



Debates of the Senate

1st SESSION

•

36th PARLIAMENT

•

VOLUME 137

•

NUMBER 60

OFFICIAL REPORT
(HANSARD)

Tuesday, May 12, 1998

—

THE HONOURABLE EYMARD G. CORBIN
ACTING SPEAKER

CONTENTS

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

Debates: Victoria Building, Room 407, Tel. 996-0397

Published by the Senate

Available from Canada Communication Group — Publishing, Public Works and
Government Services Canada, Ottawa K1A 0S9, at \$1.75 per copy or \$158 per year.

Also available on the Internet: <http://www.parl.gc.ca>

THE SENATE

Tuesday, May 12, 1998

The Senate met at 2 p.m., Acting Speaker Eymard G. Corbin in the Chair.

Prayers.

[Translation]

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

12 May 1998

Sir,

I have the honour to inform you that The Right Honourable Antonio Lamer, Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 12th day of May, 1998, at 4 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[English]

SENATORS' STATEMENTS

CHILD POVERTY IN CANADA

Hon. Erminie J. Cohen: Honourable senators, I wish to bring to your attention the appalling situation of child poverty in Canada.

Yesterday, the National Council of Welfare released its report, "Poverty Profile 1996." It was shocking to learn that 1.5 million children in this country are living in poverty, bringing the level of child poverty in Canada to a 17-year high. In total, honourable senators, 5 million Canadians live without an adequate income.

It has been just over a year since I tabled my report, "Sounding the Alarm: Poverty in Canada," which details the crisis of poverty in our country, and asked the government to take a serious look at this growing problem. Since then, the federal government has claimed that poverty, especially child poverty, has become a priority. Yet, the measures they have taken, such as the new Child Benefit, amount to little more than a drop in the bucket. Although the Minister of Human Resources Development claims that the new benefit is enhanced, it provides only \$105 per year per child to working poor parents. On average, poor parents live about \$9,000 below the poverty line. We can all agree that this will do little to improve their situation.

In fact, the situation is worsening. Status of Women Canada reported a few weeks ago that the most significant barrier for poor working parents, adequate affordable child care, has been, "the first victim of Ottawa's battle with the deficit and retreat from social programs." Once again, the real need of children goes ignored. I am troubled by this lack of support because 25 per cent of people working in this country are working poor. We must also remember the children of parents who are forced to rely on welfare, because they were completely overlooked in the child benefit overhaul.

Honourable senators, all children in this country equally deserve our help and consideration. Child poverty advocates report that the current Child Benefit system does not keep pace with the cost of living, and that the dollar value will be significantly eroded over time. Even with this knowledge, the government voted against an amendment to a motion sponsored by a Progressive Conservative member of Parliament to index fully the benefit.

However, there is a bright side. Some 14 government back-benchers voted for the amendment, and some 26 voted in favour of a motion to review the system of indexing. This is an unusual and welcome level of support for an opposition initiative.

Political will is needed to address the problem of poverty in Canada. We have had a showing of political will at the grass roots by the back-benchers who supported the motion to improve the lives of poor children. What we need now, honourable senators, is a similar showing at the higher echelons of government.

CANADIAN MEDICAL HALL OF FAME

ANNOUNCEMENT OF NEW LAUREATES

Hon. Wilbert J. Keon: Honourable senators, it was my honour today to participate in the 1998 announcement for this year's laureates of the Canadian Medical Hall of Fame. As co-chair of the committee, it was a great pleasure to honour this group of outstanding individuals who are the pride of all Canadians and medical professionals alike.

Honourable senators, before proceeding any further, allow me to offer some background on this organization. The objective of the Hall of Fame is to foster pride of country among Canadians. It is an enduring tribute to Canadian men and women, now and in the past, who have contributed to the understanding of disease and the advancement of the health of people everywhere.

Since its creation in 1993, the Canadian Medical Hall of Fame has been instrumental in recognizing important contributions to the quality of Canadian life. The new laureates announced today will be inducted formally into the Canadian Medical Hall of Fame at a gala dinner to be held at the Canadian Museum of Civilization on October 28, 1998.

•(1410)

My co-chair, Jacqueline Holzman, and I have agreed to make this a national celebration of excellence. We will acknowledge the living legacy of those honoured, and celebrate their excellence in areas of medical and health research, care and treatment on both sides of the Ottawa River.

