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THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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THE SENATE

Wednesday, March 18, 1998

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

Prayers.

SENATORS' STATEMENTS

ABORIGINAL ACHIEVEMENT AWARDS

FIFTH ANNUAL CEREMONY HELD IN TORONTO

Hon. Thelma J. Chalifoux: Honourable senators, I am very proud today to stand before you to announce that we do have some very positive role models within the aboriginal community. It was well borne out at the Fifth Annual National Aboriginal Achievement Awards held on March 12, 1998, in Toronto, Ontario. The awards have become a Canadian showcase of talent and career achievements of our aboriginal people. The National Aboriginal Achievement Foundation has delivered over \$5 million in education assistance to over 800 aboriginal youth in Canada.

Recipients of the 1998 National Aboriginal Achievement awards are as follows:

Buffy St. Marie won for lifetime achievement. Buffy St. Marie is an aboriginal from Saskatchewan born on the Piapot Reserve. She received an Academy Award in 1982 for her song *Up Where We Belong* from the movie *An Officer and a Gentleman*. She is a recipient of the Order of Canada and has been voted to the Juno Hall of Fame. She has received an honorary Doctorate of Laws from the University of Regina and she is currently teaching art at the Saskatchewan Indian Federated College.

John Amagoalik won for public service. As Chief Commissioner of the Nunavut Implementation Commission, John is responsible for the single greatest restructuring of the Canadian political system since Confederation. The creation of the new territory of Nunavut means that a land mass one-third the size of Canada will be governed by aboriginal people.

Chief Abel Bosum won for community development. In just ten years, Chief Bosum led the community of the forgotten Cree of the Ouje Bougoumou, who lived in tarpaper shacks, to a community that is a model for the world. His community was in despair, forgotten by the James Bay agreement and pushed aside

by the forestry and mining operations in their traditional territory. Guided by their chief, this community secured a land base, raised \$45 million and built a village that has earned international praise.

Tantoo Cardinal won for film and television. Tantoo is one of the most renowned aboriginal actresses in Canada. She was listed on *Maclean's* magazine Honour Role in 1991. She received an Honorary Doctorate of Fine Arts from the University of Rochester. She is a Métis. Raised in Anzac, Alberta, she moved to Edmonton to finish her high school education. I am proud to say she is one of my might-as-well-be daughters, as I have guided her a little bit all through the years.

Wade R. Cachagee was the Youth Award recipient. This 24-year-old from Chapleau Cree First Nation established Cree Tech Inc. when he was just 21. He graduated from the Algonquin College with a GIS Technician Diploma, and studied electrical construction and maintenance at Mohawk College. He is recognized nationally for using modern technology to enhance and promote aboriginal land use. His clients include forestry companies, First Nations, tribal organizations and the Ontario government.

Joe and Josephine Crowshoe won for heritage and spirituality. Joe and Josephine are the last surviving ceremonial elders of the Peigan Nation in Alberta. Born in southwestern Alberta, Joe was raised in the traditional Peigan culture and was entrusted with the Short Thunder Medicine Bundle.

•(1340)

Tagak Curley won for business and commerce. Mr. Curley is the President of the Nunavut Construction Company, which is building the infrastructure for the Nunavut government. He formed a national organization committee of Inuit leaders that became the Inuit Tapisat of Canada and was elected its first president in 1972.

Georges Erasmus won for public service. This Dene leader became the National Chief of the Assembly of First Nations in 1985 and served until 1991. Georges is a recipient of seven honorary Doctorates of Law and the Order of Canada.

Dr. Emily Jane Faries won for education. She was raised in the northern Ontario community of Moose Factory. After earning her Bachelor of Education degree from Laurentian University, she created curricula which balance aboriginal cultural education with the mainstream system. Currently she is a professor of native studies at the University of Sudbury.

The Hon. the Speaker: Honourable senator, I regret to have to interrupt you, but your three-minute time limit has expired.

Honourable senators, is leave granted to allow the honourable senator to continue?

Hon. Senators: Agreed.

Senator Chalifoux: Thank you, honourable senators.

Dan Goodleaf won for public service. He was born on the Kahnawake Mohawk Reserve. Mr. Goodleaf earned a Bachelor of Arts in political science. He was the first aboriginal deputy minister in a federal government department. He is also the first aboriginal person to be an ambassador for Canada. In 1995, he was appointed Canada's Ambassador to Costa Rica, Honduras and Nicaragua.

Roberta Jamieson won for law and justice. She is the first aboriginal woman to earn a law degree. She graduated from the University of Western Ontario. She was the first woman appointed as Ontario's Ombudsman. She received the Order of Canada in 1984, and she was recently elected the North American Regional Vice-President of the International Ombudsman Institute in Buenos Aires, Argentina.

Daphne Odjig won for arts and culture. She was born on Manitoulin Island. Her artwork is shown in museums and galleries. She was elected to the Royal Canadian Academy of Art in 1989.

Bryan Trottier won for sports. He is a Chippewa/Cree Métis from Val Marie, Saskatchewan. We all know who Bryan Trottier is, a famous former hockey player in the National Hockey League.

Dr. Cornelia Wieman was also an award recipient. She is the first aboriginal woman to become a psychiatrist.

Honourable senators, I am very proud to pay tribute to these fine aboriginal people. I am also proud to say that I was one of the first recipients of the Aboriginal Achievement Awards. Senator Watt has also been a recipient. We do make marks in Canada.

WORLD COUNCIL OF WHALERS

Hon. Charlie Watt: Honourable senators, I wish to present to the chamber a resolution that was passed formally at the World Council of Whalers, a body which held its first general meeting

at Victoria, British Columbia, last March 2 to 4. I am doing so in recognition of the fact that the United Nations has declared 1998 the International Year of the Ocean.

I am also concerned about the impact of the activities of the animal rights organizations on people around the world who rely on the coastal resources for their livelihood and renewable resources, such as the sea mammals and the general fisheries.

It is also with the hope of an alternative to the American legislation, the Marine Mammals Protection Act, which is up for renewal in 1999, that I present the whalers' resolution.

RESOLUTION

WHEREAS, whaling and the sustainable use of whales by peoples around the world contribute significantly to community identity and integrity by satisfying socio-economic, cultural, religious and dietary needs;

WHEREAS, high seas whale resources are important natural resources for the benefit of all mankind;

WHEREAS, the current majority of members of the International Whaling Commission have failed to meet their legal obligations under the 1946 International Convention for the Regulation of Whaling by:

- a) maintaining the moratorium on commercial whaling and adopting a sanctuary in the Antarctic Ocean without regard to "scientific findings" as required by the Convention and by
- b) ignoring the requirement that regulations on whaling "take account of the interests of the consumers of whale products and the whaling industry"; and

that these actions have caused severe socio-economic and cultural distress to whaling communities.

