck his neck out. And when you stuck your neck out a little too far in front of Mr. Duplessis, that was it.

Senator Prud'homme: Things have not changed.

Senator Riel: That was the political end. He let people stick their necks out, and he used his knife. That is a whole long story. All that happened 50 years ago, when I joined the Liberal Party. I lived that whole period intensely. I was a witness, and there have to be witnesses. As Senator Prud'homme was saying earlier, some people are rewriting history.

To get back to Hydro-Québec, I must tell you that Mr. Godbout arrived in the Senate in 1948. The first chairman of Hydro-Québec was Senator Bouchard, no relation to Lucien. As I used to see Mr. Norris take the private elevator, I also saw Mr. Bouchard take the private elevator. Mr. Bouchard had been the chairman of Hydro-Québec for about two or three months when he spoke to the Senate, denouncing the nationalists, the hypocrites, or whatever name you want to give them, who were loose in the province, particularly the Ordre de Jacques-Cartier.

Anyone interested in learning more can look up Mr. Bouchard's speech. It stirred up such a hullabaloo in Quebec that all of the province's newspapers, including *L'Action Catholique*, raised such a to-do that Mr. Godbout felt obliged to get rid of Mr. Bouchard, despite his administrative abilities: The same thing that happened to Mr. Godbout in Mr. King's day. When a politician is in a bind, he will save his skin before saving his friends'. This is a general principle that dates back to Machiavelli and beyond.

• (1520)

So Mr. Bouchard retired. He was older than the others. However, I wish to change the subject.

Now, to speak of Mr. Duplessis. Some believe that the Duplessis era was a time of total darkness. I will tell you about a personal experience of mine. I was living in La Prairie and commuting daily to Montreal, where I practiced law. There were very few Protestants in La Prairie, maybe 10 or 15. In the middle of the city there was an old cemetery. The city had expanded a great deal, and thought the cemetery would be the ideal site for its city hall. It had not been used for a number of years, and so the Protestant community thought it would be good business to sell it, after moving the graves of their ancestors. This cemetery dated, in fact, back to the early days of the English regime, when the Fort de La Prairie fell into British hands, although the English who were occupying it were, in fact, German mercenaries from Hessen. Those who died in an epidemic were buried near the fort so that the cemetery ended up in the centre of the town.

The city closed the deal. The Protestants — who happened to be Liberals — came to me. They told city officials they wanted me to represent them, arguing they would not trust any other lawyer as much. “Riel is our man,” they said. The mayor met with me and arrangements were made with the members of Parliament.

I went to the registry office and found that there were no titles. It read “Protestant cemetery,” but “Protestant,” like “Catholic,” is not a legal entity; it is not the Anglican Church, a corporation. I looked in the Quebec statutes and found the Protestant Cemeteries Act, then proceeded to explain to the Protestants, whom I represented, that we would have to establish a Protestant cemetery corporation and have the Quebec legislature recognize our ownership through special legislation.

They were baffled, but asked me to do what needed to be done. The mayor found the whole process quite expensive. The member of Parliament, who belonged to the Union Nationale, did not want me, the local Liberal lawyer, to outshine him; so he insisted on sponsoring the bill.

The bill was introduced. Mr. Duplessis was premier at the time. I went to see the opposition leader, Mr. Lapalme, and indicated to him that Mr. Duplessis might prevent passage of the bill for two or three days and that my clients, who were not rich people, could not afford to wait. This was around 1957 or 1958. Mr. Lapalme informed me that he would raise the issue with Mr. Duplessis and that, if he were in a good mood, there should not be any problem.

The morning in question, I showed up. I could see Mr. Lapalme speaking with Mr. Duplessis. In the Chair was Germain Caron. All of a sudden, I heard: “La Prairie Protestant Cemeteries Bill.” Mr. Duplessis quickly read the bill and said: “Clause 1, carried; clause 2, carried — Bill agreed to. You have made your point, young man.”

I was very pleased. I thanked him and sat down. I would like to tell you the story of what happened next. Mr. Duplessis

switched seats and became chairman of the committee. He would do that for certain bills. There was a rotation. On the order was Arnault Railways. Mr. Duplessis commented that Arnault rhymed with “escroc” — which means “crook” in French. He caught everyone’s attention with that line. A lawyer rose to speak on behalf of Arnault Railways.

That train was going to use an already existing railroad, built by Iron Ore, if I am not mistaken, but it had to get special recognition as a public carrier. I was not really familiar with the issue, but I was intrigued by the way Mr. Duplessis operated.

Mr. Duplessis got up and said: “I know you well, your father is so and so; say hello to him from me.” This was his way of doing things. Then Mr. Duplessis added: “Who is behind this bill?” The lawyer replied that it was Mr. Camirand, I believe, from Limoilou. Mr. Duplessis said: “I know Mr. Camirand from Limoilou, whose son, father or cousin lives close to the church, and so on. Mr. Camirand is here. Let him stand up.”

An old man, who was probably as old as I am now, got up and said: “Yes, yes, it is me.” Mr. Duplessis said: “I know you, Mr. Camirand. How long have you been involved in railroads?”

Of course, Mr. Camirand was just a straw man and did not know what was going on, so, in the end, Mr. Duplessis said: “I want to know who is behind this. The situation is not clear.”

Finally, after a few moments, the lawyer said: “It is John C. Doyle.” Mr. Duplessis then asked: “Is John C. Doyle here? Let him stand up.” A grey-haired man got up. Mr. Duplessis looked at him and said: “But I know you. You once came to my office.” The man said yes. Mr. Duplessis added: “That was about two years ago. You were not alone, you were with someone else. What was that person’s name?” Then he pretended to scratch his head to remember that person’s name. Of course, he pressed Mr. Doyle: “You must know, you were with him.” Finally, Mr. Doyle said: “Yes, yes, I was with Val Manis, from Newfoundland.”

Mr. Duplessis then told him: “Ah yes, you were with Val Manis, from Newfoundland. Incidentally, is Mr. Manis still in jail?” Mr. Duplessis then said to the lawyer who was presenting the bill: “Did you ask for a remission?”

This is indicative of Mr. Duplessis’ finesse or trickery. He clearly remembered this Val Manis, but he wanted to make the person feel uncomfortable.

In Quebec, we have had people who were extremely dedicated to the public good. I am not about to say that Mr. Duplessis was not one of them. He did his best. However, we must give credit to Adélard Godbout for getting his innovative ideas accepted at a difficult time when the Church was strongly opposed to compulsory education, to giving women the right to vote, and to letting them join the workforce.

For those who are interested, I brought Henri Bourassa's book, which says, among other things, that women should stay at home and should never get out. Letters to that effect were also signed by bishops.

- (1530)

I simply wanted to tell you that Adélar Godbout was a man truly worthy of praise who created Hydro-Québec, who gave women the right to vote, and who gave freedom to labour unions. All this greatly influenced my decision to join this party of freedom.

I am not saying that such things happen only in Quebec. Here in the Senate, I met colleagues who were absolutely fascinating and everyone knows I became a friend of Harry Hays and got to know Canada thanks to him.

[English]

I travelled to Calgary quite often at that time. Mr. Harry Hays received me and introduced me to various people there. I gained a knowledge of the west and of westerners which I would not have otherwise.

[Translation]

I also want to mention that I developed a good relationship with Gratton O'Leary.

[English]

Gratton O'Leary died approximately one year after. We talked together a lot. He was a very learned man who had vast political experience. He had been a close friend of Arthur Meighen's. He passed on to me knowledge and experience, as is often passed from one generation to the next. He told me that in 1922 he was a Tory candidate in the Gaspé. He was defeated, but he reached the summit of his career here in Ottawa at *The Journal*.

Gratton O'Leary frequently spent evenings with Mr. Meighen, at which they recited poetry together. He recited to me some of those poems. He told me of a trip they took together to England. On the ship, they recited poetry together in the moonlight.

In this book of Mr. Meighen's, entitled *Unrevised and Unrepentant: Debating Speeches and Other*, which is in our library here, there is an article on Shakespeare that I wish every senator would read. It is an honour and a glory to the Senate that a colleague of ours has written an article of that quality on Shakespeare.

[Translation]

I could tell you about a lot of other things, but I will only mention three names. Victor Pagé, the lawyer at Montreal Lighting and Power, where I articulated, had a major influence on me and is partly responsible for my joining the Liberals. The second person who had a strong influence on me is Georges Lapalme, to whom I became very close as I got a little more

mature. The third person is Jean Martineau, who was a great lawyer, a great spirit and a refined person whom you all knew.

Dear colleagues, I will now leave you. Like Cincinnatus, I am going back to where I am from and, should the fatherland need me, they will know where to find me.

[English]

VISITOR IN GALLERY

LECH WALESA, FORMER PRESIDENT OF POLAND—TRIBUTES

The Hon. the Speaker: Honourable senators, I must introduce to you a distinguished visitor in our gallery today, who cannot stay with us for very long. It is my pleasure to introduce to you a distinguished world figure, Mr. Lech Walesa, the former President of Poland.

Hon. Senators: Hear, hear!

Hon. Stanley Haidasz: Honourable senators, I would take this opportunity, before his Excellency the former President of Poland leaves for the other place, to say a few words of welcome in his maternal tongue. A copy of my message has been translated into English and French, and can be heard now by simultaneous translation.

Honourable senators, Mr. Lech Walesa is already a legendary hero of Poland. He, with his collaborator and fellow countryman, Pope John Paul II, has contributed to the change in the regime of Poland which has resulted in Poland being independent and totally sovereign.

(Editor's note: The honourable senator continued in Polish—Translation follows)

Mr. President, I would extend to you a warm welcome to our hospitable and friendly Canadian soil.

Your visit is a most important event to all of us. Your name, Mr. President, is associated around the modern world with the most important manifestation of human solidarity and will to struggle for truth, justice and dignity. The unified movement of millions of Poles which you led during those memorable August days brought longed-for liberty to Poland and many other countries of Europe.

We welcome you, Mr. President, as one of the chief architects of the national and moral renewal of Poland and Polish people. We welcome you as the leader of Solidarity, a movement that was admired by the whole contemporary world for its heroism, moral potential and unusual political maturity. We welcome you as the first President of the Republic of Poland in more than fifty years who was elected democratically in a free election. Finally, we also welcome you as a Nobel Peace Prize winner — the Prize that crowned many years of your fervent, dedicated and peaceful struggle for the recognition of values that are most important to humanity.

As a Canadian politician of Polish origin, I have felt, and still feel, great pride that the values that are the essence of the social and spiritual life of Canadians are implemented by you, the great representative of Poland, the native land of my parents.

Matters related to Poland have always been, and still are, among the most important issues in my life. Although we were separated from Poland by thousands of miles, we did much to support you in your efforts toward making Poland a free, independent and democratic country.

You have many faithful friends here in Canada, some of whom are politicians. You have made a great contribution to modern history. Of course, I am certain you have not yet said your last word.

I wish you, Mr. President, many successes, both domestic and international, that will benefit Poland and democracy in general.

I welcome you to Canadian soil where you are among friends who admire your will to struggle and your consistent efforts to achieve the laudable goal of spiritual and material renewal of the lives of the Polish people.

Please accept my hearty and warm welcome.

SENATORS' STATEMENTS

SOLICITOR GENERAL

EARLY PAROLE OF DANGEROUS OFFENDERS

Hon. Gerry St. Germain: Honourable senators, Daryn Johnsrud, Ada Court, Colleen Daignault, Terry-Lyn Carson, Raymond King, Jr., Judy Kozma, Simon Partington, Christine Weller, Louise Chartrand, Sandra Wolfsteiner and Sigrun Arnd — these are the names of 11 victims butchered by a demon known to us as Clifford Robert Olson. Through incompetence, indifference and coldness, the Government of Canada has allowed this demon to once again terrorize the families and friends of these 11 victims. Canadians from coast to coast join with these 11 families in their disgust that, under section 745 of the Criminal Code, Clifford Robert Olson has the right to appeal to be considered for early parole.

Canadians are disgusted at the members of the House of Commons for killing a private member's bill which would have scrapped section 745, and thus prevented Olson from making his appeal.

Canadians are disgusted with the Liberal government for introducing and passing Bill C-45, a bill that only tinkers with section 745, instead of scrapping it. In doing so, as put by a family member of one of the victims on television, "the government virtually spat on the graves of the victims."

Yes, honourable senators, Canadians are also very disgusted with the members of the Senate of Canada for not supporting Bill S-6, which also seeks to scrap section 745.

If you are watching the news on television tonight, you will see and hear the pain and the tears of the families and friends of these 11 victims. We should realize that all of us here today could have made a difference for these families, and that we should collectively feel responsible for what occurred. I know that I wish I could have done more.