Although we are recognizing their contributions to the medical field, our laureates have had a much wider impact on the community at large since we all benefit from the knowledge and scientific advancement they have contributed. Whether you are a member of the business community, a representative of a health or social charity, a parliamentarian, a patient, a family member or friend, most certainly your life has been influenced by one or more of these 11 men and women.

Honourable senators, the following are the 1998 inductees to the Canadian Medical Hall of Fame:

Murray Barr identified a sex chromatin body, the Barr body, and launched a new era of research and diagnosis of genetic disorders, especially those associated with mental retardation.

Norman Bethune devised new surgical instruments in Canada and, while working in Spain and China, brought the first mobile blood bank to the battlefield.

Roberta Bondar, Canada's first female astronaut, studied weightlessness and physiological change in space and how it applies to life on earth.

Tommy Douglas, Saskatchewan's long-time socialist premier, is the acknowledged father of the Canadian health care system.

Ray Farquharson, teacher and researcher, wrote the report that recommended the creation of the Medical Research Council and then served as its first chairman from 1960 to 1965.

Claude Fortier, a world expert in neuroendocrinology, was one of the first clinician scientists to recognize computers as a tool for medical research.

C. Miller Fisher focused his keen clinical observation techniques on stroke warning and prevention, and discovered that aspirin and other drugs can prevent stroke.

Gustave Gingras, known as "the ambassador for the handicapped," worked with paraplegics in Montreal, Morocco, Venezuela and Vietnam and lobbied passionately for improved access and facilities for disabled children and adults.

Harold Jones improved the survival rate of thousands of cancer patients through his development of the Cobalt-60 machine as well as his early work with CT scanners in mammography.

Heinz Lehmann, a pioneer psychiatrist, recognized the importance of certain drugs in the treatment of mental disorders and led the movement to turn psychiatric hospitals into rehabilitation and treatment centres.

Maud Menten, one of Canada's first female medical doctors, was the co-developer of a mathematical concept that helped shape the new field of biochemistry.

We are hoping these inductees, along with the 25 men and women inducted in previous years, will inspire young people to take up careers in health and medical science. Honourable senators, please join me in recognizing and honouring this group of superb individuals.

Hon. Senators: Hear, hear!

[*Translation*]

FOREIGN AFFAIRS

MUDSLIDE TRAGEDY IN SOUTHERN ITALY

Hon. Marisa Ferretti Barth: Honourable senators, it is with a great deal of emotion that I rise in this place to speak of a natural disaster that hit my country of origin, Italy, last week.

After several days of violent, torrential rains, floods of mud gushed down the mountains onto six villages at the foot of Mount Sarno, which rises 1,100 metres above sea level, 30 kilometres southeast of Naples. As you know, Naples was the starting point of many Italian immigrants' journey to America. Naples is also the home of bel canto. We all remember Torna Sorrento, O Solo Mio and Santa Lucia, which are known around the world. The people of Naples are simple people with a deep attachment to the values of life and nature: the sea, the sun and poetry.

It is with great sadness that I learned of the great many casualties and extensive damage. According to unofficial reports, 116 people have died and —

The Hon. the Acting Speaker: I am sorry to interrupt you, Senator Ferretti Barth, but I am told that there is no interpretation.

[English]

There is no interpretation at this point in time. Perhaps we should wait a moment until the matter is corrected.

[Translation]

Senator Ferretti Barth: According to unofficial reports, 116 people have died and an indefinite number are missing.

The Hon. the Acting Speaker: I apologize once again, honourable senators, but we are still having technical difficulties.

[English]

Honourable senators, I will suspend the sitting of the Senate for whatever time is necessary to correct this technical problem.

The sitting of the Senate was suspended.

•(1420)

The sitting of the Senate resumed.

[Translation]

Senator Ferretti Barth: Honourable senators, it is with great emotion that I rise to tell you about a natural catastrophe that hit my country of origin, Italy, last week. After several days of torrential rains, mud rolled down the mountains and partly buried six villages in the valley located at the foot of Mount Sarno, an 1,100 metre peak located 30 kilometres southeast of Naples, which is along the Tyrrhenian Sea. This is the homeland of the first immigrants who came to America and who brought along their

customs, their culture and bel canto. Everyone knows Torna Sorrento, O Sole Mio and Santa Lucia. The other day, I even heard a Japanese rendition of the song Santa Lucia, on television.