The World Council of Whalers:

1. Affirms its conviction that the sustainable use of whales is essential for the food security, culture and health of peoples, and that commercial activities related to the sustainable use of whales are appropriate and as such, is acknowledged by the Universal Declaration of Human Rights (Article 25) and the International Covenant of Economic, Social and Cultural Rights (Article 11); and recognized by the Kyoto Declaration of 1995 regarding food security;

2. Emphasizes that, in accordance with Article 1 of the International Covenant of Civil and Political Rights and Article 1 of the International Covenant of Economic, Social and Cultural Rights, no people may be deprived of their own means of subsistence;

3. Underscores the consensus of the international community, as reflected in Agenda 21 and the Convention of Biological Diversity, that indigenous peoples and local communities should continue to be sustainable users and stewards of the living resources upon which they have traditionally depended for their livelihood;

4. Concludes that Regional organizations involving resource users are the most appropriate bodies to responsibly manage renewable marine resources and that the use of international institutions or the use or threat of unilateral trade measures to prevent resource users from harvesting whales in a sustainable manner is a violation of universally recognized human rights and fundamental freedoms, as well as a violation of the legal obligations of states under the above noted instruments.

NOW THEREFORE BE IT RESOLVED:

1. That the World Council of Whalers is united in the cause of sustainable use and human rights to natural resource use and committed to continue their cooperation in furthering the objectives of the organization;

The Chairman: I am sorry to interrupt, Senator Watt, but your three-minute period is substantially over.

Honourable senators, is leave granted for the honourable senator to continue?

Hon. Senators: Agreed.

Senator Watt: Thank you, honourable senators.

2. That the World Council of Whalers supports the aspirations of those, particularly the Nuu-Chah-Nulth First Nations, Iceland and the small-type whaling communities in Japan, wishing to exercise their rights to sustainably use whales;

3. That the World Council of Whalers recognizes the sovereign prerogative of nations to utilize resources on sustainable basis; and

4. That the World Council of Whalers encourages its members to ensure that national representation to appropriate international fora includes members of their communities involved in the sustainable use of whales.

Honourable senators, in conclusion, I hope you will appreciate this resolution and share my desire that in this International Year of the Ocean the livelihood needs of the coastal peoples in Canada and elsewhere will be strongly recognized.

[*Translation*]

THE SENATE

TRIBUTES TO DEPARTING PAGE—INTRODUCTION OF NEW PAGE

The Hon. the Speaker: Honourable senators, I must regretfully inform you that our Chief Senior Page, Greg Doiron, is leaving us today, a little earlier than planned, to take up new challenges as assistant to one of our colleagues.

In the coming years, he will pursue his studies in political science and communications with the ultimate goal of pursuing a public relations career. Thank you, Greg, for your good services over the years.

Now, let me introduce you to Michel Thériault, whom you may have met sometime in the past two years. Michel was born in Bouctouche, New Brunswick. He is currently enrolled in political science and public administration at the University of Ottawa. This is the end of his second year in the Senate page program. He will be replacing Greg Doiron as Chief Senior Page next year, his last year with us. As you know, he has rather close ties to the Senate, through his grandfather.

[*English*]

I am very pleased to announce that we have a new position: that of Deputy Chief Page, and the first to occupy that new position is a woman. Vicky Wong comes to the Senate from Riverview, New Brunswick. She is currently in her third year of studies at the University of Ottawa in human kinetics. Vicky is in her second year as a page and will be finishing her year as the Deputy Chief Page.

Hon. Erminie J. Cohen: Honourable senators, may I rise on a point of privilege?

The Hon. the Speaker: I am sorry, but we do not deal with points of privilege until we reach the business of the day.

Senator Cohen: Then may I make just a short statement?

The Hon. the Speaker: The time for Senators' Statements is over. However, if there is leave to revert, you may make a statement. Is there agreement?

Hon. Senators: Agreed.

Senator Cohen: Honourable senators, I wish to point out that the three pages whom the Speaker just mentioned are all from the province of New Brunswick, and have done us very proud. As a proud New Brunswicker, I say "thank you" to them on behalf of all of us.

ROUTINE PROCEEDINGS

APPROPRIATION BILL NO. 3, 1997-98

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-33, for granting to Her Majesty certain sums of money for the Public Service of Canada for the financial year ending March 31, 1998.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Tuesday next, March 24, 1998.

APPROPRIATION BILL NO. 1, 1998-99

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, for granting to Her Majesty certain sums of money for the Public Service of Canada for the financial year ending March 31, 1999.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Tuesday next, March 24, 1998.

MACKENZIE VALLEY RESOURCE MANAGEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to provide for an integrated system of land and water management in the Mackenzie Valley, to establish certain boards for that purpose and to make consequential amendments to other Acts.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Tuesday next, March 24, 1998.

[*Translation*]

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Lise Bacon: Honourable senators, I give notice that, on Thursday, March 19, 1998, I will move:

That the Standing Senate Committee on Transport and Communications have power to sit at 3:30 p.m. on Tuesday, March 24, 1998 for its examination of Bill C-17, an Act to amend the Telecommunications Act and the Teleglobe Canada Reorganization and Divestiture Act, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

[*English*]

MULTILATERAL AGREEMENT ON INVESTMENT

NOTICE OF INQUIRY

Hon. Mira Spivak: Honourable senators, I give notice that on Wednesday next, March 25, I will draw the attention of the Senate to the differences between the proposed Multilateral Agreement on Investment and the NAFTA.

QUESTION PERIOD

FEDERAL-PROVINCIAL RELATIONS

POSSIBLE HALT TO PLANNED REDUCTION IN EQUALIZATION AND CASH TRANSFERS TO ATLANTIC CANADA— GOVERNMENT POSITION

Hon. Gerald J. Comeau: Honourable senators, my question is for the Leader of the Government in the Senate. I would like to draw his attention to the fact that, over the years, Atlantic Canadian Liberal governments have quietly accepted the BST, provincial funding of gun registration, closure of military bases, and cuts to UI and ferry services. Equalization payments to Nova Scotia will fall by a further \$23 million this year. All of this has occurred with hardly any peep of protest from the Atlantic premiers.

Will the Leader of the Government undertake to attempt to stop the planned reduction of equalization payments this year? If he will not, why not?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, any cuts that have taken place in Atlantic Canada are relative to cuts that have taken place in other areas of

the country. However, it is practical to acknowledge that Atlantic Canada has taken more than its share of cuts. With 3 per cent of the population, I believe that share would have been something in the order of 13, 14, or even 16 per cent of the cuts.

Senator Lynch-Staunton: Are you boasting?

Senator Graham: No. I am acknowledging something which you would not, Senator Lynch-Staunton, if you were on this side. I am acknowledging the facts.

Senator Lynch-Staunton: We did not do it.

Senator Graham: No, but you increased the deficit to \$42 billion, and you raised the unemployment rates. What this government is doing has brought the finances of this country to a point where they are now balanced. We are now in a position to create new jobs. We have reduced the unemployment rate from 8.9 per cent to 8.6 per cent.

Honourable senators, I acknowledge that more must be done. In all fairness — and Senator Comeau is a fair person — Nova Scotia led the nation with the rate of its employment growth in February. In February, 7,400 more people were employed in Nova Scotia than in January. That is performance.

Senator Comeau: The question about the \$23-million cuts in equalization transfers was not answered. Perhaps the minister could respond on the question of the reduction of cash transfers for health, education and social assistance, which have fallen by \$209 million since 1993. That circumstance has left the Nova Scotia health care system basically on life support. It is dying.

The government has established a Canada-wide \$12.5-billion cash floor for health care, but what is needed is a province-by-province cash floor so that Nova Scotia does not continue to lose this vital cash support.