FISHERIES AND OCEANS

CAPTURE OF ORCA WHALES BY JAPANESE FISHERMEN

Hon. Pat Carney: Honourable senators, I want to bring to your attention an urgent situation regarding the capture of a family of orcas in Japan, which was raised with me by Dr. Paul Spong of Orca Lab in Alert Bay on the B.C. coast.

Dr. Spong also raised with me the issue that his world-renowned whale research is being negatively affected by the removal of the lightkeeper at Pulteney Point, who gives them the weather for their whale research. I want to remind senators that that is still an issue.

The issue which Dr. Spong raised is the lack of Canadian response to the capture, on February 7, of a pod of ten orcas which were sighted 50 kilometres off Taiji, a small coastal fishing and whaling village south of Tokyo. Orcas are very infrequently sighted off Japan. This was the first sighting in 10 years. The Japanese fishermen were given permission by their fisheries agency to capture five of the whales, and this is what has caused the concern. Taiji is one of the sites of the notorious "drive fisheries," in which dolphins and other species of small whales are herded into a bay and slaughtered. In recent years, a significant by-product of these drives has been the selection of some animals for sale to aquariums.

• (1540)

The orcas sighted off Taiji on February 7 were driven into a small bay near town. Within a few days an auction had been held, and five of the whales were sold to three different aquariums. Three of the captives are presently being held at Shirahama Adventure World, and two others are being held at the Taiji whale museum. The remaining five members of the pod were chased away, and those of you who know the habits of orcas know that separating a pod like that causes a great deal of distress to members of the pod.

The capture was authorized under a scientific research permit. However, we all know the end result will be the display of these whales for entertainment purposes, with little scientific benefit. So far, about 250 faxes from 15 countries have expressed their senders' concerns over this issue to the Prime Minister of Japan. Canada is not included in that number.

There is considerable urgency to the situation, since the condition of one of the young males that was separated from his mother is poor. Several of the whales have not eaten since their capture, although Dr. Spong understands that two are being force-fed. He is suggesting, as one of the world's greatest authorities on orcas, that the best possible resolution to the situation would be for all captives to be returned to the ocean at once. This would be simple to do, if it is done soon. No one knows where the remaining family members are because they have not been sighted since their release.

British Columbia and the Government of Canada have had considerable experience with this kind of situation. During the 1960s and 1970s, scores of orcas were captured in B.C. and Washington State. I confess that members of my family were involved in those captures. Eventually, public concern led the DFO to conduct studies which showed the population to be much smaller than had been thought. Great damage to individual orca families and the population at large was done before the captures were stopped.

Now, 20 years later, the flourishing whale-watching industry has replaced the capture industry. An important coastal tourist attraction is whale spotting. Orcas are often sighted off the southern end of the island of Saturna. As a resident, I do not want people to know how many orcas pass there because the island would be inundated with visitors.

We are trying to raise awareness in respect of this situation, and we want Canada to respond. The Department of Foreign Affairs and International Trade tells me that, in the early 1980s, we withdrew from the International Whaling Commission after we stopped commercially capturing whales in our waters, and that we have no mechanism to respond. However, in my opinion, the indifference of Canada to this situation reflects poorly on our international stewardship, and I wanted to bring the situation to the attention of my honourable colleagues.

HEALTH

CLOSING OF MONTFORT HOSPITAL IN OTTAWA

Hon. Philippe Deane Gigantès: Honourable senators, I rise to speak about the proposed closure of the Montfort Hospital. There is an important issue which must be considered, and that is the Montfort Hospital is the only teaching hospital in Ontario which teaches in French. If we agree that there must be services in French for francophones in other hospitals, we must have a hospital which teaches in French. In fact, the Montfort is the only such hospital in the country outside Quebec.

This issue cannot be overlooked because it is tantamount to saying to francophones, "You do not matter." They wonder, if their teaching hospital is closed, will the school boards follow?

Senator Kinsella: This is just like the closing of the military college in Saint-Jean. You started it.

Senator Gigantès: I would like the honourable senator, if possible, to treat this as a nonpartisan matter.

It is an issue of vital importance because, when people are very ill, they are less able to function in another language. That is an established fact which is espoused by psychologists. I have a friend who is particularly able in both languages, and she had to shift from a job in which she worked in English to a job in which she works in French. Her French is perfect, but she noted that, for three weeks, she was exhausted, and a psychologist told her that it was a well-known fact that, if you change the language in which you operate, it is arduous. Sick people do not have the energy to do that. If we want to provide health services in French to francophones, we must have a teaching hospital in French in Ontario, because Quebec health workers are reluctant to leave their province. They lose their language and they must be parted from their families. There is a sufficient francophone population in Ontario to justify the existence of health services in French. We should not close the Montfort Hospital.

I do recognise that this is a provincial issue.

Senator Kinsella: Why was the military college closed?

Senator Gigantès: I thought I understood the honourable senator to have agreed, just a short while ago, that we would not be partisan about this issue. I think health issues are above partisanship.

I appeal to all senators here present, especially anglophone senators, to raise their voices and tell the Government of Ontario that they must not close this hospital down.

ROUTINE PROCEEDINGS

EXCISE TAX ACT FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT INCOME TAX ACT DEBT SERVICING AND REDUCTION ACCOUNT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Michael Kirby, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, March 11, 1997

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred the Bill C-70, An Act to amend, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts, has examined the said Bill in obedience to its Order of Reference dated Thursday, February 20, 1997, and now reports the same with one amendment and with one resolution.

Amendment:

The Bill C-70, in Clause 242, be amended by replacing lines 40 to 45 on page 334 and lines 1 to 4 on page 335 with the following:

(2) Subsection (1) comes into force on a day fixed by order of the Governor in Council, which day shall not be before the first day on which provinces together having at least 51% of the total population of all provinces that are participating provinces (within the meaning of subsection 123(1) of the Act) or that impose a general retail sales tax at a percentage rate on all goods (other than those specifically enumerated in the legislation that imposes the tax) or a general value added tax at a percentage rate on all goods and services (other than those specifically enumerated in the legislation that imposes the tax) have enacted laws requiring that suppliers include the tax under Part IX of the Act in indications of the prices of property or services supplied.

Resolution:

The Committee notes that, since the inception of the GST, the federal government has made GST rebate payments to compensate the working poor, people on social assistance, senior citizens, students, and low income people for the added tax burden imposed on them by the GST.

In the case of the HST to take effect in Newfoundland and Labrador, Nova Scotia and New Brunswick, no such mechanism exists in either the federal or provincial legislation to relieve the burden on lower income people.

Be it therefore resolved that the committee recommends that the Senate urge the provincial governments in provinces where the HST will take effect to provide relief to low income people through rebates, tax credits, or deductions to offset the provincial portion of the HST.

Respectfully submitted,

MICHAEL KIRBY
Chairman

He said: Honourable senators, I wish to emphasize that this report was passed unanimously.

[Senator Kirby]

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

On motion of Senator Kirby, with leave of the Senate and notwithstanding rule 58(1)(g), report placed on the Orders of the Day for consideration later this day.

• (1550)

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

FACT-FINDING VISIT TO BANFF, ALBERTA—
INTERIM REPORT TABLED

Hon. Ron Ghitter, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, tabled the eighth report of the committee entitled “Report of the Committee’s Fact-Finding Visit to Banff, Alberta, January 30 to 31, 1997.”

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

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

ADJOURNMENT

Hon. B. Alasdair Graham (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(h), I move:

That when the Senate adjourns today, it do stand adjourned until tomorrow, March 12, 1997, at 1:30 p.m.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

ABORIGINAL PEOPLES

FIRST NATIONS GOVERNMENT BILL—NOTICE OF MOTION
TO AUTHORIZE COMMITTEE TO APPLY MATERIALS AND EVIDENCE
GATHERED ON SUBJECT-MATTER EXAMINATION
TO STUDY OF CURRENT BILL

Hon. Landon Pearson: Honourable senators, I give notice that, on Wednesday next, March 12, 1997, I will move:

That the papers and evidence received and taken by the Standing Senate Committee on Aboriginal Peoples during its consideration of the subject-matter of Bill S-10, an Act providing for self-government by the First Nations of Canada, in the First Session of the Thirty-fifth Parliament be referred to the Committee for its present study of Bill S-12, An Act providing for the self-government by the first nations of Canada.

QUESTION PERIOD

HUMAN RESOURCES DEVELOPMENT

LEVEL OF UNEMPLOYMENT—RECORD ON JOB CREATION— GOVERNMENT POSITION

Hon. Terry Stratton: Honourable senators, I would like to address a question to the Honourable Leader of the Government in the Senate.

Last Friday, Statistics Canada released figures showing that the national unemployment rate was stuck at 9.7 per cent, as it was in January. It has been stuck there for many, many months. For a government that ran its last election campaign on the promise of “jobs, jobs, jobs” for Canadians, the Liberal government’s performance in this area has been poor. Otherwise, we would have seen a drop in that rate.

Would the Government in the Senate explain why so few jobs were created during the month of February? Why is the unemployment rate remaining high? The United States and Great Britain have rates which are almost half of Canada’s rate. What is the government’s response to such a poor performance on job creation?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I recall that it was my honourable friend’s party that ran on a platform of “jobs, jobs, jobs.” We ran on creating a balance between job creation and economic growth.

At any rate, my honourable friend has rightly drawn attention to the unemployment figures, which are disappointing. Indeed, they are far too high, as everyone in this chamber would agree. The rate is as a result of setbacks in two particular areas, retail trade and agriculture.

However, I remind honourable senators that we have had very encouraging job growth in recent months. The hope is that for the months ahead it will be positive also. Private sector forecasters are predicting as many as 350,000 jobs in this coming year. That fact is small comfort to Canadians who are unemployed and wishing to work. The government has put in place a number of programs. I am sure my honourable friend knows about them, so I will not repeat the details today in Question Period.

Honourable senators, there is no question that this is our most stubborn economic problem. All the other indicators in this economy, as my honourable friend knows, are performing extremely well, particularly growth rates. However, the unemployment situation and job creation are not at all what the country needs or wants. They will be our major priority in the months ahead. I thank my honourable friend for drawing this matter to our attention.

Senator Stratton: Honourable senators, like the Leader of the Government in the Senate, I am appalled. If I were sitting in her shoes, I would be desperate to figure out why the United States

and Great Britain have only one-half of the unemployment problem we face.

It appals me to think that the government could be satisfied with an unemployment rate of 9.7 per cent over such a length of time. Yet we look at our neighbours and see such a dramatic difference. It behooves the government, at least, to explain to Canadians why there is that substantial difference. For example, full-time jobs for women were hit hard last month. Statistics Canada reported that there were 44,000 fewer full-time jobs for women in February. In addition, youth employment continued to fare poorly, still riding at an unbelievably high rate of 17 per cent.

In light of these facts and figures and the realization that the government’s record on job creation is poor, does the Liberal government intend to run its next election campaign on their jobs record while in government, or will they turn away from it?

If the leader intends to argue that her government has created so many jobs — and I will not argue that point — then why are we consistently sitting at 9.7 to 10 per cent unemployment?

Senator Fairbairn: Honourable senators, certainly, the government will have as its highest priority the creation of jobs, as we want to match the other elements of our economy that are stronger than they have been in many years. Interest rates are at the lowest in 40 years. Mortgage rates are at the lowest in 30 years. Inflation is low. Business confidence is the highest in years. Consumer confidence is growing. Our trade figures are at record levels. The one area that has not translated into that kind of positive result — but is anticipated to do so because of those indicators — is job figures. We have created over 700,000 jobs and will be working to go well beyond that figure in the time ahead. Those figures are not good enough, not by a long shot. That is the greatest economic challenge facing our government and the people of Canada at this time. It is our challenge today, and it will remain our challenge in the time ahead. If there is an election in the near future, that will be our top priority.

• (1600)

Senator Stratton: Honourable senators, I still do not understand. I think Canadians deserve to know why there is that structural difference between ourselves and the United States and Great Britain. If the government cannot explain the reason for the 9.7 per cent unemployment rate, can you, at least, express to Canadians the reasons for the structural change between our high unemployment and the lower rates in the United States and Great Britain?

Senator Fairbairn: Honourable senators, I will ask those who are much wiser in economics to try to determine the best explanation for that phenomenon. As my honourable friend knows, we are leading all of our trading partners in growth. Unfortunately, at the moment, that growth is exclusive in terms of some of our partners. It is an extremely frustrating part of Canadian economic performance. However, I will endeavour to obtain more detailed information on the reasons vis-à-vis the United States and Britain.