It is with great sadness that I heard about the large number of casualties and the extent of the damage. According to preliminary reports, 116 died and an unknown number of people are missing.

The village of Sarno, which has a population of 2,000 and is located less than 100 kilometres from Naples, was the hardest hit by the disaster. At last count, there were 107 people reported missing. But according to Sarno officials, the actual number could be twice as high.

Needless to say, Canadians of Italian origin have been deeply affected by this tragedy. As an Italian Canadian, I wish to offer my most sincere condolences to those who have lost loved ones.

I sent a telegram of condolences to the mayor of Naples and the Italian ambassador. I sent it on behalf of all Canadian senators. I hope you will forgive me for doing so, but I felt it was necessary.

[English]

CRIMINAL HARASSMENT

Hon. Donald H. Oliver: Honourable senators, stalking is a horrific crime that is treated far too lightly by the police, prosecutors, lawyers and judges. On August 6, 1993, Canada's first criminal harassment legislation, section 264(1) of the Criminal Code, was proclaimed into force. Criminal harassment, commonly referred to as "stalking," is generally defined as repeatedly following or communicating with another person, repeatedly watching another person's house or workplace, or directly threatening another person or any member of their family, causing a person to fear for their safety or the safety of someone known to them.

Stalking is predatory in nature and plunges the victim into a world of fear and terror. Night after night, day after day, the stalker focuses his or her activities on a single individual.

A second characteristic of stalking that adds to its uniqueness is that the perpetrator usually undertakes, over a period of time, a series of increasingly more serious acts which escalate the level of threat and the victim's level of fear. A stalker's efforts to control and intimidate often escalate into violence. People pursued in this manner frequently find it necessary to change their entire lifestyle. Others must undergo a complete identity change to escape the relentless pursuit of the stalker. Such a program was set up in 1996 by HRDC, which has so far assisted 65 people.

Victims of stalkers are frequently female. A study by the United States Institute of Justice found that 8.2 million women and 2 million men had been stalked some time in their lives. A U.S. Task Force on Stalking conducted by the National Criminal Justice Association in 1993 found that female victims were most frequently stalked by ex-husbands, 39 per cent, a current husband, 2 per cent, or by a current former boyfriend, 17 per cent. Male victims were frequently stalked by their ex-spouse, 9 per cent, their ex-girlfriend, 4 per cent, or a casual acquaintance, 46 per cent.

The study also noted that the most frequent methods of harassment were making harassing statements and threats by phone, sending unwanted letters, vandalism, verbal and physical threats, showing up at a victim's workplace, innocuous phone calls and assaults. Other forms may include sending unwanted gifts, leaving dead animals, making false accusations, and leaving a note on the victim's car.

Regrettably our courts and the police take issues of stalking and harassment far too lightly. In 1996, our Justice Department conducted a review of Canada's 1993 stalking legislation. This review found that the crime is not treated seriously enough by prosecutors, lawyers and judges. This study showed that almost 60 per cent of criminal harassment charges were withdrawn or stayed, and that 75 per cent of those convicted of criminal harassment received either probation only or a suspended sentence. We must send a strong message to the stalker, to the justice system and to our police that stalking will not be tolerated in Canada.

Honourable senators, it is time for us to join together to improve our existing legislation. It is time to protect society from the scourge of the stalker. It is time to think about the victims.

AGRICULTURE

RECOMBINANT BOVINE GROWTH HORMONE

Hon. Lorna Milne: Honourable senators, I should like to turn your attention once again to the matter of recombinant bovine growth hormone and the health concerns it raises.

As Senator Keon pointed out last week in his excellent speech on this topic, there is a potential link between Insulin Growth Factor-One and cancer. As you may recall, we pointed out that IGF-1 is found in milk produced by cows taking rBGH. While scientists had previously maintained that IGF-1 was broken down by the digestive process, there is increasing evidence that this does not, in fact, occur. Instead, as Dr. Keon told us, the hormone passes through the digestive tract and is absorbed into the bloodstream. The presence of this substance, it is feared, could lead to an increased rate of cancer.