Would the minister undertake to support a cash floor provision, province by province, which might sustain our health care system in Nova Scotia?

Senator Graham: Honourable senators, I do not believe there is anything more important to Canadians than the quality of their health care. One problem, however — and I am sure that Senator Comeau would recognize this — is that sometimes it is not the amount of money spent but the manner in which the health care delivery system is carried out.

On Friday night, I had rather an interesting series of meetings in Cape Breton — in Glace Bay, specifically. I heard from people who were in serious difficulties because of the high incidence of cancer in that area. I have brought back correspondence, which I have given to my colleagues in government, with respect to the serious problems. This is not peculiar to Nova Scotia. The health care problem and the delivery system is a problem in every province in our country. It is something which we must address.

I was around when Medicare was introduced. I had the privilege of travelling from one end of the country to the other with the person who brought in Medicare, one of our former colleagues here, namely, the Honourable Allan J. MacEachen. It came into force on July 1, 1968 — one year after Canada's 100th birthday.

This government is absolutely committed to quality health care. That is why we took up the recommendation of the National Forum on Health to raise the cash floor of the CHST to \$12.5 billion.

Senator Lynch-Staunton: After lowering it from what?

Senator Graham: This change will see an extra \$7 billion for health care go to the provinces over the next five years.

Senator Kinsella: How much will there be for Nova Scotia?

Senator Graham: We have also taken other measures in the most recent budget that are focused on a better health care system.

I believe you are asking: How much?

Senator Lynch-Staunton: That is not what the Canadian Medical Association says.

Senator Graham: It will be \$60 million for a new blood agency; \$211 million for the National AIDS Strategy —

Senator Lynch-Staunton: How much for Nova Scotia?

Senator Graham: — \$134 million for the Medical Research Council; \$125 million for the Caregiver Tax Credit; and \$1.7 billion that will go to the Child Tax Benefit.

Senator Lynch-Staunton: For Nova Scotia?

Senator Graham: When you raise the point about transfers and the health care delivery system specifically in Nova Scotia, you know that the Premier of the Province of Nova Scotia has announced that \$80 million new dollars will be spent on health care in this fiscal year.

Senator Lynch-Staunton: One week before the election?

Senator Comeau: I have one last supplementary question. I should like to have an answer to it, if I may.

The delivery of the \$7 billion to which the minister refers is based on population. If the population of Nova Scotia does not increase, like the more prosperous provinces of Alberta, British Columbia, and so on, those dollars will go to those provinces where the population is increasing. In fact, those new dollars will not be coming to Nova Scotia because our population is moving away to those areas where they can find jobs.

On the question of delivery, the minister might respond to the fact that in Nova Scotia right now, the Premier has installed a two-tiered system of payments for its nurses and health care workers. In other words, those who work at the Queen Elizabeth Hospital in Halifax are paid better benefits than those who work in other parts of the province in which the minister lives. If you call that “fairness” in Nova Scotia, I should like to hear your definition of “fairness.”

Senator Graham: In all things, the Government of Canada has demonstrated that it is attempting to be fair to all Canadians. It takes very seriously its responsibility to share in caring for people, no matter where they live in this country.

Let me point out —

Senator Comeau: Not in Nova Scotia.

Senator Graham: You say “Not in Nova Scotia,” but \$212 million was cut from the CHST cash transfers between 1993 and 1994, and 1998 and 1999. Tax points grew by \$87 million and equalization grew by \$289 million. Overall, major federal transfers have grown by \$133 million. As I mentioned, \$12.5 billion, the cash floor, will put back \$219 million dollars between 1997-98 and 2002-03. That is for Nova Scotia. Because of the measures taken by this government, Nova Scotia saved about \$145 million in interest costs over the last three years.

VISITORS IN GALLERY

The Hon. the Speaker: Honourable senators, before I call on the next person who wishes to ask a question, I should like to draw your attention to some guests in our gallery. They are members of the Air Cadet Corp No. 197 from Acton, Ontario. Welcome to the Senate.

INDUSTRY

FUTURE OF CAPE BRETON DEVELOPMENT CORPORATION— GOVERNMENT POSITION

Hon. John Buchanan: Honourable senators, first I should like to make a comment, and then I wish to ask a question about Cape Breton.

I am glad that the Leader of the Government in the Senate has been to Glace Bay and other areas in Cape Breton. I think he will agree that Cape Breton has some of the finest hospitals to be found anywhere in Canada — and four of them have plaques on them with my name! Since then, however, the number of beds operating in those hospitals has been reduced. I just wanted to mention that.

Senator Kinsella: You built them and they closed them down!

Senator Buchanan: Honourable senators, I do have questions about Cape Breton.

I believe that the Leader of the Government in the Senate will agree that his heart and soul is in Cape Breton and the mining areas of Cape Breton, as is mine and the heart and soul of other senators here, notably a great senator who made a wonderful speech on Devco yesterday, namely, Senator Murray.

Along with many others, I am very concerned about the future of Devco. I have some statistics here that are worrisome. They must be equally worrisome to the Leader of the Government in the Senate, Senator Graham.

At the present time, the work force at the Phelan colliery is now down to less than 300, and no decisions are being made to increase that work force at least for the next number of months, if ever.

•(1410)

The work force at Prince colliery now ranges from 400 to 500. The work force at the Victoria Junction wash plant is down and there is a substantially reduced work force at the coal piers as well as at the Devco shops.

I and many others, Liberal, NDP and Conservative, have said that Donkin mine is the future of Devco. With the work force having been reduced from about 1,800 last year to 800 or 900 this year, we should be considering the Donkin mine much more seriously.

What is the future of Devco and what is the role of the Donkin mine in ensuring that we will always have Devco?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, allow me to congratulate Senator Buchanan on the number of plaques bearing his name on buildings throughout Nova Scotia. I would wager that there are, by exact count, 32.

Senator Buchanan: There are 34.

Senator Lynch-Staunton: You must look at his album more carefully.

Senator Graham: I was out by two. As the Leader of Opposition says, I should look at his album more closely.

I have had the privilege of visiting some of those institutions in the company of Senator Buchanan. As a matter of fact, when the Special Committee of the Senate on the Cape Breton Development Corporation took its first Devco road trip by bus, quite frequently Senator Buchanan would point out buildings which he had opened and which bore plaques with his name on them.

I take very seriously what Senator Buchanan has said and what Senator Murray said in the Senate yesterday.

I recently met separately with management and members of the union. I listened very carefully to their concerns. I met with many concerned people in Cape Breton with regard to the future of Devco. I am perhaps more confident than my honourable friends opposite about the future of Devco, but we must recognize that there are certain geological problems at Phalen mine. I can assure all honourable senators that every effort is being made in a very cooperative manner, by both management and the union, to find solutions to those problems.

With respect to the Donkin mine, as you know, Donkin Resources Limited has an agreement, which has not yet been finalized, to examine the possibility of opening a mine there. As my honourable friend also knows, \$300,000 of federal money was advanced to Donkin Resources Limited to help that company complete and bring up to date the studies which have been carried out over the last 10 to 12 years. For the time being, the government has decided to wait to determine where those studies will take Mr. Steve Farrell, his associates, and the mine.