FISHERIES AND OCEANS

CAPTURE OF ORCA WHALES BY JAPANESE FISHERMEN— POSSIBILITY OF DIPLOMATIC NOTE—GOVERNMENT POSITION

Hon. Pat Carney: Honourable senators, earlier today I gave notice that I would be raising this question with the Leader of the Government in the Senate. During comments under Senators' Statements, I pointed out the plight of the orcas that had been captured by Japan and noted that 15 countries have formally or informally protested to the Government of Japan. Canada, apparently, has not done so, nor is there a vehicle with which to convey the repugnance of many Canadians on the capture of orcas. For your information, Environment Canada has informed us that the International Whaling Commission prohibits the killing of orcas but not the capture of orcas. As I indicated in my earlier statement, because we withdrew from the International Whaling Commission when we ceased killing orcas, we do not have a vehicle within which to express our viewpoint.

There is much concern over this issue. What is the government's position on this matter of the capture of live orcas, and if the government shares the repugnance of Canadians, will a diplomatic note or some other measure of disapproval or dismay be adopted and sent to the Government of Japan?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I thank Senator Carney for her statement earlier, which clearly indicates the degree of her feelings and the extent to which she has gone to put that information together. I am pleased to take this question to my colleagues. As my honourable friend has advised, certain diplomatic channels are closed to us at the moment, but perhaps there are others that could be opened.

Senator Carney: Honourable senators, I wish to underline the urgency of this matter, because it is harder to reunite the family members as time goes by. I will appreciate whatever assistance the Leader of the Government can give us, and I urge her to do it with expediency.

Senator Fairbairn: I take my honourable friend's point.

THE SENATE

CONSIDERATION OF TOBACCO LEGISLATION—STATEMENT OF LIBERAL CAUCUS CHAIRMAN—GOVERNMENT POSITION

Hon. Jean-Maurice Simard: Honourable senators, on the front page of the *Ottawa Sun* of Friday, March 7, 1997, the day after the House of Commons approved the tobacco bill, under the signature of Robert Fife, chief of the *Sun* Parliamentary Bureau, there appears an article quoting Joe Fontana, the chairman of the Liberal caucus.

"Liberal senators are part of the caucus and we have the same leader," Liberal MP and caucus chairman Joe Fontana told the *Sun*.

"They have an obligation, now that they represent a majority in the Senate, to pass Liberal government bills through the Senate."

My question to the Leader of the Government in the Senate is as follows: Does she agree with the chairman of the Liberal caucus, and does she share the same opinion? In her opinion, does she get her marching orders from the Liberal chairman, Joe Fontana, or can she assure this house that we will have a good, fair, and full study of this government bill in order to do it justice?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I can assure my honourable friend, as indeed I assured, if I recall correctly, Mr. Fife and others with whom I have spoken, that the Senate takes its responsibilities toward legislation very seriously. We have the best committee hearings, and we will have fair and full hearings to canvass the views of witnesses, no matter their perspective, on this particular bill. My colleague Senator Carstairs has also made that quite clear. That is what we do in the Senate. Those are our responsibilities, and I believe we on both sides of this house fulfil them.

AGRICULTURE

CANADIAN WHEAT BOARD—INCREASE IN RAIL FREIGHT RATES—GOVERNMENT POSITION

Hon. Leonard J. Gustafson: Honourable senators know of the problems of grain handling on the West Coast and the problems that farmers have had delivering grain this winter. On Monday of this week, I checked with many of the elevators, and the problem is still serious, especially on branch lines. To add to the problem of the many boats in the harbour awaiting grain, the government intends to allow the railroads to increase their freight rates.

Is the Honourable Leader of the Government in the Senate aware of this matter? Is it sanctioned by the Minister of Agriculture? How much will the increases be and when will they take effect?

• (1610)

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I saw some reports when I was travelling in the west on the weekend. It was my intention to seek that kind of information from my colleague the Minister of Agriculture, today. However, I did not see him this morning. I will try to get that information for my honourable friend.

Senator Gustafson: Honourable senators, by way of a supplementary question, I wish to assure the Leader of the Government that this is a serious situation for farmers. The cost figures that have emerged are somewhere between \$65 million and \$70 million. The price of grain, particularly wheat, has been dropping. Most of the wheat is shipped to the West Coast. An increase of freight rates at this time is absolutely unthinkable, especially given that, when the freight rate changes came in, they came under the administration of the Conservatives. At that time, Charlie Mayer suggested that \$7 billion be allocated to implement the transition. Of course, we know that \$1.6 billion was attributed to that transition, and that was spent in a number of ways.

Honourable senators, this issue is serious. The farmers are very concerned. They want to know where they stand before they plant their crops.

Senator Fairbairn: Honourable senators, I share my honourable friend's concern about the situation on the prairies. I take these issues very seriously, and I will try to get as much information as I can from my colleague the Minister of Agriculture. I will ensure, as I always do, that the comments of my honourable friend are drawn to the minister's attention.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. B. Alasdair Graham (Deputy Leader of the Government): Honourable senators, I have a response to a question raised in the Senate on October 29, 1996, by the Honourable Senator Bolduc regarding national finance and the discrepancy between pre-election promises and the Main Estimates. I have a response to questions raised in the Senate on March 5, 1997, by the Honourable Senators Cogger, LeBreton, Murray and MacDonald regarding the code of conduct and the recent apology to tobacco manufacturers by the Minister of Health.

NATIONAL FINANCE

DISCREPANCY BETWEEN PRE-ELECTION PROMISES AND THE MAIN ESTIMATES—GOVERNMENT POSITION

(Response to question raised by Hon. Roch Bolduc on October 29, 1996)

Contracts for professional and consulting services must be considered in the context of overall Government initiatives, including re-engineering and restructuring. Through Program Review, the government undertook a comprehensive review of spending in each and every department which resulted in significant reductions to departmental spending and required that many activities be re-engineered.

Contracting for professional services is one of the management tools available to the government to continue providing services which can no longer be undertaken within departments and to gain the expert advice needed to facilitate the restructuring of organizations. In many instances, contracting for professional services has been an essential first step toward reducing future spending. For example, much of the re-engineering required to make government more efficient has involved automation, enhanced information technology and the development of new electronic processing applications — all of which require considerable professional consulting work.

The government expects that the increase in professional and special services spending will be short-lived. This is evidenced by the recently tabled Main Estimates for 1997-98 which show a decline in professional and special services spending in comparison with that in the 1996-97 Main Estimates.

CODE OF CONDUCT

RECENT APOLOGY TO TOBACCO MANUFACTURER BY MINISTER OF HEALTH—MINISTERIAL RESPONSIBILITY AND ACCOUNTABILITY FOR STATEMENTS MADE—REFERRAL OF MATTER TO PERSONAL ADVISOR TO PRIME MINISTER— GOVERNMENT POSITION

(Response to questions raised by Hon. Michel Cogger, Hon. Marjory LeBreton, Hon. Lowell Murray and Hon. Finlay MacDonald on March 5, 1997)

(For text of documents referred to herein, see Appendix "A", p. 1711.)

At a press conference on November 28, 1996, the Minister of Health indicated that a tin of snuff contained glass. This statement was made on the basis of information from officials that turned out to be inaccurate — the Department of Health subsequently conducted a scientific analysis that confirmed that there was no glass.

Of course, in constitutional terms the Minister of Health is responsible for the actions of his department. In those circumstances, taking responsibility means acknowledging that his earlier statement was mistaken, facing the problem, correcting it and setting in place procedures to prevent a recurrence. That is what the Minister of Health has done.

The Department issued a statement on February 28, 1997, noting that an analysis indicated there was no glass, and apologized for the incorrect information. The Minister of Health also apologized in an open letter to the company that was appended to the Department's press release.

The company that manufactured the snuff shown by the Minister of Health (Swedish Match Sverige AB) had served the Department of Health with a libel notice. The company has accepted the apology and said it would take no further action.

The Minister of Health has also ensured that internal action be taken to deal with the matter, including reiterating the need for full analysis in reporting on scientific issues and for taking care in providing information for Parliament and the public.

BUSINESS OF THE SENATE

REQUEST FOR ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I am delighted to see that we have answers to questions raised in March of 1997, but we are still waiting for answers to questions raised in March, April, May, June and September of 1996.

When I raised this matter almost three weeks ago, the Leader of the Government sympathized with our frustration and used the words “disgraceful” and “unacceptable.” I know she has done all she can to obtain answers to these questions, but they are still not forthcoming and I think we have a right to ask again why they are not forthcoming. Are we correct in suspecting that perhaps the government, a minister or a department does not want us to have the answers? As parliamentarians who should be obtaining answers in the normal way, that is, by a response from the Leader of the Government in the Senate, will we now have to turn to access to information where the same type of information we have been requesting is being made available within a reasonable time frame? Here we are, six to nine months later, still awaiting answers to our questions. What is the reason for this?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, obviously, if I could answer the question posed by my honourable friend, the answers would be before the Senate. I would simply say that I do not subscribe to the notion that these answers are being stalled or held up by ministers. There is a blockage in the system. I am still trying to obtain those answers, which is small comfort to my honourable friend, and I will attempt to apply even more pressure to try to unplug that blockage.

ORDERS OF THE DAY

MANGANESE-BASED FUEL ADDITIVES BILL

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Kenny, seconded by the Honourable Senator

Stewart, for the third reading of Bill C-29, to regulate interprovincial trade in and the importation for commercial purposes of certain manganese-based substances.

Hon. Mira Spivak: Honourable senators, I rise in support of Bill C-29. I take that position with the full benefit of the evidence presented to the Standing Senate Committee on Energy, the Environment and Natural Resources and after a thoughtful weighing of all of it.

I would make three points: The first concerns troubling aspects of that evidence. The second concerns what I believe to be a miscasting of this legislation by its opponents as a trade bill. Finally, my third point concerns a new issue raised in the course of the committee hearings, an issue which goes to the heart of Canadian sovereignty.

In committee, we heard the testimony of automobile makers, automobile dealers, refiners and their representatives, Ethyl Corporation, legal experts in constitutional and international law, health officials, environmental advocates and the Minister of the Environment himself. We received volumes of briefs and background documentation. We were obliged to sift through a great deal of inconsistent and occasionally incomplete data, contrary argument and some, quite frankly, highly contradictory testimony from witnesses. We received enough information for anyone to cherry-pick through the testimony and to make a case on either side.

In the course of our hearings, honourable senators, we were often told by one party that the facts represented by another party were simply untrue. We were left to make judgment calls on questions of credibility, motivation and incomplete evidence and, in the end, to decide what we believe to be in the best interests of Canadians.

Compounding the difficulty is the simple fact that we do not yet have all the information. In the course of our hearings, we were made aware that information exists to which we are not privy. Environment Canada has received information and studies, but we are not allowed to see those because of their commercial nature. By the same token, Ethyl Corporation, the maker of MMT, has refused to disclose information regarding the use of MMT elsewhere.

The second troubling element of this debate is the attack by opponents that it is a trade bill, not an environmental bill, that it violates NAFTA and, not incidentally, that it is unconstitutional.

Honourable senators, I believe this is an environmental bill. It is presented to us by the Minister of the Environment with a clear environmental and public health objective in mind. As the minister told us, we have some 14 million vehicles in Canada each spewing out some five tonnes of pollutants every year. Transportation is the leading cause of air pollution. Any fuel additive that has the potential to cripple pollution-monitoring devices in cars will harm the environment and the health of Canadians. When 21 auto manufacturers are convinced that MNT clogs their pollution-monitoring components, the environment minister has a responsibility and a duty to Canadians to act.

In introducing the bill before us, he has acted in a fashion entirely consistent with 25 years of regulation in this country. As Mr. Patrick Monahan of Osgoode Hall Law School and a constitutional law expert pointed out, Bill C-29 proposes to act in precisely the same way that Parliament has acted to regulate motor vehicle emissions for 25 years under the Motor Vehicle Safety Act. That legislation prohibits the movement across provincial borders or the import of vehicles into Canada which do not meet emission standards. That legislation is perfectly valid and, more important, has led to reductions in emissions in the order of 90 per cent.

Honourable senators, if we do not reduce emissions, it is not just a matter of health but it is also a matter of costs. The Canadian Council of Environment Ministers has quantified the costs. Its 1994 study estimated that health benefits from cleaner fuels and more stringent vehicle emission standards would be in the order of \$31 billion over a 23-year period. Put another way, the cost to Canadians of not acting to improve those standards and ensuring compliance with them would be in the order of \$1.5 billion a year.

Car manufacturers have not tried to tell the government that it cannot act to protect the environment and the health of Canadians. They said, "We are part of the problem and will be part of the solution to the best of our ability. We will improve our technology to reduce emissions. Help us solve the problem that our improved technology and on-board diagnostic systems do not work when MMT causes malfunctions."

Contrast that stance with the position taken by Ethyl Corporation, the manufacturer of MMT. Throughout its history, this corporation has fought tooth and nail against protective environmental and public health measures. I quote from a paper presented to the committee which is an analysis of the big picture viewed by the U.S. Environmental Defence Fund. It states:

In 1925, despite protests from the public health community, Ethyl began selling lead additives for gas, with devastating results for the nation's health. Now, 70 years later, Ethyl is again disregarding health concerns and selling MMT without first obtaining adequate toxicity information.

Ethyl Corporation has taken the U.S. EPA to court over MMT. More than a year ago, U.S. courts ruled that Ethyl Corporation has the right to market MMT in areas of the United States.

• (1620)

Carol Browner, head of the EPA, believes that more testing should be done. The EPA believes that the American public should not be used as a laboratory to test the safety of MMT. However, Ethyl refused to conduct health effects tests prior to marketing MMT, and the court rejected the EPA's argument that public health impacts should be fully evaluated prior to broad use.

EPA administrator, Ms Carol M. Browner, in response to ads by Ethyl, issued a statement advocating the principle of reverse onus, the very principle which our government says it wants to enshrine in the new and improved Canadian Environmental Protection Act. It is the principle that manufacturers must demonstrate the safety of their product before it goes on the market. It is not up to the Canadian public or government to demonstrate undue harm.

Major gasoline suppliers in the U.S. have responded to the court decision by saying they do not intend to use MMT. They include Amoco, Anchor Gasoline, ARCO, BP, Chevron, Exxon, Hess, Marathon, Mobil, Pennzoil, Philips, Shell, Sun and Texaco. The list is substantial and substantive proof that the major refineries are taking the common sense approach.

However, the debate on the MMT bill — and I know my colleagues will give you other portions of the very weighty testimony — has brought to light a threat to our national sovereignty, which is one of the important issues here. We now have before us the threat from Ethyl Corporation that, if we proceed with this bill, the Government of Canada will be faced with a claim for damages in the order of \$200 million.

Ethyl has filed notice of intent, and it clearly indicated to the committee that it intends to proceed if the bill becomes law. In fact, Mr. Hicks went so far as to say that Ethyl and its attorney believe that it already has grounds for a case. They contend that the government has caused damage to Ethyl's reputation, goodwill and sales abroad merely by presenting the bill to Parliament and in having it debated in the House of Commons and the committees of the House and Senate.

We were never led to believe that the cost of NAFTA would be payment to litigious American corporations for the right to debate bills in Parliament, or to pass laws for the good health and safe environment of Canadians.

Mr. Barry Appleton, International Trade Counsel to Ethyl, appeared before the committee and stated that this measure, the MMT bill, is actionable under NAFTA. The legal argument set out in Mr. Appleton's brief is rather complex and relies not only on the NAFTA but on the *Harvard Draft Convention on the International Responsibility of States for Injuries to the Economic Interests of Aliens*, an article of the Statute of the International Court of Justice, and some international case law. If Mr. Appleton is correct, the ability of Canadians to pass laws to protect their health is compromised.

However, in 1994, the C.D. Howe Institute, whose members included the Canadian Petroleum Producers Association, and many of the companies which oppose Bill C-29, released a book authored by three of Canada's leading trade policy experts with the express purpose of debunking what it said were the myths, both economic and political, surrounding NAFTA. There was no mention in that book of the sort of claim for compensation or retaliatory measures by trading partners that Mr. Appleton

suggests. In fact, in the specific chapter entitled, "Constraints on Government Policy," the institute's chosen experts said clearly that among the misconceptions about the NAFTA, is that it encroaches on Canada's ability to pursue a wide range of domestic policies. They went on to say that NAFTA does not prevent the Canadian government from adopting any tax or social policy it chooses, nationalizing industries or setting any standard, for example, to support sustainable development objectives.

I think it is fair to say that a bill which aims to curb air pollution by allowing car emission control systems to operate properly falls within sustainable development.

The committee also heard from Mr. Ivan Feltham, Q.C. and consultant in international law. Mr. Feltham gave us a whole body of evidence. In brief, he said that it is inconceivable that negotiators for Canada, the U.S. and Mexico could have come to the conclusion that every regulation which imposes costs on industry should give that industry a right to compensation. This has not been the case in the world to date. Whatever the notion of creeping expropriation is, it has not gone so far as to justify that.

I certainly hope he is correct. I applaud the response of the Minister of the Environment who told the committee that if Ethyl thought that in filing its notice of intent it could move the Government of Canada to do anything, it was incorrect. In fact, it galvanized the government to do exactly what it is doing.

I certainly have some sympathy, although not much, for Canadian refiners who will incur expenses as a result of this bill. I certainly have more sympathy than that expressed by Ethyl officials. It is regrettable that Canada did not do what every other G-7 country did decades ago when unleaded gas was phased out. None of those countries relied on MMT. As a result, Canadians became the test animals in the North American experiment with manganese-laced fuel and manganese in our ambient air.

Although Health Canada tells us they have detected no significant health risk as a result of that experiment, Health Canada does concur that Bill C-29 is now needed to prevent new, additional air pollution. At the end of the day, we should heed that advice. I hope senators here will pass Bill C-29 very quickly.

On motion of Senator Kinsella, debate adjourned.

**EXCISE TAX ACT
FEDERAL-PROVINCIAL
FISCAL ARRANGEMENTS ACT
INCOME TAX ACT
DEBT SERVICING AND REDUCTION ACCOUNT ACT**

BILL TO AMEND—REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the thirteenth report of the Standing Senate Committee on Banking, Trade and

Commerce on Bill C-70, to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts.

Hon. Michael Kirby moved the adoption of the report.

He said: Honourable senators, I rise to begin debate on the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-70, a bill to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related acts, known generally as the harmonized sales tax bill or the HST bill.

Honourable senators know that this bill will establish a single harmonized sales tax in most of the Atlantic region, specifically in the provinces of New Brunswick, Nova Scotia, and Newfoundland and Labrador.

With this bill, with the exception of Prince Edward Island, all of Canada east of Ontario will enjoy a harmonized sales tax with the federal government. Within the three Atlantic provinces I have named, there will be one tax rate, one tax administration, one tax reporting system, one set of tax rules and one tax base.

Honourable senators, as you know, in addition to holding several days of hearings on this bill in Ottawa, last week the Standing Senate Committee on Banking, Trade and Commerce travelled to each of the three Atlantic provinces affected by this bill for a full week of hearings. We heard a broad spectrum of views ranging from those of the finance ministers of each province, to those of the leaders of the official opposition in each province, and the representatives of the chambers of commerce in each province. We heard from small- and medium-sized business associations, manufacturing and exporting associations, tourism associations, retailers, professional associations, senior citizens' groups, anti-poverty groups, and individuals.

In all, honourable senators, in one week of hearings, the committee heard nearly 200 witnesses in close to 40 hours of sittings.

• (1630)

I cannot emphasize enough how valuable this trip was for us as committee members studying this important piece of legislation. Too often we hear from only a handful of organizations who are either located in or near Ottawa or who have the resources to send someone here to speak on their behalf. I do not want to denigrate the valuable input of our Ottawa hearings, or in any way suggest that our reports suffer when they are not based on hearings held in the regions affected by a particular piece of legislation, but in this case, the committee's travels were very important. We had the opportunity to hear from those people who will be directly affected by this HST bill.

Moreover, at every hearing, in every city, at the end of every session, time was provided for individual citizens to come to the table and express their concerns. These "walk-ons," as they have come to be known at Senate committee hearings, which made up the last hour of every session, were invaluable to us. I also note that the people who came forward as walk-ons appreciated the opportunity to make their views known.

With respect to travel, honourable senators, I would clearly state in this chamber that I very much regret that Senator Lynch-Staunton chose to bring a motion in this chamber to compel our committee to travel. I want to state, on the record, that he brought that motion without having first asked either me, as the committee chairman, or Senator Angus, the deputy chairman, whether we would agree to the committee travelling to the Atlantic region to study this bill.

I hope Senator Lynch-Staunton realizes that the committee undertook this task most willingly, with our usual energy, goodwill and determination to learn all we could about the impact this bill will have on the people of Atlantic Canada. Moreover, honourable senators, the committee conducted its hearings in Atlantic Canada without any of the partisanship and even the cheap politics which I believe underlined Senator Lynch-Staunton's motion for the committee to travel.

Honourable senators, as I am sure you will hear from my colleagues on the committee, in our travels we heard a great deal of fear and concern about this bill. Let us face it, no one likes taxes, and no one believes what any government says when it says, while changing a tax, that people will be better off. In a situation like this, where you have four governments — three provincial governments and the federal government — joining together for a new, combined tax, the scepticism of the populace is very understandable.

However, during our hearings we also heard considerable optimism about the effects of the HST. Virtually everyone, with very few exceptions, strongly endorsed sales tax harmonization and the combining of the GST and provincial sales taxes into a single, harmonized sales tax.

In fact, from business organizations we repeatedly heard of their long-time support for a harmonized sales tax — a position that some of the witnesses told us they had advocated right from the inception of the GST. These organizations are confident that the proposed harmonization will, in the words of the Atlantic Provinces Chamber of Commerce, "...be good for business and consumers, and have a stimulating impact on the economy and job creation."

Honourable senators, those of us from Atlantic Canada know very well the difficult economic times this region has endured in recent years. This region needs a boost to its economy; it needs more jobs.

In this regard, Mr. David Amirault of the Atlantic Provinces Economic Council, APEC, came to testify before our committee.

APEC has been preparing a detailed report on the costs and benefits of the harmonization of the GST and PST. A summary of that report was made available to the committee during its hearings. This has been a very serious, in-depth study by APEC. Indeed, we were told during the hearings that APEC had spent two months creating the model of their analysis of the impact of the proposed sales tax harmonization on the economy of the Atlantic provinces.

Mr. Amirault told us that the GST hit Atlantic Canada particularly hard. While Atlantic Canada suffered the cost of the GST like all other Canadians, it did not share equally in the benefits. The benefits of moving from the old manufacturers' sales tax to the GST were concentrated primarily in Quebec and Ontario.

Indeed, honourable senators, the APEC report states the following:

It is no accident that the three provinces with the highest dependence on consumption taxes are also the three harmonizing their sales taxes with the GST. These provinces have suffered the largest erosion in their own source revenues since the combined effect of the GST's introduction and the last recession. From the provinces' point of view, this new tax represents the best alternative to stimulate retail spending in the late 1990s.

Mr. Amirault went on to testify that APEC believes that there will be many more savings from the introduction of the HST than Atlantic Canada ever had with the GST. Right now, when a business buys supplies, equipment, or anything else required for its business, it can claim back the GST paid on those inputs but it cannot claim back the provincial sales taxes paid on them. These provincial sales taxes become imbedded in the price of the good or service produced by that service, and are passed on to the next purchaser — not as a transparent tax, but in the base price of the good or service being supplied. As the good goes down the production line, more and more provincial sales taxes are charged — in effect, they become a "tax on tax" — and embedded in the price, creating what economists call a "cascading" effect. Unfortunately, of course, consumers are the ones who pay for this cascading effect in higher prices.

Under Bill C-70, honourable senators, businesses in the harmonizing provinces will be able to claim back all the taxes they pay on their business inputs. They will be able to claim back the full 15 per cent of the HST — that is, the combined rate of the GST and the provincial sales tax — not merely the 7 per cent on the GST that they are able to claim now. These input tax credits, or ITCs as they are called, have led APEC to conclude that allowing businesses to claim input tax credits for all sales taxes paid will mean savings of \$585 million in the three Atlantic provinces — over half a billion dollars of savings obtained as a result of the introduction of the HST.

Understandably, therefore, business in the harmonizing region in the three provinces affected by the HST has been very enthusiastic about this change. Removing these embedded taxes will make Atlantic Canadian goods and services much more competitive outside the region, as well as much more affordable inside the three provinces affected.

The Alliance of Manufacturers and Exporters of Newfoundland, who appeared before us when we were in St. John's, testified to as follows:

To the extent that Canadian goods are not competitive in price, the cost is paid by Canada in lost jobs and lost economic opportunities.

It is clear, then, that business will benefit, and benefit very significantly, from the harmonization of the GST and the provincial sales taxes in each of the three participating provinces.

What about the consumer, honourable senators? We heard many independent witnesses who took the time and trouble to come and listen, in many cases all day, to our hearings. At the end of the day, they testified as walk-on witnesses and expressed their views and concerns. We also had appear before us organized groups representing low-income individuals and families, and people on fixed incomes such as senior citizens, who clearly are not convinced that they will benefit directly from the HST. Many of these witnesses, honourable senators, believe that, under the HST, certain basics of life will go up in price. Things like home heating oil, electricity, fuel and certain clothing items, which have not historically been subject to provincial sales taxes in these provinces, will be subject to the HST. Because, in 1991, these essential items were included in the GST tax base, they will now be subject to the full HST and be taxed at the 15-per-cent harmonized rate instead of the 7-per-cent GST rate.