As all honourable senators know, particularly those who were on the committee, the coal resource in the Donkin reserve belongs to the province, and any lease that would be granted to Donkin Resources Limited would have to be approved by the province first. Devco, on the one hand, has said that it would not ask the province to permit it to give a lease to Donkin Resources Limited unless it were satisfied that there was indeed a future for the Donkin mine. On the other hand, the Government of Nova Scotia has said that it would not be party to granting a lease to Donkin Resources Limited, or any other company, unless it was satisfied that indeed there was a future for the Donkin mine.

I wish I could say today that we will begin the opening of Donkin mine tomorrow. I wish I could say that the geological problems at Phalen have been solved. We must carefully guard against trying to micromanage the Devco mines or any mines on Cape Breton Island from this chamber or from any federal or provincial government level.

Senator Buchanan: Honourable senators, I thank Senator Graham for his answer. I have every confidence in Steve Farrell. He is a very good mining engineer. However, as I and many others have said, the Donkin mine has been studied to death, and that may indeed be the death of the Donkin mine.

From 1979 to 1981, a major study was done by mining engineers for Devco, by people from the provincial department, and by people from the Power Corporation led by Dr. Bill Shaw, one of the leading coal geologists in Nova Scotia who knows the Cape Breton coal fields as well if not better than anyone. It was determined through that study that the Donkin mine was feasible. In the last years, attempts have been made to have that study brought up to date. I agree with that goal.

A year ago, before the last federal election, the federal government funded Donkin Resources with \$300,000. I do not understand why that feasibility study is not completed. It should have been completed. There must be some reason that it has been held up.

There is no question that it is not a simple matter, but the geology of the Donkin mine has been proven to be very good. The coal in the Donkin seams is low sulphur in the centre and high sulphur in the roof and the floor. Everyone to whom I have spoken has said that, through selective mining, the good low sulphur coal could be mined. That was the purpose of the feasibility studies.

A year has gone by. Last year, people from Devco told us that the life expectancy of Phalen was between 12 and 20 years. Just last fall, they reduced that to a life expectancy of between five and eight years. To date, Phalen has been down for most of the year and is just going back with about 300 men.

The life expectancy of Phalen has been substantially reduced. To bring a new Donkin mine on stream will take two and a half to three years. By that time Phalen may be closed down, and the Donkin mine may still be in the future.

•(1420)

You know that without the Phalen mine, we have only one mine operating, the Prince colliery. At present, there are 400 to 500 men working there, and probably not enough coal is being mined to meet the requirements of the Nova Scotia Power Corporation, at which point they will again start to buy coal from the United States.

My question is simple: Why has the feasibility study not been completed, one year after David Dingwall announced the granting of \$300,000 for that purpose?

You are absolutely right that the Province of Nova Scotia, by way of legislation — and the mineral resources are owned by the province — must consent to the lease. The interesting thing is that the federal government went ahead with Devco and signed an agreement — which we are told has not been completed yet, and that is true — with Donkin Resources Limited without even the knowledge of the Province of Nova Scotia. I do not understand how that could have been done without the knowledge of the province when their consent was needed.

Senator Graham: Honourable senators, I am not sure that my honourable friend is being totally accurate when he says that they proceeded without the knowledge of the province. I would be surprised if the Province of Nova Scotia did not know that some kind of agreement was being entered into between Devco and Donkin Resources Limited. Devco officials knew with certainty that the province would need to be a third party to any final agreement. We can leave that to speculation, but we can ask our friends in the province as to whether or not they were knowledgeable about any such negotiations.

With respect to the question of why the study has not been completed, my honourable friend is asking the wrong person. Perhaps we should both be asking Steve Farrell, because Mr. Farrell was given the mandate, the authority and the money to complete that study. However, I do not know whether there was any time limitation put on the completion of his study.

We have heard that Mr. Farrell and his associates have engaged others to do market studies abroad. I understand those market studies have been completed. We understand that he is also looking for partners. The name SNC Lavelin has surfaced. Apparently there has been some indication of interest on the part of SNC Lavelin.

Senator Murray: That was last November.

Senator Graham: I appreciate that this occurred last November. I do not have the answer, Senator Murray, nor do I have the answer to Senator Buchanan's questions. However, I will certainly endeavour to find some answers.

Let us also be mindful of the fact that very soon Devco will be submitting to the Government of Canada its five-year plan. We can look forward to that, I would presume, in a matter of weeks.

The Hon. the Speaker: Honourable senators, I wish to assure you that my comments are in no way a reflection on any senator who asks a question or who answers a question. However, I should like to point out that the Question Period is 30 minutes in duration. We have now seven minutes left, and to this time there have been only two questioners. I have seven on my list. At 2:30 p.m., I will need to conclude Question Period, and I apologize to those on the list who will not be heard.

Senator Buchanan: Honourable senators, I have one further question. There is an old saying — you do not carry coals to Newcastle. The incredible thing is that the Nova Scotia Power Corporation has brought in 300,000 tonnes of coal from Hampton Roads in the State of Virginia. As the minister knows, over the years we vowed in Cape Breton that there would be no possible way that coal would be brought in from the United States to fire up the boilers of the Nova Scotia Power Corporation. Yet, now it is happening, to the tune of over 300,000 tonnes. If the Phalen mine does not get back to that expected full production, there will be more. What is your answer to that, Mr. Minister?

Senator Graham: Honourable senators, my answer is only one of regret that the importation of this coal became absolutely essential. If there were to be a shortfall, it is a question of whether Nova Scotia Power should be importing the coal, or whether Devco itself should be doing that. While I do not have this on official authority, it is obviously in the contract that if there were to be a shortfall, the importation of coal would be the responsibility of Nova Scotia Power.

THE SENATE

DELAY IN APPOINTMENT OF SENATOR FROM NOVA SCOTIA— GOVERNMENT POSITION

Hon. Marjory LeBreton: Honourable senators, far be it for me to get into this battle of titans from Nova Scotia, but I have a very short question for the Leader of the Government in the Senate.

We could not help but notice that the Prime Minister, when filling Senate appointments last week, held off on filling the

vacant Senate seat from Nova Scotia. Whatever could be transpiring to prevent him from proceeding with that appointment? He moved very quickly to fill the just vacated Senate seat in British Columbia, while in Nova Scotia the seat has been vacant since January 4 of this year.

Can the Leader of the Government tell us if the Prime Minister is holding up the appointment until after the March 24 Nova Scotia election, before determining who the next senator will be, either John Savage or Russell McLellan?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I should like to assure my honourable friend that the vacancy in Nova Scotia is not being held open for any one particular person or persons. There are so many qualified candidates in Nova Scotia that it is very difficult to make a choice. Let me assure you that there are no shortages of applicants.

At the same time, it may be that the Leader of the Opposition in Nova Scotia, Dr. John F. Hamm, might be interested in a seat. He would be imminently qualified, as would many others.

It is worthy of note that there is also a vacant seat to be filled in Ontario, and I look forward to receiving Senator LeBreton's list of recommendations for that province. As well, there is a vacancy still to be filled in the province of Newfoundland.

Senator LeBreton: From my past experience, honourable senators, I can attest to the fact that there is probably a very long list. If you want my Ontario list, I have about 25 names left over from my previous responsibilities.

On the question of appointments, can the Leader of the Government in the Senate confirm another rumour going around in Nova Scotia that Heather Robertson, a lawyer and former chief of staff to John Savage, is about to be appointed to the bench of the Nova Scotia Supreme Court?