Honourable senators, this change in the tax base on many of the essential elements of life is the aspect of Bill C-70, the aspect of the HST, that has been most troubling for me. I fought for the exclusion of these items from the GST tax base back in 1990 and 1991. Frankly, I wish we had been successful at that time so that harmonization would not require the inclusion of these items in the harmonized tax base. However, the harmonized tax base is the GST tax base. Having a common harmonized base is fundamental to the principles of simplicity and economy of administration on which the HST is founded: one tax rate, one tax base, one set of tax reporting documents, one tax administration, and one set of tax rules.

I am pleased to be able to point out that these are the only basics of life that are included in the tax base. There will be no HST on basic groceries, long-term residential rent, prescription drugs and medical devices. In addition, most health and dental care services, education, daycare and legal aid services will continue to be exempt from the HST just as they are now exempt from the GST.

The price of virtually everything else will come down. Because of the broadened tax base, under harmonization the sales tax rates will come down from almost 19 per cent in Nova Scotia and New Brunswick, and from almost 20 per cent in Newfoundland and Labrador, to a flat 15 per cent across the three provinces. That is a savings of almost 4 or 5 per cent from the current combined federal and provincial sales tax rates, GST and PST rates, in the three provinces. This lowering of the combined rate is separate from the benefit consumers will see from the removal of more than one-half billion dollars in embedded taxes.

• (1640)

Overall, one can only conclude that this is a good deal for individual consumers in the Atlantic Provinces.

A question that kept arising during our hearings was: How do we know that business will pass on these savings to consumers; how do we know they will not simply pocket the savings as more profits? That was a suggestion made to the committee by an anti-poverty group in Newfoundland and Labrador.

The answer was provided by members opposite during our hearings. In 1991, when the GST was introduced, Canadians had exactly that same concern — that business would not pass on the savings that would result from the elimination of the manufacturers' sales tax. We debated this issue at length in this chamber. In response, the Progressive Conservative government of the day established a watchdog agency through what was then the Department of Consumer and Corporate Affairs. That agency found that there was greater than a 90 per cent flow-through of GST savings to consumers.

That 90 per cent flow-through figure is very impressive indeed. The studies presented to us on the impact on consumers of the proposed HST, for example those done by APEC, and statistical forecasts prepared by the government of New Brunswick which were also tabled before the committee, used much more conservative figures. The New Brunswick model, for example, assumed only an 50 per cent flow-through, and the APEC model used an even smaller percentage. Yet, in spite of these lower percentages, it was still shown that significant savings would be passed on to consumers under harmonization.

The New Brunswick model, for example, found that the average family in New Brunswick will save \$255 each year because of reduced prices and the lowered tax rate. The New Brunswick model showed that 80 per cent of consumers at every income level, even those with incomes under \$10,000, would be better off under the HST.

While 80 per cent is a very reassuring figure, it still leaves 20 per cent of consumers at different income levels who are not better off. They are individuals who are at the lower end of the income scale. Those are the people we in this chamber have to be most concerned about. These are poor people. They are single mothers who are working for a minimum wage, and they are senior citizens. They are people that government has a moral duty to take care of.

Honourable senators, I want to take a moment to tell you how impressed I and my colleagues on the committee were with the quality of the representations we received from individuals and groups on behalf of lower income individuals and families, people on fixed income such as our senior citizens. These are the kinds of representations we do not often receive in Ottawa. This illustrated for me very clearly a basic reason why, when we are studying legislation which directly affects individuals, Senate committees ought to travel to the regions of the country to hear from individuals who will be directly affected by proposed legislation. We heard from war veterans who are now senior citizens who spoke very eloquently of their concern for their future. We heard from people who scramble every day of their lives to care for their families.

The Hon. the Speaker: I regret interrupting the Honourable Senator Kirby, but the 15-minute time period has elapsed. Is the honourable senator requesting leave to continue?

Senator Kirby: Yes.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Senator Kirby: Thank you, honourable senators.

For example, Mr. Gerry Hudson, a senior citizen and war veteran living on a fixed income of less than \$15,000, spoke to us eloquently of his concerns about the HST. Mr. Stanley Devine, another senior citizen, asked us to deliver a message to you of his concern about the impact of the HST, particularly in its application to home heating. These are people who have contributed in the most profound ways to our country. Both those gentlemen are war veterans. Understandably, they are worried as they see the cost of the basic essentials of life going up.

This issue is being taken seriously by the government. It is being addressed through targeted relief. The federal rebate on the GST portion of the HST will remain. The federal government will continue to provide \$2.7 billion a year under the GST credit for qualifying low-income individuals and families.

In 1996, more than 8.5 million families and seniors with incomes below \$20,000 a year received an average of \$300 under the credit. Of course, further federal assistance was announced in the recent federal budget, targeted at low-income working families through the Enriched Working Income Supplement Program, and targeted at children through the Enriched Canada Child Tax Benefit Program.

Honourable senators, let us be clear that this impact on low-income people living in these three provinces is not as a result of having changed either the federal tax rate or the federal tax base. It is, in fact, the result of having broadened the provincial tax base to include items that had previously been exempt from provincial taxes.

We discussed in committee whether the Senate could amend the bill to provide a rebate for the provincial portion of the HST.

As recently as this morning, the committee also discussed whether the concept of the GST rebate ought to be extended to the full HST by having a rebate to low-income individuals living in the three provinces of the portion of the provincial tax which is now included in the HST.

The committee did not divide along party lines on this issue. We know that it is, fundamentally, up to the provinces to decide how they wish to address this problem. While we were concerned about putting ourselves in the position of dictating to the provinces how provincial revenues ought to be spent, Senator Cochrane has put forward an attachment to the committee's report urging the four governments involved to seriously consider this issue. She deserves a lot of credit on this count.

Personally, honourable senators, I believe the time has come for provincial rebates on the provincial portion of the HST targeted to low-income individuals and families. I hope that this is something the three provinces will consider very soon.

Indeed, honourable senator, the committee today unanimously passed Senator Cochrane's resolution, which was attached to the committee report that the Clerk read. The conclusion in the last paragraph of that resolution reads as follows:

Be it therefore resolved that the committee recommends that the Senate urge the provincial governments in provinces where the HST will take effect to provide relief to low income people through rebates, tax credits, or deductions to offset the provincial portion of the HST.

I should like to thank Senator Cochrane for the eloquent way in which she spoke on her resolution when the committee was travelling and in committee today.

The ultimate hope, of course, is that harmonization will bring economic renewal and jobs to the harmonizing provinces. Mr. Blanchard, the Minister of Finance in the province of New Brunswick, told us that they expect a minimum of .5 per cent to 1 per cent increase in the GDP in New Brunswick, and the creation of 16,000 jobs per year as a result of harmonization.

The APEC study, to which I referred a few minutes ago, concludes that the net total impact of harmonization will be over \$122 million of additional consumer spending in the harmonizing provinces. That is after factoring in reduced spending on certain items that will go up in price with the expansion of the provincial sales tax to the GST tax base.

In other words, honourable senators, an additional \$122 million of consumer spending will result from the fact that, on the vast majority of items, the combined federal and provincial sales tax has come down by roughly 4 per cent in New Brunswick and Nova Scotia, and roughly 5 per cent in Newfoundland, in spite of the fact that there is an increase in cost on those items which were previously not subject to the provincial sales tax.

Honourable senators, these are significant benefits. In addition, appearing before the committee were witnesses from several types of industries. For example, Ms Deborah Ward, president of the Tourism Industry Association of Canada, appeared before the committee and spoke about the benefits of the HST to the tourism industry, particularly because of the way in which the visitors' rebate program will be implemented.

Under the HST, the sales tax on restaurant and hotel services and on gifts will go down to 15 per cent. In addition, under the Visitors' Rebate Program, foreign tourists will be able to claim the full 15 per cent when they leave the country.

• (1650)

According to the tourism industry, honourable senators, people will actually be encouraged to come to the Atlantic region and inject much-needed money into the economy.

Finally, I want to say a couple of words about the issue that attracted the most attention in the committee hearings: tax-included pricing. The testimony we heard was aptly summed up in the New Brunswick *Telegraph Journal* on Tuesday, March 4, one of the two days we held hearings in Saint John. That editorial stated the following:

Canadian businesses are virtually unanimous in their support for the HST in principle, but they are equally unanimously opposed to the tax-inclusive pricing component.

That, honourable senators, accurately sums up what we heard from our nearly 200 witnesses and from virtually every business witness who appeared before the committee. Many witnesses, especially retailers, expressed concern over the implementation of a tax-inclusive pricing policy when this tax-inclusive pricing policy was to be applied in only three provinces and, in particular, three small provinces.

These business people were very concerned about the cost of complying with the tax-inclusive pricing rules under the bill. In effect, they were concerned about having a dual pricing system in place for the country, where one set of rules would apply in over 90 per cent of the country and another set of rules, involving tax-included pricing, would apply only in the Atlantic region. We heard that this measure would severely reduce the benefits of harmonization for retailers and other parts of the business community and, therefore, increase their costs. Further, these costs would be passed on to consumers, thereby taking away part of the benefits of the HST which they would otherwise enjoy.

We heard projections of costs of \$30,000 for a single store to comply with the tax-included pricing requirements of the bill. The Retail Council of Canada estimated that complying with the tax-inclusive pricing portions of the bill would cost retailers in the three provinces alone \$100 million in the first year, with an ongoing cost of some \$75 to \$80 million each year thereafter.

We heard predictions that the cost of complying with this policy would make profitable stores unprofitable, and force companies to close stores and lay off employees. It would be an understatement for any of us who were present at these hearings to say that retailers feel very strongly about this issue. They certainly made their views known to us in clear, unambiguous terms.

Indeed, I would like to pay a moment of tribute to Mark's Work Warehouse, a national chain of clothing retailers, which not only had representatives testify in each of the cities we visited but went to the length of setting up in Halifax, together with the Retail Council of Canada, a display to demonstrate some of the complications they would face in implementing the tax-inclusive pricing policy. This display was extremely effective in illustrating to committee members how costly tax-in pricing would be to retailers and, frankly, honourable senators, how unbelievably confusing it would be to consumers.

It is true that some of the retailer witnesses were not opposed to tax-in pricing. For example, Anne Bertrand of the Conseil économique du Nouveau Brunswick, an organization representing 1,000 small- and medium-sized businesses, including a significant number of retailers in that province, told us of the support of that organization for tax-inclusive pricing. She went on to emphasize that consumers want to know exactly what they will have to pay when they get to the cash register.

In addition, in Newfoundland we heard very strong testimony from Burf Ploughman, who told us that he operates a retail business as well as a manufacturing business. He rejected polls that say that 80 per cent of consumers want tax-inclusive pricing. In his view, having talked to customers in his retail store, the actual figure of consumers who support tax-inclusive pricing is closer to 100 per cent than 80 per cent. In the words of Mr. Ploughman, the concerns being expressed about the difficulty for retailers in complying with the portions of the bill related to tax-inclusive pricing were simply "a lot of smoke." He said he has far more faith in a retailer's ability to adjust to these types of minor price changes than we had been led to believe. In Mr. Ploughman's words, "If it's right, it's right. Let's do it."

Despite these strong endorsements, it was clear that there still is significant concern in the retail community over implementing this policy before more provinces have signed on to it. The overwhelming majority of the evidence supports this stance. The committee was particularly concerned about predictions by witnesses that the extra costs entailed by tax-inclusive pricing would erode the opportunities created by harmonization. Let me remind honourable senators that the underlying objective of this bill is to create jobs, not the reverse.

Reduced prices for consumers is unquestionably, in my opinion, the key benefit of harmonization. The fact that tax-inclusive pricing could have the impact of reducing the price saving that would otherwise be passed on to consumers was of significant concern to the committee.

Honourable senators, let me emphasize what I said a few moments ago when I presented the report of the committee. I strongly support, as did all committee members — it was unanimous — the amendment passed by our committee to defer implementation of the tax-inclusive pricing policy until provinces comprising 51 per cent of the population have opted in to tax-inclusive pricing. Mr. Ploughman is right, tax-inclusive pricing is the right thing to do, but perhaps it is not yet the right time.

Honourable senators, I also want to address another amendment that was debated in the committee yesterday and today. That amendment would have removed books from the GST tax base throughout the country. We all know how strongly many of us feel about this issue. All of us have accepted taxation of books only as a last resort, for reasons of fiscal necessity. I recall the passion that surrounded that issue when the GST was originally debated in this chamber seven or eight years ago. The bill before us now provides for 100-per-cent rebate of the GST on books for libraries, schools, universities, municipalities, and qualifying charities and non-profit organizations.

That initiative, the removal of the GST on books going to these organizations, we have been told by officials from the Department of Finance, will cost the federal government \$25 million a year. To go further and zero rate books — that is, remove the GST from all books in Canada — would cost an additional \$115 million per year. This government has worked too hard and the Canadian people have suffered too much to bring the federal deficit under control for us to pass an amendment to Bill C-70 that would increase the federal deficit by \$115 million. For that reason and that reason alone, the committee decided not to pass this amendment when it was introduced in committee this morning.

I add, for those senators who may not be aware of this fact, that the three harmonizing provinces have announced that each will provide a point-of-sale rebate for the provincial portion of the HST. In other words, consumers in the three harmonizing provinces will continue to pay only the federal GST on books, and only on books not being sold to libraries, schools, universities, municipalities, and qualifying charities and non-profit organizations. Thus, even on books not being sold to those organizations, the tax rate will not be going up to 15 per cent; it will be remaining at 7 per cent.

The committee also heard a number of representations from members of the medical profession who told us of problems they have experienced under the GST, problems that the HST will only exacerbate through moving from 7 to 15 per cent. Specifically, in contrast to non-health-care professionals and small business people, doctors are unable to claim input tax credits for the GST they pay on their supplies, equipment, rent and utilities. That problem, which does not originate with the HST — it originated with the original GST and was hotly

debated when that bill went through this place — is the result of the fact that medical care is exempt from the GST. Since doctors do not collect GST from patients, they cannot claim GST on supplies and equipment they purchase.

I have to say, honourable senators, that members of the committee were very sympathetic to the situation faced by doctors. This morning, we considered an amendment to zero-rate these devices and allow doctors to claim input tax credits, but once again, we were faced with the fiscal cost of such an amendment. We were told that the cost of adopting such a measure for doctors alone could go as high as \$150 million per year. The view of the committee was that to give that benefit to doctors and not to the whole health care sector would have been unfair. If the same treatment were given to the whole health care sector, the costs could run to \$350 million a year.

• (1700)

Honourable senators, the blunt reality is that we cannot afford to increase the deficit by \$150 million or \$350 million a year at this time.

One final amendment was proposed but not voted on in committee. This amendment concerned a particular company, Maritime Life Company and, peripherally, Assomption Vie which is a life insurance company headquartered in New Brunswick. The issue concerning these two companies is complicated and technical. Essentially, it concerns the treatment of their management fees for their segregated funds, which life insurance companies now operate essentially as trust funds.

Management fees are now taxed at 7 per cent under the GST. Under the HST, they would be taxed at the full rate of 15 per cent. As a result of an amendment passed in the other place, and as a result of steps recently taken by the Government of Nova Scotia with respect to Maritime Life and the Government of New Brunswick with respect to Assomption Vie, the problem of concern to those two companies has effectively been solved for the two years required by those companies and their respective provincial governments.

More important, honourable senators, I also want to point out that the four governments have committed themselves to reviewing this issue within the next six months so that if, indeed, the problem has not been solved, it can and will be considered in plenty of time to be taken into account and corrected before the two years are up.

I want to say to the presidents and CEOs of the two companies involved, Maritime Life and Assomption Vie, that, on behalf of the committee, I will be writing to assure them that they can come back to the committee if the problem is not solved following the four-government review which will take place within the next six months.

Honourable senators, let me emphasize that this bill holds the promise of significant economic development and job creation for the three harmonizing provinces. We heard a great deal of enthusiasm and optimism for the prospects of the Atlantic region under harmonization. I believe that we owe it to the people of these provinces to pass this bill and, may I emphasize strongly, to pass it quickly so that, on April 1, the governments involved can implement the HST and begin to lead the region into a new economic era.

I have a brief comment on why I am so strongly emphasizing the April 1 deadline. We heard from many business sector witnesses that certain sectors of the market are now experiencing reduced sales as people wait for the lower sales tax rate to take effect on April 1. In addition, various parts of the retail industry, such as computers and other technology products, are now beginning to adjust in order to be prepared to implement this tax on April 1. Any delay will cause confusion and a considerable economic hardship to the businesses of the region.

We are all well aware of the problems that can result when there is uncertainty within the business community as to when a particular change will occur. It is critical that we avoid any uncertainty about the transition to the harmonized sales tax. We have an obligation to ensure that the April 1 deadline, which all businesses in Atlantic Canada have been expecting and anticipating, is met. Clearly, to fail to meet that deadline would cause havoc within the Atlantic business community and, indeed, would create a degree of uncertainty that is not fair for anyone in business or, indeed, for consumers.

On this point, honourable senators, the committee was unanimous in its support of the importance of that deadline, and of our commitment to ensure that that deadline is met.

Honourable senators, I would like to make one last comment with respect to the operations of the committee and the nature of the hearings we held. The hearings in the region were, in many respects, the best set of hearings in which I have ever participated since coming to the Senate. They were impressive basically because we had an opportunity to talk to people in a very real, close way, people who were directly affected by a piece of legislation. We came to understand how a piece of federal legislation looks when you are out there on the ground, hundreds or thousands of miles from Ottawa, as opposed to simply trying to understand how a bill looks from our own perspective.

The second very great benefit of the on-the-road committee hearings was that we were afforded the opportunity to hear from the business community about how an idea that they support in concept, namely tax-inclusive pricing, could have such problems when moved from the conceptual stage to the implementation stage unless you have a significant number of provinces and, therefore, consumers — in other words, a broad enough base — to make that implementation worthwhile.

Frankly, honourable senators, had we not heard directly from retailers all across the region, had we not seen displays like that

provided by Mark's Work Wearhouse in Halifax, I am not sure that many committee members would have fully understood the enormous practical difficulties which arise when you move from the concept to the practical implementation of it on such a small population base.

In addition to the conclusions reported in the committee and on which I have commented here, another message has arisen from the hearings on this legislation: It is important that we hold more of those kinds of hearings and, in particular, that we give people an opportunity to explain to us how a theoretical, conceptual idea can be very difficult to apply in practice.

Honourable senators, at the end of the Banking Committee's session today, we were able to present a unanimous report to this chamber. I believe the process that got us to that point is right. I believe we reached the appropriate and correct conclusions.

For that reason, honourable senators, I invite members on both sides of this chamber to join me in supporting passage of this bill, so that it can take effect on April 1 of this year.

Hon. W. David Angus: Honourable senators, I am happy today, as are my colleagues on this side, for the people of Atlantic Canada because of the major improvements to Bill C-70 which will result in the deferral, in fact the effective removal, of the tax-in pricing provisions.

We are not as happy, honourable senators, as we might have been had our three or four other amendments not been voted down by the honourable members opposite and, instead, had been passed by the committee. However, some real progress has been made today of which we Progressive Conservatives are proud. We take unabashed credit for this progress.

You have just heard what Senator Kirby has said about the terrible effects which tax-in pricing would have caused to the good people of Atlantic Canada. I fully agree with him, as do my colleagues on this side of the chamber. What has brought senators opposite to such a refreshing awakening, to eat such humble pie? Can you believe it? I do not want to lapse into partisanship or what Senator Kirby referred to a few minutes ago as "cheap politics."

• (1710)

I cannot resist sharing with you what that very same Senator Kirby stated to the national media at about 1 p.m. today: "Let's face it," he said, in explaining why Liberal senators agreed to the tax-in pricing amendment, "We were in a box, a box created by the Tory senators. We had to vote for removal of that iniquitous tax-in pricing provision."

Honourable senators, I should also like to say a few words about the committee's decision to travel. We Progressive Conservative senators were well aware that the House of Commons Finance Committee had refused to travel, and that potential witnesses from the Atlantic provinces were not told of their right to come to Ottawa at Senate expense, or Parliament's expense, in order to make known their views. We were also well

aware that closure of debate had been imposed in the House of Commons and, indeed, in the legislatures of two of the three Atlantic provinces involved. Therefore, honourable senators, we could take no chances. It was at the behest of the Progressive Conservative senators that the committee travelled to Atlantic Canada. This initiative redounded greatly, and I say greatly, to the benefit of Atlantic Canadians generally, businesses and consumers alike.

Honourable senators, the process of the committee hearings on Bill C-70, particularly the travel to New Brunswick, Nova Scotia, and to Newfoundland and Labrador was most positive, as Senator Kirby did say. Quite frankly, the trip reinforced my own view and respect for, and my deep belief in, the effectiveness and the usefulness of the Senate and in the Senate's committee system.

Senator Gigantès: Did you say "usefulness" or "youthfulness"?

Senator Angus: Usefulness and effectiveness.

As to the merits of Bill C-70 and the substance of the committee's report, I should like to place the issues before this chamber in proper perspective.

First of all, let me describe the overriding situation. We are not only dealing here with just Bill C-70, but also with three provincial statutes and two memoranda of agreement amongst the three Atlantic provinces, and involving the federal government. In other words, one must contemplate the scheme of this legislation and the attendant agreements as a package.

To the extent that Bill C-70 is about improving and fine-tuning the GST, which is what Part I of Bill C-70 is all about, we heartily support and endorse the bill. To the extent that Bill C-70 is about a nationally harmonized sales tax, we heartily support that principle. Indeed, such an initiative and principle are long-time Progressive Conservative Party policy.

On the other hand, honourable senators, to the extent that Bill C-70 harms, oppresses and otherwise negatively affects the low-income working poor and elderly people on fixed incomes in Atlantic Canada, we Progressive Conservative senators absolutely deplore this bill. To the extent that Bill C-70 as drafted contains implementation provisions which tend to nullify otherwise beneficial aspects of a harmonized sales tax, the PC senators deplore the bill. To the extent that this bill contains provisions which tend to disguise or bury the GST, we deplore the bill for the same cynical approach that it takes to the parliamentary process. To the extent that Bill C-70 contains provisions which tend to fragment the national marketplace of Canada, and to Balkanize the poor, economically backward provinces in question, we deplore the bill, and the PC senators will fight to improve the bill.

Honourable senators, we have other grave concerns about this bill. My friend Senator Kirby referred to an amendment about books. An amendment was presented to the committee, but that amendment was defeated six to five. Yes, there was an

amendment about doctors, and they appeared before us in droves. That amendment was defeated six to five. These are great provisions, as Senator Kirby said. I do not know why they were not approved. I wish to address this business about what such provisions cost for a few minutes. Herein lies the arrogance that underlies this tacking on to Bill C-70 of some provisions that actually have nothing to do with the fundamental principles of the bill.

Honourable senators will have read about that \$961 million of the taxpayers' money of this country — the money of Canadians from sea to sea, not just from Atlantic Canada — that was taken out of the revenue fund and sent down, before this chamber voted on the bill and before the House of Commons voted on the bill. It was placed into the financial books of the Government of Canada for 1995-96 over the grave concerns of the Auditor General of Canada. It is a scandal, honourable senators. The Auditor General came before our committee and told us exactly the process that was followed.

I must tell you that we on this side were horrified by what we heard. Our horror was supplemented when we got to Newfoundland and the Minister of Finance, the Honourable Paul Dick, told us, "I just received last week a cheque for \$348 million. Furthermore, that cheque is earning interest for me at \$100,000 this weekend, and we are having a wonderful time down here in Newfoundland and Labrador."

There is something very strange about the government doing things like that, and it is all happening because of this document called the Red Book. It has led to a cynical approach to the parliamentary process, and we on the Conservative side are absolutely horrified. Having said that, is there much more to say?

The story of that cheque for \$348 million really got to me. I asked the Auditor General to use a business analogy. I asked him, "When do the books of the Government of Canada close?" He said that they closed on such and such a date. I asked him, "When did you raise your grave concerns?" He said, "I raised it several weeks or even months before the books were closed." "Who did you raise it with?" "I raised it with the officials in the Department of Finance," he said. "Well, what officials?" I asked him. He said, "I went all the way up to the very top." "To the minister?", I asked. "To the minister," he said.

The minister put that \$961 million of the Canadian taxpayers' money into the deficit for 1995-96 before Parliament even authorized the payment of it, before this Senate passed the bill, and before the House of Commons passed the bill. I say it was an abuse of the process, an affront to Parliament, and a terrible thing.

My colleagues and I are concerned about so many things in this bill that honourable senators must wonder why Senator Kirby said that the report was a unanimous report. We believe in the art of the possible, and the possible was to get the TIP taken out of the bill for the box-like reasons that I described earlier. If you tune in, you will see the report on your news program this evening, not only on *NewsWorld* but on CTV as well.