Senator Graham: Certainly not to my knowledge.

NATIONAL DEFENCE

FAILURE TO PROCEED WITH PURCHASE OF REPLACEMENT SUBMARINE FLEET—INCREASED UNEMPLOYMENT AMONG DOCKYARD WORKERS IN MARITIMES

Hon. Eric Arthur Berntson: Honourable senators, my question is to the Leader of the Government in the Senate. I am sure that, as the political minister responsible for Nova Scotia, he will have the answer right at his fingertips. He is interested, of course, in the welfare of all good Nova Scotians.

In light of his desire to keep Nova Scotia as the fastest growing province in the country in terms of job creation, I might tell him that I have been led to understand that around 100 dockyard workers in that province have been laid off. These people were submarine maintenance staff working on the Oberon class submarine. Further, I understand that the Oberon class of submarine is to be mothballed, thus eliminating the jobs of these 100 people.

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, yes, I am aware of that unfortunate situation. I know also that the government is still considering the purchase of new submarines. I understand that that decision is under active consideration at the present time.

Perhaps I was anticipating your supplementary.

Senator Berntson: You were anticipating the question. Had there been any planning, you would have known that the Oberon class should have been mothballed more than just recently. This class of submarine has been around for a long time, and does not serve the purpose, from a technological point of view. I do not like to be alarmist, but they are also old, and akin to perhaps the Sea King in terms of reliability.

If there were to be some proper planning, would not it have been wiser to carry through with the Upholder deal, and keep these 100 dockyard workers on submarine maintenance, even while mothballing the old Oberon class?

•(1430)

There is no doubt at all that the new submarines will require maintenance as well. Could it not have been worked a little more synergistically to make it all come together so that these 100 loyal servants of the dockyard were not given their pink slips? I am sorry if I brought this out in advance of the election in Nova Scotia. Maybe I have blown something here and your intention was not to talk about this until after the election.

Senator Graham: Honourable senators, we are not timing any announcements for any particular event because we are allowing transparency and due process to take place in all our negotiations. In a perfect world, of course, there would be better planning. It is very regrettable that 100 dock workers face this hardship. When you say they are loyal and hard-working, you are absolutely correct. I also acknowledge the fact that Senator Berntson, having served in the armed forces in that particular region, would have a special knowledge of what goes on in that area and certainly a sympathy for the workers. I can only say that we will do the best we can. I will bring my honourable friend's representations to the attention of those most responsible.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

ENERGY—DEPARTMENT OF TRANSPORT—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 16 on the Order Paper—by Senator Kenny.

ENERGY—HALIFAX PORT CORPORATION—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 19 on the Order Paper—by Senator Kenny.

ENERGY—DEPARTMENT OF INTERGOVERNMENTAL AFFAIRS—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 24 on the Order Paper—by Senator Kenny.

ENERGY—PORT OF QUEBEC CORPORATION—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 37 on the Order Paper—by Senator Kenny.

ENERGY—ST. LAWRENCE SEAWAY AUTHORITY—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 45 on the Order Paper—by Senator Kenny.

ENERGY—VIA RAIL CANADA INC.—
CONFORMITY WITH ALTERNATIVE FUELS ACT

Hon. Sharon Carstairs (Deputy Leader of the Government) tabled the answer to Question No. 51 on the Order Paper—by Senator Kenny.

THE SENATE

VACANT ONTARIO SEAT—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Lowell Murray: Honourable senators, I am inspired by the reference of the Leader of the Government a few moments ago to the vacancy in Ontario. I give notice that on Tuesday next, March 24, 1998, I will draw the attention of the Senate to the vacancy in the Senate created by the retirement of the Honourable Richard Doyle of Ontario, to the long-standing tradition of appointing a senior journalist from Ontario to the Senate, and to some helpful suggestions for the Prime Minister in this regard.

ORDERS OF THE DAY

THE ESTIMATES, 1997-98 THE ESTIMATES, 1998-99

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY MAIN ESTIMATES 1998-99, AND SUPPLEMENTARY ESTIMATES (B), 1997-98

Hon. Sharon Carstairs (Deputy Leader of the Government), pursuant to notice of March 17, 1998, moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon:

the expenditures set out in the Estimates for the fiscal year ending March 31, 1999, with the exception of Parliament Vote 10 and Privy Council Vote 25; and

the expenditures set out in the Supplementary Estimates (B) for the fiscal year ending March 31, 1998.

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

Motion agreed to.

THE ESTIMATES, 1998-99

PRIVY COUNCIL VOTE 25 REFERRED TO THE STANDING
JOINT COMMITTEE ON OFFICIAL LANGUAGES

Hon. Sharon Carstairs (Deputy Leader of the Government), pursuant to notice of March 17, 1998, moved:

That the Standing Joint Committee on Official Languages be authorized to examine the expenditures set out in Privy Council Vote 25 of the Estimates for the fiscal year ending March 31, 1999; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

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

Motion agreed to.

THE ESTIMATES, 1998-99

VOTE 10 REFERRED TO THE STANDING JOINT COMMITTEE
ON THE LIBRARY OF PARLIAMENT

Hon. Sharon Carstairs (Deputy Leader of the Government), pursuant to notice of March 17, 1998, moved:

That the Standing Joint Committee on the Library of Parliament be authorized to examine the expenditures set out in Parliament Vote 10 of the Estimates for the fiscal year ending March 31, 1999; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

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

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, this side is most willing at this particular moment to hear first from Senator Bolduc who will be speaking to Inquiry No. 18. He graciously allowed the Senate to adjourn last night before his remarks could be made in order for us to attend the reception on behalf of new senators. If there is a general agreement that the house move to Inquiry No. 18, we would certainly support it.

The Hon. the Speaker: Is it agreed, honourable senators, to proceed to Inquiry No. 18?

Hon. Senators: Agreed.

[*Translation*]

THE BUDGET 1998

STATEMENT OF MINISTER OF FINANCE—INQUIRY—
DEBATE ADJOURNED

Hon. Roch Bolduc rose pursuant to notice by the Honourable Senator Stratton on February 25, 1998:

That he will call the attention of the Senate to the Budget presented by the Minister of Finance in the House of Commons on February 24, 1998.

He said: Honourable senators, again this year, I have examined with great interest the budget speech delivered by the Minister of Finance last month, and read with great care the supporting documents he has provided us with.

There are more and more such documents every year, probably because the government carefully targets those it favours with grants or fiscal expenditures. The minister now releases special brochures or press releases pointing out the benefits to the various interest groups getting such preferential treatment.

I hope these documents were produced by consultants and not by Finance Department officials, for this poses an ethical problem: Public servants have a duty to be objective and to show both sides of the coin: the positive side for the interest groups and the negative side for all taxpayers.

[*English*]

The minister's actions this year seem to have been inspired by President Clinton's rhetoric-laden State of the Union addresses. President Clinton must be his idol and, like his idol, the minister starts by reminding us of how good the general economic situation has been here, how Canadians have made great effort to overcome the difficulties inherited from his predecessors and how the government has channelled those efforts, and then telling us that those happy results will soon reach us — maybe not this year but soon.