What else are we concerned about? We are concerned about the ineptitude and the rush with which this bill was placed before us. Witness after witness appeared before us. The clerk of the committee had to turn aside these poor people who were lined up to say, "But we were never told how this thing would work. We have been seeking information. We went to Ottawa, and we could not get any information. We went to the provincial legislature."

I wish to refer to G. David M. MacKay of 3263 Leaman Street, Halifax. He wrote:

I prepared this brief after attending the Friday, March 7, session of your Committee Hearings on Bill C-70 in Halifax. I found the presentations generally thoughtful and well researched. The Witnesses clearly have some faith that the process of democracy can find fair and equitable solutions to shared problems. The Senators obviously listened carefully and asked insightful questions. I hope the Senate can help avoid the BST becoming a more divisive issue.

He also wrote:

The documents published by the NS Department of Finance claiming to provide information on the HST are more properly classified as a deliberate attempt to misinform and mislead the public. They are an affront to literate people, and one more contribution to growing public disillusion with the process of government. Surely we have a right to expect better.

• (1720)

Honourable senators, those citizens of Atlantic Canada do have a right to expect better. The Senate has a responsibility to ensure that they are better off, and to be damn sure that measures like this do not lead to cynical legislation in the future. Otherwise, I think Bill C-70, as amended, is a good piece of legislation.

Honourable senators, I thank you for your attention. I know that when Friday comes, you will all be happy.

On motion of Senator Buchanan, debate adjourned.

MANGANESE-BASED FUEL ADDITIVES BILL

INTERIM REPORT OF ENERGY, THE ENVIRONMENT
AND NATURAL RESOURCES COMMITTEE ON QUESTIONS
PRESENTED—DEBATE ADJOURNED

The Senate proceeded to consideration of the sixth report of the Standing Senate Committee on Energy, the Environment and Natural Resources (Interim report on Bill C-29, An Act to regulate interprovincial trade in and the importation for

commercial purposes of certain manganese-based substances), presented in the Senate on March 4, 1997.

Hon. Ron Ghitter, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, moved the adoption of the report.

He said: Honourable senators, I am pleased to rise to express some points of view with respect to the findings of our committee in response to a request of this chamber to review some matters relating to the MMT legislation.

By way of introduction, you may recall that, on December 18, 1996, a motion was presented in this chamber asking the Standing Senate Committee on Energy, the Environment and Natural Resources to present an interim report before submitting its final report on Bill C-29, which is, as you know, the MMT bill.

It was proposed that we examine three questions in committee, which we did. First, is MMT-based petroleum the cause of OBD malfunctioning? Colleagues, "OBD" means "on-board diagnostic" malfunctioning. Second, does MMT in gas cause a health hazard to Canadians? Third, does MMT in gas cause direct damage to the environment?

As a result of the instructions received from the Senate, we conducted public hearings and heard over 40 witnesses with respect to this issue. I commend the members of the committee and all those who participated in the hearings for their deliberations, their consideration, their questions, their understanding, and the ultimate report which was filed and which is before you, being the interim report of our committee.

I would also thank the members of the committee who permitted a minority report to be filed with respect to this bill, as well as the three questions posed by Senator Kinsella to be dealt with, because the issues were very complex. The research and materials presented to us were contradictory. The conclusions one could arrive at in circumstances of this nature were not easy to reach and, obviously, are reflected in the varying viewpoints expressed in the majority and minority reports.

Honourable senators, in order to understand the viewpoint that I wish to express, it is important to come to grips with some of the background relative to why the bill was introduced, particularly the steps that were taken and the questions that were asked, and why we are in the position we are in today with a majority and a minority report.

Let me say at the outset, honourable senators, that, in my view, this is a terribly flawed piece of proposed legislation. In my view, this bill ignores established protocols with the provinces, and I will deal with that in further detail. In my view, this bill is purported to be a trade bill when, in fact, it is an environmental bill. I believe that this bill likely contravenes NAFTA and interprovincial trade agreements. It threatens to create job losses and refinery closures for no verifiable reason at this time. In my view, this bill subverts

the concept of the well-recognized and important principle, the precautionary principle, which I will deal with in a moment. Further, this bill smacks of regionalism. In my view, lastly and most compellingly, this bill is based on weak and questionable foundations, and lack of convincing or even reasonable data upon which one could vote in favour of it.

As the minority report concludes, honourable senators, the bill is contradictory, inconclusive and speculative. Worst of all, in my mind, however, this bill demonstrates, again, how a government will say one thing and do another. We saw the same process being applied in the firearms legislation where the provinces and the territories were totally ignored. The same approach was taken by the government when they were dealing with electoral boundaries. We saw the same approach taken by the government on Pearson airport, and we see it again in spades in respect of this legislation. We see a government that speaks of harmonization, a government that speaks of working with the provinces, and a government that stands up and says that this is a new confederation and a time when we will all work together to make a stronger Canada. However, when push comes to shove, when the government wishes to do something, they ignore the provinces. They ignore the territories. They do whatever they want to do. They say: "Harmonization, forget about it; working with the provinces, forget about it. Let us do what we want to do, and we will worry about it later."

Let me back up for a moment, now that you know how uncertain I am of my conclusions. I am keeping you in suspense as to my views with respect to this bill. It is probably more a bill of political showmanship — parading as an environmental saviour when it is a trade bill. Let me share with you, in a much more specific way, my analysis of the background leading up to the bill and the reason why we have a majority and a minority report. I do so today as a senator who, at the outset of this examination, did not know an MMT from an RSP but one who, over the past months, through considerable correspondence, by reading conflicting so-called "scientific" reporting, and listening to over 40 witnesses at our committee hearings, has come to certain conclusions. I will do so in the context of this report and exclude my views with respect to the constitutionality of the bill, the NAFTA question, and the interprovincial trade questions. Suffice it to say that many problems will arise should this bill ever become the law of the land.

It is important to understand, by way of background, honourable senators, how this bill came into being. Let me share with you some information for the record as to what the understandings were between the federal government and the provinces with respect to environmental legislation. Let me read, for the record, the communiqué of the environment ministers which gave approval in principle to a harmonization accord between the federal government and the provinces. This communiqué is dated November 20, 1996. It states that the Canadian Council of Ministers of the Environment have approved in principle an accord designed to lead to improved and

more consistent environmental protection across Canada. The Canada-wide accord on the environmental harmonization envisions governments working in partnership to achieve the highest level of environmental quality for all Canadians. Its objectives are to enhance environmental protection, promote sustainable development, and achieve greater effectiveness and accountability by governments charged with environmental management.

• (1730)

Norm Sterling, Minister of Environment and Energy for the province of Ontario and President of the Canadian Council of Ministers of the Environment, trumpets the following: "Harmonization is about governments working in partnership to enhance protection of the environment."

If we carry on further into this same document, we see principles with respect to which all our governments in this land agree. They talked in terms of the precautionary principle, which I will come to in a moment, wherein they state that where there are threats of serious or irreversible environmental damage, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation. That is the precautionary principle that is important to keep in mind in looking at this legislation.

The CCME went on to state that decisions pursuant to this accord will be consensus based and driven by the commitment to achieve the highest level of environmental quality within the context of sustainable development.

In terms of the priorities the CCME wishes to deal with in the next 12 months, they list a number that they consider to be of importance to Canadians. These priorities contain things like particulate matter in the air, ground level ozone, benzene in air, mercury in all media and so on.

Honourable senators, not once in the priorities set out by the ministers of this land will you see mention of MMT. Not once in this document will you see it discussed at the time this communiqué was issued.

What do we have, then? Out of the blue, a bill comes forward to the surprise of everyone. Although it is a trade bill, it is really an environmental bill, although Minister Eggleton refused, and continues to refuse, to come to our committee to comment on our concerns with respect to this bill. Only Minister Marchi appeared. Although it is a trade bill, unfortunately, notwithstanding three letters I sent making the request, the minister refuses to speak to us on matters of trade, NAFTA and interprovincial trade. He refuses to appear, and I take it as an affront to the Senate and to the work of our committee. We have no power to force him to come. Senator Buchanan has a motion before the Senate in which he asks the Senate to request Mr. Eggleton to appear before the committee.

However, notwithstanding the fact that the minister who really should have presented the bill did not appear, the bill has gone forward. What is the situation? Eight provinces and two territories stood up and said, "Stop. Do not do it. It is inappropriate. You are avoiding the protocols that exist between us." They came forward to plead with the government and to say, "Let us go through the normal process. What is the urgency? Let us deal with the matter appropriately within established protocols working, appropriately, from a scientific base, not in this unilateral fashion."

On May 14, 1996, the Premier of Alberta as he then was, and as he will continue to be after tomorrow, I am sure, took the matter so seriously that he sent a letter to the Prime Minister in May of 1996. In his letter to the Prime Minister he said:

I am writing to ask that the federal government stay passage of Bill C-29 which, if passed, would ban the importation and interprovincial trade of the gasoline additive MMT. It is a matter of considerable urgency and concern to Alberta, and to the petroleum refining industry...

He sums up by saying:

...it is not apparent that removing MMT from gasoline will have any net environmental benefits.

He went on to talk about his concern for NAFTA.

He then said:

I am deeply troubled about the unilateral manner in which this issue was decided and implemented. There is a need for strong federal-provincial agreement and cooperation on national environmental issues, such as air quality. Approaches to other fuel issues were developed jointly through working groups of the Council of Ministers of the Environment and in cooperation with the Council of Energy Ministers. In contrast, Environment Canada has proceeded on the MMT issue in spite of the views of the majority of the provinces, to impose a solution being justified on suspect —

I would suggest it is even worse than that.

— environmental grounds. The unilateral approach also violates principles of consultation with involved stakeholders.

So be it for harmonization of attitudes. So be it for bringing together provinces to work out their problems. So be it for the so-called new approach to Confederation. It is really, "Our way or the highway, provinces. Forget about the protocols of six months ago. We will do it whether you like it or not." That is the way this government operates. That is the way it operated with

regard to firearms control, Pearson airport and electoral boundaries. That is no way to achieve any progress or to deal appropriately with legislation of this nature.

I should like to talk further about what happened during committee meetings. Leading up to our meetings, with this background material, we heard testimony from representatives of the Province of Nova Scotia, who decried the fact that for 27 years Environment Canada had taken a cooperative approach to most of Canada's significant environmental issues. We received copies of correspondence from the Saskatchewan minister and the Premier of Saskatchewan to this government. Premier Romanow wrote to Prime Minister Chrétien last fall, expressing concerns not only about the manner in which the legislation was developed but also about the lack of scientific evidence to support the bill. On February 7, representatives for the Minister of Energy of that province appeared before our committee. We discussed the matter with them. They spoke in terms of how frustrating and confusing the situation had become because of the federal government's commitment to abide by federal-provincial accords on environmental harmonization and then to ignore the situation entirely.

There we have it, honourable senators. We come to a bill that is being imposed upon the people of Canada and the provinces. We come to a bill that is not based on any scientific foundation. In fact, it is just the opposite. We must ask ourselves: Why is it that we are being asked to push this bill through? Why is it that for the first time, in my experience, during Energy Committee hearings there was not one empty chair on the Liberal side of the committee room? Why is this such an urgent matter that we must deal with it so quickly? Why is this happening? Could it be that, perhaps, the Liberal members of Parliament from southern Ontario are listening to the ethanol producers?

The Hon. the Acting Speaker: Honourable senators, I regret to interrupt the honourable senator, but I must inform him that his 15 minutes has expired. Is there unanimous consent for the honourable senator to continue?

Hon. Senators: Agreed.

Senator Ghitter: The questions go on: Could it be that southern Ontario MPs, concerned about the rebirth of the Conservative Party and seeing that they may lose their seats, are beckoning to the ethanol producers in rural communities who hope that if MMT goes, ethanol will replace it, something which may create a market even though we are told that it will not?

Could it be that those Liberal members of Parliament in the greater Toronto market are looking at the fact that when "Big Auto" has come in and said that, perhaps, there are some problems with MMT? Could it be that the ever humble and ever political Ms Copps, who has sniffed the political winds, is trying to cover up the fact that if there is a problem with manganese in

this country, it is not as a result of MMT but that the constituency she represents has the highest and most dangerous manganese levels in this country, levels that are going unreported? Could it be that there may be a bit of a cover-up as to where the real problem with manganese originates, and that it is not coming from MMT?

• (1740)

What else are we to think, honourable senators, when we look carefully at this legislation? If I thought for one second that MMT was deleterious to our environment, I would support this bill. What is it that causes a government to avoid all protocols established for the last 27 years, step all over the provinces, move with no scientific basis, and say, "You will have this bill, Canada, whether you like it or not?"

As a westerner, I think this is all about good old southern Ontario. Nothing ever changes, only the faces and the issues. If it is our role as Senators to represent the regions — and, with the existing structure in our House of Commons there is no effective opposition — then it is our responsibility to expose the flaws in this legislation. That is what we intend to do.