However, the minister has only shown us the pleasant part of the scenario as it concerns the inflation rate, the interest rates, et cetera. To be objective, he should also mention the disturbing aspects of the situation. Therefore, to complete his rosy economic picture, I must point out other statistics which he omitted and which are harder to swallow. These are more relevant in that they compare our situation to that of our competitors, countries whose trade relations are so important to our standard of living.

Governments here account for 48 per cent of gross national product. That is at least 20 percentage points more, nearly 25 percentage points, than in the United States. Our federal debt of almost \$600 billion, or 70 per cent of the GNP, is relatively higher than that of all the other G-7 nations except Italy.

Compared to our principal trading partners, our tax burden has increased even more during the past three decades. Personal income tax, for example, has increased twice as fast here as in the United States. Taxpayers earning just under \$50,000 in Quebec and Ontario have a combined marginal income tax burden of 55 per cent. Our capital gains tax is 40 per cent, double that of the United States.

Government tax revenues took the equivalent of almost 43 per cent out of the economy in 1995, with the average family losing 48 per cent of its income to taxes, an increase of 1,200 per cent from 1961. The cost of 100,000 additional rules introduced by governments between 1975 and 1994 are estimated at \$12,000 per family, for a total of \$85 billion or about 10 per cent of the GDP.

Debt levels, skyrocketing taxes and the regulatory burden on labour and other factors of production clearly constitute anti-growth policies which are reflected in our productivity levels and, of course, in our standard of living. Norway and even Japan, despite its difficulties, are widening the gap between us in this area, while the gap between us and Australia, Sweden, and even Germany with its problems, is shrinking.

It has been said that when you have been stagnating for a while, you tend to get used to it. For example, there is now talk about growth in Montreal. It is obvious that they have not visited Atlanta for a number of years! It seems that we are no more competitive today with the 70-cent dollar than we were when we had a 90-cent dollar.

•(1440)

We are certainly proud and happy to see the unemployment rate go down a bit. However, with the example of Western Europe before us — and for the same reasons, it seems — if we rely on OECD reports, we do not have the courage to apply the remedies that are so well known, and which must be imposed sharply in order to reduce unemployment to a level at least approaching that of our neighbours to the south.

I often hear people say: In the United States, the unemployment rate is low because workers accept low wages.

Tell me: Is it better to work or to destroy ourselves by doing nothing?

President Clinton recently said, after citing some positive economic indicators: "These are good times for Americans." I do not believe that the same can be said for Canadians, with our masses of unemployed and our swollen welfare rolls.

The American president also said in a recent speech — to the applause of Congress — that now that the budget deficit was being wiped out, the priority was to ensure the viability of the social security system. In other words, "Social security first." However, as Martin Feldstein demonstrated, "Social security first" really means after tax cuts, and after a new series of announced expenditures. No concrete measures were, in fact, proposed by Mr. Clinton.

Meanwhile, in Canada, I can already hear our friends in government retort that here they have solved this problem with the new Canada Pension Plan legislation and its Investment Board. I am sorry to have to correct this impression. In reality, what has happened here is that, first, a 75-per-cent premium hike is being imposed. All other things being equal, as Keynes would say, this huge hike will kill between 100,000 and 175,000 jobs.

Second, what has also happened here is that \$100 billion of savings is being picked from the pockets of Canadians. The government plans to invest that money in the portfolios of private companies, without even knowing what the consequences of this venture will be on the management of the money.

Third, a huge inequality has been created between generations. We will benefit at the expense of our children, whose return on their capital invested in this plan will be minimal, and certainly lower in every case than they could expect from private pension plans.

Let us get back to the recent budget. The minister's performance, politically, was such that it confused even veteran observers. Thus, *The Globe and Mail's* Ottawa correspondent said that it was the best budget in a generation — "A political masterpiece." What is more, he said that the minister's priorities were in the right place. His boss in Toronto took it upon himself to write that "If politics were a mutual fund, Liberals would be Warren Buffet."

Frankly, I do not understand. As in Washington, it must be the "Capital Syndrome" which underlies this completely unjustified marvelling.

When we in Canada hold what is almost the record in the Western World for taxation and indebtedness, coupled with an unemployment rate that was, until recently, a scandalous 10 per cent or more, and has been almost double that of our southern neighbours for more than a decade; when we are losing qualified professionals such as British Columbian neurosurgeons to other countries, it seems evident to me that the priority must be lower income taxes and payroll taxes. Such moves would foster employment, increase productivity and make us competitive once again with our trading partners.

What did the government announce in its budget this year in relation to this priority? A few small tax cuts for very specific groups, such as parents with adolescent children, and a variety of small subsidies to other groups such as students, researchers, and so on. Out of \$100 billion in program spending, this announcement accounts for just a couple of billion dollars, more or less.

There is absolutely nothing in this budget that provides relief to those who are productive, those who are the most efficient, or those who are investing to create jobs for people who do not have any.

The minister said that he had killed the deficit, but it is important to know how. Approximately one-quarter of that deficit reduction came from spending cuts, primarily in transfers to the provinces for health care and education, and from lower debt service charges. The other three-quarters came from specific tax hikes, from revenue increases hidden under the magic carpet of non-indexation to inflation of the tax tables, or from revenue increases resulting from economic growth, and from the maintenance of the surtax on those who work the hardest. In fact, compared to 1993, \$34 billion of additional revenues flowed into government coffers, while spending was cut by just \$13 billion. When the government is collecting \$150 billion instead of \$116 billion, it seems pretty obvious that people are paying more taxes.

The minister was well served by economic growth, but he cannot deny that he also raised taxes. Here, for the information of Canadians, is a list of forty tax hikes since 1993, which I should like to table as an appendix to my speech, with the permission of the chamber.

[Translation]

I would like to take this opportunity to congratulate the President of the Treasury Board on implementing a new expenditure management system, which we worked on in committee.

It remains to be hoped that parliamentary committees will pay greater attention to accountability, by ensuring that the minister measures program results more accurately. It would perhaps also be an idea to tie the remuneration of public service managers to their program management performance, in order to ensure good results.

Mr. Massé seems to want to rest on his laurels. However, he said that there would be no more cuts and in fact, this year, with the exception of the Department of National Defence, which saw its budget cut by \$600 million, the minister did not look too hard at the \$42 billion in non-statutory spending. He seems satisfied with the budget performance of the Department of Indian and Northern Affairs, Public Works and Government Services, industrial development, the regional development agencies, and the Department of Human Resources Development, which is supposed to give labour force programs back to the provinces, but which is inventing new ones instead.

I say to the minister that there is still work to be done, and that it is not enough to create special agencies, such as the Food Inspection Agency. It is also necessary to review objectives and introduce competition in the delivery of services, as the Department of Transport is doing, and as government laboratory services, to give just one example, need to do.

Honourable senators, out of a budget of \$145 billion, the President of the Treasury Board only has to decide how to allocate one third. The rest consists of statutory expenditures: servicing the debt, old age pension, employment insurance, equalization payments, the Canada social transfer, et cetera.

It is therefore all the more essential that government spending continue to be examined even more closely. The minister seems to think that 195,000 public servants and 11 per cent of GDP in federal programs is a good score. He contrasts this with 40 years of profligate spending, which brought us 30 years of repeated deficits, 20 of which were under Liberal governments, and an enormous debt. This is not a valid criterion for this unfortunate history, although I recognize that he did better than his former Liberal colleagues.

I therefore invite the President of the Treasury Board to resume his critical examination of his colleagues' management.

In this regard, I thank the Auditor General for the excellent document he has just released on the examination of the Estimates, and I draw your attention, honourable senators, to the table on page 7, which clearly illustrates the parliamentary system for controlling public spending.

However, Mr. Desautels, a competent man, is at odds with Mr. Martin, but I tell him to hold his own, because he is right. There is no doubt that power changes people. Who would have said four years ago that the Minister of Finance would be playing with the accounting system, failing to abide by the rules of the Institute of Chartered Accountants and defining what is right and wrong in this professional discipline? He is, for the third time, behaving like a patient who thinks he knows more than his doctor. The minister was reminded, and rightly so, of the difference between an expenditure and a future commitment. And it applies to scholarships as it did to the innovation fund and to the billion dollars spent on harmonizing the sales taxes in the Maritimes.

Over the years, the minister has developed a few dubious habits. For example, he calculates his budget and tax expenditures over three years in order to inflate the cost of his favours to the privileged, but does not follow this practice for tax revenues, that is, for the money he takes from our pockets.

He is even making unrealistic promises such as his child tax benefit for 1999-2000.

He also looks for turns of phrase that sound like propaganda. He seems to be the victim of the image-makers, in the case, for example, of the equal opportunities strategy and the desire for a compassionate society.

Can the minister tell us how equality of opportunity is furthered by taxing workers without diplomas in order to be able to provide scholarships to members of the upper middle class, as he is getting ready to do? How are matters improved by cutting health services, with the resultant use of hospital corridors as emergency rooms, and transferring this money to medical research?

Frankly, the minister would do better to stick to the findings of his officials, who would undoubtedly identify the real problems, rather than listen to his communications mercenaries, who hold up red herrings and propose solutions that are no better.

The minister should shed some light on what he is up to with his financial finagling. This year, for example, he balanced the budget, by using his \$870 million for innovation from 1996, his \$2.5 billion from 1997 for scholarships that will not be awarded for another two years, and his \$3-billion contingency reserve. Then he tells us that the debt will remain unchanged at \$583 billion for the next three years. Who can believe this, when it is known that he was off by 7 per cent in his forecasts for statutory expenditures, an important part of which is based on demographic forecasts. If anything can be relied on, it is demographic forecasts. Yet the minister was off by \$5 billion in 1997. He tells us that the debt will remain unchanged over the next three years. Obviously nobody can believe this. If he does not want to reduce the debt, it is because he does not want to cut either his spending or his revenues.

If the interest rate rises by one per cent, servicing the debt will cost an additional \$1 billion. Now, 65 per cent of the debt is at a fixed rate, and the Asian crisis is in the process of settling back down. I think that the minister is surrounding himself in mystery as a kind of protection against favour-seekers. You will note, honourable senators, that I am not following the Reform line of putting a lowered debt as a priority, because the economic growth that is so necessary for more jobs is better assured by a drop in taxes and charges against total payrolls, and because the debt-to-GDP ratio will probably drop to 63 per cent within three years. That said, we have just come through a situation that has made the Bank of Canada, and the government I hope, see that outside savings can result in surprises for the financing of our public programs.

Yet the minister is maintaining employment insurance premiums at \$2.70, which brings in \$7 billion, or the equivalent of two GST points to salt away revenues not paid out in benefits. He has barely managed to reduce that premium by 10 per cent in three years, when he could have done far better.

The combined costs of the EI premium and the other public monopoly, the Canada Pension Plan, constitute an immediate increase of one-half of one per cent of total payroll, and every one per cent rise is estimated to cost 25,000 to 40,000 lost jobs.

There was no lack of advice available, however. The business sector, whether exporters or financial pundits, was unanimous in its opinion that productivity is affected by our taxation system.

The Canadian dollar has dropped by 30 per cent in 22 years, and between 1975 and 1996 the productivity of our manufacturing sector was 1.8 per cent compared to the Americans' 2.8 per cent.

The Hon. the Speaker: Honourable Senator Bolduc, I am sorry to interrupt, but your allocated 15 minutes are up. Is leave granted for Senator Bolduc to continue his speech, honourable senators?

Hon. Senators: Agreed.

Senator Bolduc: Thank you, honourable senators. From 1994 to 1997, the GDP increased by 11 per cent, while personal tax revenues went up 18 per cent. So, it is fair to say that the middle class continues to pay dearly.

As for new expenditures, the government is banking on the symbolic value of a project likely to gain the approval of students and their parents, in this information-based economy.

However, in Quebec, this initiative has been criticized by everyone, and not just by the PQ. This almost unanimous condemnation is reminiscent of what happened when the government closed the military college in St-Jean and is, in my opinion, justified in more ways than one.

First, there is no respect for Parliament in that the government is charging the expenditure to its 1997 books although the foundation, which will be a regulatory body, requires legislation that will not be drafted until 1998 at the earliest. This is blatant contempt for Parliament, and I am sure that Senator Stewart is also outraged. This is not France, where they give the executive branch the power to legislate.

Second, this body will have the authority to develop policies, since it will set criteria regarding the financial needs of students, their merit and their mobility. The foundation will thus get involved in the administration of higher education, through the back door. In doing so, the government is treating the provinces like mere administrative bodies that will simply have to adjust, as Mr. Pettigrew put it, which is a serious breach of federalism.

The government's decision implies that if it is important, then it is a federal matter, it is our business. However, the federal government's record in this area is a near total disaster, while that of Quebec is good. Moreover, is it not obvious to everyone that the administration of social services provided directly to the public should be brought closer to the people being served?

As one person put it, this is a demagogic and provocative project. Another one said that the government was trying to solve the wrong problem. This is true.

Third, the diagnosis used by the government as the basis for the scholarships is incomplete and wrong: The student debt load is far from tragic given that the return on investment in higher education is 15 per cent. Furthermore, if we do not take into account medical doctors, dentists and lawyers, who are able to repay their student debts, the debt level falls way below the \$25,000 to \$40,000 range in Canada and is even lower in Quebec. Also, tuition fees in Quebec are half those mentioned in the minister's documents.

With respect to the impact on accessibility, according to J.-Luc Migué, a senior economist at ENAP, the public administration school in Quebec, it is negligible. In fact, the result would likely be a transfer from non-graduates to upper middle-class children, which would result in what sociologists call a perverse effect.

Honourable senators, the Minister of Finance claims to be guided by the following principles: frugality, focus, steadfastness, partnership and fairness. In these difficult times for the health sector in particular, is it frugal to spend more and more on making films? I have nothing against the arts and their advancement, but we must put the real world before the world of imagination.

How does sprinkling new programs around to win over the young square with the principle of focusing our efforts?

Is it steadfast to cut health transfers in order to provide funding to medical research organizations, as worthy as their work may be?

Is it a form of partnership to unilaterally establish a national foundation to grant scholarships while disregarding the fact that an efficient student assistance program is already in place in 25 per cent of Canada, in Quebec to be more specific, and denying this province the possibility of opting out?

Is it equitable to grant scholarships to the upper middle class, who will receive 90 per cent of the available funding? There are 900,000 university students in Canada today. This means that, with 100,000 scholarships, the fund can benefit at the very most 10 per cent of all students. Studies have shown that grants and loans do not make any difference for students at that level, so that access to grants is not improved. Far from it.