What, then, is the *raison d'être* behind this legislation? What is it that causes the government to come forward and push it upon us? Our committee heard that it is the precautionary principle that Environment Canada is invoking here. I believe in the precautionary principle. I think it is a sound and important principle which all members in this chamber support.

To comprehend this legislation, the precautionary principle must be understood. In 1992, the Rio declaration on the environment described the precautionary approach. The declaration stated that, in order to protect the environment, the precautionary approach shall be widely applied by states according to their capabilities. Where there are threats of serious or irreversible damage — please understand that this is vital to understanding this — lack of scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. There must be a danger of serious or irreversible damage.

In his testimony before our committee, Mr. Daniel Krewski, the Acting Director of the Bureau of Chemical Hazards, Health Canada, stated that Health Canada had concluded that the health risk associated with manganese emissions resulting from the use of MMT in Canadian gasoline is negligible. Nevertheless, he invited the committee to support the bill because he felt that the precautionary principle should apply.

I can understand this gentleman supporting the legislation because, after all, it is a government bill and we want him to keep his job. In the end result, however, he demeaned his own personal position and he demeaned the position of his department when, after coming forward with all of the evidence, he still supported the bill.

Let me tell you what Health Canada says about whether or not there is a health hazard from MMT, as I read in a communiqué of November 1992, which was submitted and passed out under the title: "Issues coming forward from the Health Protection Branch of Health and Welfare Canada." They were asked:

Is the manganese in MMT likely to cause the same health problems as lead did?

The answer was as follows:

No. Although lead and manganese are both heavy metals, there are important differences between them.

Manganese is a necessary nutrient, required by the body every day for good health. On the other hand, there are no known beneficial effects of lead. Manganese is also a much more abundant element — the 12th most common on earth. It is plentiful in our food and is found in soil in concentrations as much as 100 times greater than lead...

...children and pregnant women are much more vulnerable to the toxic effects of lead — and to relatively small amounts of it.

The document deals with whether or not there is any danger with respect to MMT. It states that:

Based on current evidence, experts at Health and Welfare Canada are confident that the risk to human health from MMT-derived manganese is small: there is clearly a wide margin of safety between the current intake of manganese from MMT and the lowest concentrations of airborne manganese known to cause any health effects.

It is only in industrial settings like certain mines and mineral refineries that concentrations of manganese are great enough to cause toxic effects. I point here to the city of Hamilton and the difficulties they have in that area.

When Mr. Krewski appeared before our committee on February 6, 1997 and was asked about the position of his department relative to this study in 1992 and whether or not he had updated his view since 1992, he said that, on three other occasions, they had looked into the matter and their conclusions in 1997 were the same as their conclusions in 1992, namely, that MMT does not constitute a health hazard to Canadians. He further stated that, in big cities in the United States where MMT is not in use, as compared to cities in Canada where MMT is in use, there is no difference in the manganese in the air, and in neither area is there a problem.

The first question our committee dealt with in its interim report was whether or not MMT would constitute a health hazard to Canadians. The conclusion is evident. There is no evidence of danger to the health of Canadians. Basically, a member of the health department was put in an embarrassing position. He was required to support a piece of legislation when he knew that all the evidence in that regard was contrary to what was before him.

The second question the committee dealt with was whether MMT-based petroleum was a cause of OBD malfunctions. We must consider this in light of what we know about it. Let me explain what that means. New cars have on-board diagnostic systems that will emit a warning if the emission control systems are not working. The allegation is that MMT gums up the works and, as a result, these systems will not function properly.

We asked Environment Canada, the advisor to government: Have you done any independent studies which indicate that MMT does, in fact, gum up the on-board diagnostic systems? Environment Canada told us that they had done no such studies. The consultant to the government, in support of this legislation, comes forward — and allegations have been made that this is having this terrible effect on emission controls — and is so concerned and dismayed about these on-board diagnostic systems that not one independent test has been conducted to determine whether or not there is any merit to these allegation.

If we cannot determine the situation in Canada, then let us turn to the United States. They have had a lot of experience in this area. The United States has had this issue under review by the EPA, the Environmental Protection Agency, for some time. On four different occasions they told Ethyl Corporation not to come back to them until they could satisfy them that MMT did, in fact, gum up the on-board diagnostic systems.

Based on all the information then available concerning the potential effect of the use of MMT in unleaded gasoline on regulated emissions as submitted by Ethyl and others, the administrator of the EPA determined on November 30, 1994, that Ethyl had satisfied its burden under the Clean Air Act to establish that the use of MMT —

...at the specific concentration, will not cause or contribute to a failure of any emission control device or system (over the useful life of any vehicle in which such device or system is used) to achieve compliance by the vehicle with the emission standards with respect to which it has been certified.

The highly respected EPA in the United States has examined the issue for years, and has determined that that is not the cause; that that is not the reason.

• (1750)

Others who have not read this judgment, or who have not looked at it as closely as perhaps they should, have said it was defeated on a technicality. The technicality had nothing to do with that issue. The technicality that was before the court had to do with an entirely different issue; as to whether or not the EPA had exceeded their jurisdiction on an entirely different matter. This judgment still stands. It is still the law in the United States. MMT is still legal in the United States, and I might add that they are still conducting investigations that have been ongoing, as stated, since 1994. At any time they can re-examine the situation

and, if they obtain additional evidence, they could still ban MMT, but they have not done anything about it since August of 1994. They do not sound to me to be particularly worried.

What do the automobile companies say about this? We hear that 21 automobile companies representing “Big Auto” came to our meetings. We had Toyota sitting beside Honda, and GM sitting beside Ford and Chrysler, all saying, “This is gumming up the works. Get rid of it. We are all together. This is a terrible situation.” Let us look a little more closely at what they said when they were not at our committee, when they were out in the public domain. This is Toyota, speaking in July of 1994 — and this is in our minority report:

Toyota has monitored the OBD-II codes on 24 Canadian and 10 U.S. 1994 model year vehicles to determine whether MMT had significantly impacted the capability of the catalyst monitoring function in Canada. Toyota did not find any evidence that false detections made by the catalyst monitoring system occurred as a result of using MMT.

What did Ford say outside our committee? Again, in the report, on December 6, 1996, when Ford appeared before CARB, the California Air Resources Board, they said:

...although we certified our entire 1996 model year Ford product line with only a few OBD-II monitoring deficiencies, we had to later limit the operation of the misfire monitor on most of our vehicles due to the — to an unusually high number of malfunction indicator lights coming on in the field. After which the misfire condition could not be repeated, and thus repaired.... As a result, we had to use the deficiency provisions for the misfire monitor.

Honourable senators, this is in California where they have no MMT. This is in California, where the lights are going on, saying the on-board diagnostic systems are not working, and this is in California where there is no MMT — the very same thing they allege is happening in Canada because of MMT.

What does GM say when they talk to their dealers about MMT or the problems with the OBD systems? We had the president of GM who came to our meeting, and we asked her, “Have you seen this information circular that your own company has sent around to your various distributors, and are you aware of the fact that they are saying that the on-board diagnostic systems are not working potentially for a number of reasons, such as high vapour pressures, such as environment, such as vehicle handling, such as severe vibration and poor vehicle maintenance, or maybe MMT? Could it be that there is something other than MMT that is causing these systems not to work?” Well, of course she said, “I have not seen it.”

Honourable senators, as intelligent legislators, as individuals who are obliged to examine this legislation with a careful eye, surely with the evidence before us we must wonder why we are dealing with this legislation.

Let me also say to honourable senators that they will be aware of another fact which is important. The refining industry, those who are supportive of MMT, including Ethyl Corporation, came forward and said to the government, by correspondence to the minister, that if they are wrong, they will stop immediately the use of MMT. They said to the government, "Let us have an independent study. Take an academy, a group, whomever you wish. Let us have an independent study. It will take three to four months. After all, we have been producing MMT for 17 years. Let us have the independent study." Honourable senators, that is all that the provinces are asking for as well. "Let us take the independent study. Let us have the facts out there so we will know. Let us get a scientific basis for what we are endeavouring to do." And then they said, "If the study shows that MMT is harming the emission systems in these cars, we will voluntarily remove it."

Honourable senators, if that is not reasonable, what is? Is that not a proper approach to harmonization and working together? I suggest that that is the approach that should be taken. When Minister Marchi was asked why he would not do that, his exact words were: "It will do no good. It will not get us anywhere."

Senator Kinsella: He was about to allow one MMT pump, anyway.

Senator Ghitter: One of the other things that the minister was suggesting — which had been suggested by Ms Copps when she was minister — was that we could have one MMT pump and a non-MMT pump, and let the consumer decide. The oil and gas industry did not find that acceptable because of the cost. If it is in order to have one MMT pump and one non-MMT pump, then how seriously can we take the minister when he speaks about this great harm, or even worse, when he said, "Ethyl Corporation came to us with lead and now they are coming to us with manganese," and tried to make the analogy between the two? It is a ludicrous and insidious analogy from the point of view of any information I have seen.

I am way past my time, and I know it is dinner-time. Thank you for your patience. I will speak again later to this matter when we get to the bill, but let me say to you in conclusion — and we always get a few conclusions. Senator Kirby had four conclusions in his speech. Senator Taylor, I am not quite finished.

Hon. Nicholas W. Taylor: Honourable senators, I know that the hour is late, but I know that my honourable friend from Alberta is best when his stomach is empty, so perhaps he would permit me to ask a question.

Senator Ghitter: I am never too hungry for a question, but may I finish my last sentence before I take the question, or would you prefer to ask it now?

Senator Taylor: I should like to ask it now. You mentioned OBD-Is, and said that in 1994 the manganese did not gum them up, which is a very true statement, but would you care to inform the house as to when OBD-II's were invented and first put on cars?

Senator Ghitter: I think I have to take the fifth. I will carry on with my debate. You and I will talk about that matter over dinner.

Honourable senators, let me conclude and then of course I will be happy to answer questions.

Senator Taylor: I knew his stomach was empty but I did not think his mind had gone, too.

Senator Ghitter: In conclusion, in response to the three questions that we have answered, I invite all of my colleagues in the Senate chamber to read the report and pay attention to the minority report, because much thought went into it. I also remind honourable senators that in this country, the way it is today, we do not want to stand up and merely ignore our colleagues in the provinces and avoid protocols, unless there is an urgency to do so. There are times, of course, when we should do that.

In my judgment, this is not the time to do that. This is the time to say, "Let us put the legislation aside for a little time and let us have further examination," because, quite frankly, when one looks at the evidence, there is no urgency whatsoever. There is no need to remove MMT as a gas additive. On top of that, there are some benefits. The benefits are — and this is also important to understand — that MMT curtails NOx emissions from 5 to 20 per cent, which is very beneficial in reducing smog. In other words, we would be removing something that may have a positive impact on the environment. We know today that MMT does have a positive impact on the environment by curtailing NOx emissions. As a result, why would we remove it when we have no evidence that it is doing any harm?

• (1800)

We will come back to this issue when we debate the bill. I look forward to the debate. Many issues are not dealt with in the interim report, such as constitutionality and a \$200-million action against the federal government.

I want to thank my colleagues and those who worked so hard in the preparation of the report. I submit my comments for your consideration.

Hon. Philippe Deane Gigantès: Honourable senators, I do not know exactly how to voice this, but I think we are on a slippery slope. Do you really want me talking for 17 hours and 45 minutes someday because we have begun to ignore the rule you so wisely put in limiting speeches to 15 minutes? I think we should look at this again.

On motion of Senator Buchanan, debate adjourned.

BUSINESS OF THE SENATE

The Hon. the Speaker: Honourable senators, it is now six o'clock. Under the rules, I have no choice but to leave the Chair, unless there is agreement to continue.

Hon. B. Alasdair Graham (Deputy Leader of the Government): Honourable senators, I think you would find agreement that all remaining items on the Order Paper stand. However, I understand that Senator Spivak was trying to rise to ask a question.

Hon. Mira Spivak: I will defer.

Senator Graham: We would be quite agreeable to not seeing the clock while the honourable senator asks her question, as she may not get an opportunity to ask it tomorrow.

Hon. Noël A. Kinsella: The debate has been adjourned.

Senator Gigantès: Why are you muzzling Senator Spivak?

The Hon. the Speaker: Honourable senators, I have no choice but to leave the Chair unless there is agreement.

Senator Graham: I believe there is agreement. I believe there is also agreement that all remaining items on the Order Paper stand.

The Hon. the Speaker: Is there agreement that all remaining orders stand?

Hon. Senators: Agreed.

The Senate adjourned until Wednesday, March 12, 1997, at 1:30 p.m.

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