In closing, I again regret that what we have here, honourable senators, is a misguided social democratic philosophical approach, in that false compassion for certain clearly identified interests takes precedence over measures to benefit society as a whole, because these are less cost-effective in gaining votes.

Honourable senators, in the past 30 years Canada has been wholly committed to monopolistic public insurance programs which are partially to blame for our poor economic growth. That poor growth cannot help but worsen, and the remedy consists in freeing up space for the private sector in this area of insurance. Not everyone agrees, but I am convinced that is where we are headed. Otherwise, we are condemned to see public spending

increase steadily — the famous “tax and spend” vicious circle — and our standard of living decrease compared to that of our world partners.

[English]

Take, for example, the medicare case. The care of an aging population is the biggest challenge facing Canada's medicare. Within 50 years, the ratio of seniors to workers will more than double. Just consider that if Canada's population today had the proportion of seniors that it will have in less than 50 years, the taxation rate for the average Canadian family would need to increase by between 48 and 95 per cent; clearly, a non-realistic perspective. The Canadian health care system will simply not be able to survive in its present form.

Public budgets for health care, with all the compressions and hurting of the last two years, have declined only marginally, by \$250 million out of an overall budget of more than \$65 billion, or less than one half of 1 per cent.

[Translation]

An economic analysis tends to demonstrate more and more that, when the government grabs more than 30 per cent of GDP, sooner or later economic growth will suffer. That is an important message.

A significant shift in our social policies is therefore the main task incumbent upon Canada's governments, if we are to return to the average growth rate that prevailed between 1950 and 1970, when Canada was a better place than it is now for investment.

[English]

Those were good times indeed for Canadians.

[Translation]

The Hon. the Speaker: Honourable Senator Bolduc, I take it that you wish to table a document. Is it agreed, honourable senators?

Hon. Senators: Agreed.

[English]

On motion of Senator Stratton, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirteenth report of the Standing Committee on Internal Economy, Budgets and Administration (supplementary budget—Energy, the Environment and Natural Resources Committee), presented in the Senate on February 26, 1998.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

•(1500)

PRIVILEGES, STANDING RULES AND ORDERS

COMMITTEE AUTHORIZED TO MEET
DURING SITTING OF SENATE

Hon. Shirley Maheu, pursuant to notice of March 17, 1998, moved:

That the Standing Committee on Privileges, Standing Rules and Orders have power to sit at 2:30 p.m. on Thursday next, March 19, 1998, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Explain.

Senator Maheu: Honourable senators, pursuant to the order of the house given to the Standing Committee on Privileges, Standing Rules and Orders, we were asked to look into not only the absenteeism of Senator Thompson but absenteeism in all its aspects as it affects our rules. The committee would like to hold an extra meeting in order to get on with what we are doing and to look at the suggestions given for preliminary opinion to both caucuses. Eleven of the members are available tomorrow. That is why we have asked for a meeting.

Senator Kinsella: I wonder if the honourable senator would share with us the scheduled time for that committee to meet.

Senator Maheu: So far, it has been once a week, on Tuesday when the Senate rises. Discussion on many of the possible absentee regulations under consideration is getting involved. With the permission of honourable senators, we could meet tomorrow. I leave it in your hands.

Senator Kinsella: Honourable senators, we must bring this matter to a head. Chairmen of standing Senate and special committees are seeking almost regularly permission of the Senate to sit in committee while the Senate is in session.

The primary place for honourable senators in the conduct of Senate business is in the Senate chamber when the Senate is in session. It is not in the subsidiary bodies, the committees. As some have remarked from time to time, it appears that we have the tail, meaning the committees, wagging the dog, namely the Senate.

I see Senator Bacon disagreeing and shaking her head. Perhaps she is right. Perhaps we should have this open debate as to

whether or not committees can sit as a matter of normal practice when the Senate is in session.

I submit, honourable senators, that it is only on very rare occasions — because of special circumstances, such as the availability of a distinguished expert authority from outside of Canada or a minister, given the nature of a particular bill that is before a committee — that special dispensation might be requested. I want to be practical about this, but not doctrinaire. So often now, almost as a matter of course, we have requests being made for convenience. Perhaps there are other good reasons that committees want to meet but at present they are contrary to the rules. We are being asked to suspend the rules, and it is not proper unless we make a deliberate decision to change them.

The reason that the Chair of the Standing Committee on Privileges, Standing Rules and Orders has given this afternoon as to why the rules should be suspended to allow the committee to meet while the Senate is sitting does not fall into the category of an extraordinary circumstance, such as a special witness, but rather one of convenience.

If the schedule of when committees are to meet is inadequate, perhaps we should instruct our staff to review the allotted times. It is not a matter that we should take lightly. I think we should bring this issue to a head and determine where we are going.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, perhaps I could add a few things. I agree completely with Senator Kinsella. The principle business of senators should be in the chamber, and we should not have committees sitting simultaneously unless absolutely necessary.

However, I should like to point out two things which are relevant in this case. The attendance policy which is before the Rules Committee was to have been dealt with in an all-day meeting last week. Unfortunately, there was not a sufficient number of senators in attendance. Because of the sensitive nature of the matter before the Rules Committee, I felt it was necessary to have good representation by all sides. Since we did not have good representation from the other side, I recommended that the meeting be cancelled.

The committee is working very hard on this particular issue. The next issue the Rules Committee will deal with is the organization of committees, the sitting times of those committees, the number of committees, and the number of people on those committees. Clearly that debate must take place, and we look forward to those recommendations. However, I do not think they will get to that matter if they cannot deal with this other item of business.

Under those circumstances and in this one instance, I request the approval of the Senate to allow the Rules Committee to hold a long meeting tomorrow in order to deal with the attendance policy.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, why can the committee not meet on Monday when we are not sitting? I find Senator Kinsella's point well taken. Call the committee for Monday, and we will see that we have the required representation, if that is all that is missing.

The Hon. the Speaker: If no other honourable senator wishes to speak, it was moved by the Honourable Senator Maheu, seconded by Honourable Senator Cook, that the —

Senator Kinsella: Honourable senators, we waive the reading of the motion. However, I ask my colleague opposite to highlight, once again, the main arguments for this committee sitting tomorrow while the Senate is sitting. I wish to understand the reason exactly.

Senator Carstairs: Honourable senators, the committee has been working very hard to bring to this chamber a fulsome report on attendance policy. They met yesterday morning for an extended period of time. They would like to meet again tomorrow afternoon for an extended period so that they can bring to this chamber as quickly as possible an attendance policy, as per the instructions of this chamber. They then want to get on with their next study, on the concern that both he and I have about the attendance of senators both at committee and in the chamber. It is my belief that the primary responsibility of senators is to be present in this chamber when the Senate is sitting.

Hon. Mabel M. DeWare: Honourable senators, I wish to move the adjournment of the debate.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: I hear dissenting voices.

Will those in favour of the motion please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those opposed to the motion please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it. The motion to adjourn the debate is defeated.

It was moved by the Honourable Senator Maheu, seconded by the Honourable Senator Cook, that the Standing Committee on Privileges, Standing Rules and Orders have power to sit at 2:30 p.m. on Thursday next, March 19, 1998, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

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