Honourable senators, to underline this point, last Friday there were articles in both *The Toronto Star* and *The Globe and Mail*

about a link between IGF-1 and breast cancer. Apparently, pre-menopausal women under 50 have a seven-times higher chance of developing breast cancer if they have elevated levels of IGF-1. This discovery was made by doctors from Canada and the United States who were funded partially by the Canadian Breast Cancer Initiative. Their findings were published last week in the reputable British medical journal *The Lancet*.

•(1430)

Honourable senators, let us remember these concerns, and act to protect the health of Canadians when considering the matter of rBGH.

CANADIAN CORPS OF COMMISSIONAIRES

Hon. David Tkachuk: Honourable senators, on May 2 of this month, I had the pleasure of being a guest at the fiftieth anniversary dinner of the North Saskatchewan and Yukon Division of the Canadian Corps of Commissionaires. At the banquet, service awards were given to outstanding members of the North Saskatchewan Division in keeping with a proud history and long succession of important community service.

In preparing for the banquet, I realized just how much the commissionaires contribute to our communities, and I wish to share with you some of the good work they carry out.

The Corps of Commissionaires was founded in England in 1859 by Captain Edward Walter, a retired cavalry officer who, during and after the Crimean War, sought to improve the status of former soldiers and sailors who had served their time in the armed forces. His aim was to provide dignified and worthwhile employment for veterans, and he dedicated himself to making the latter days of their lives honoured and free from the fear of want. Beginning with eight commissionaires, the corps has continued to grow. Their honorary patron-in-chief is the Queen.

The North Saskatchewan Division was granted its non-profit charter on July 15, 1948. The traditional role of the corps as a whole has been to provide services to communities and employment for former members of the armed forces and the RCMP. Commissionaires are most visible as security guards in government and other public buildings. However, the North Saskatchewan Division has adapted with the times, and members also provide much needed community service in non-related activities. Its advertising slogan is "Security and Much More." The division provides training programs such as security guard training, management of police vehicles, weapons and radio training, prison fingerprinting and photography, and surveillance training for the four native casinos in Saskatchewan. The training courses for casino security are the only such courses offered in Canada. The corps also provides first aid and CPR. From Manitoba west, it looks after the pay service for the RCMP guard and matron services.

The signatory governors of the North Saskatchewan Division Charter were Captain J.H. Erwin, Colonel F.M.N. Matheson, Captain J.S. Woodward, and Captain Ross Pinder of Saskatoon. Captain Pinder was the Honorary Chairman for the fiftieth anniversary celebrations. The first local commissioner was Sergeant Frank Russell, who was stationed at the Saskatoon airport, and the first cheque was issued to a Corporal Grice for his work at the City of Saskatoon's greenhouses. Since that time, the division has grown to 1,300 members, providing services in 68 local communities and the Yukon.

Honourable colleagues, we owe a great deal of thanks to the dedicated men and women of this organization who, I am sure, often are not thanked for their strong commitment to our communities and our country. I know I speak on behalf of all senators in extending to the Saskatoon Division our congratulations, and in wishing them every success during their fiftieth anniversary celebrations this year.

ABORIGINAL VETERANS

Hon. Thelma J. Chalifoux: Honourable senators, I have been fortunate to receive documentation entitled *Native Soldiers — Foreign Battles*. I wish to speak today on the aboriginal soldiers who went to the First and Second World Wars and the Korean War. I believe that this information is very important to all of us, especially after having spent hours listening to witnesses during the Canadian War Museum hearings.

The publication *Native Soldiers — Foreign Battles* was funded by Department of Veterans Affairs in 1993, and put together with the assistance of Métis, Treaty, Inuit, and other contributors. This publication takes you through the experiences of the Canadian, Métis, Treaty and Inuit men who volunteered to go and help fight an international war in Europe. It is estimated that over 4,000 aboriginal volunteers went to the First World War. It reports outstanding accomplishments of men and women such as Tom Longboat, who was a world champion long-distance runner. In 1907, he won the Boston Marathon, and he won the world professional marathon in 1909 at Madison Square Gardens in New York. He enlisted in 1916, and as a dispatch carrier with the 107th Pioneer Battalion in France, Longboat ran messages and orders between units.

The war proved that the fighting spirit of Canada's aboriginals was not squelched through reservation life or road-allowance living. When duty called, we were there, and when we were called forth to fight for the cause of freedom, our people showed all the bravery of our warriors of old.

Aboriginal women also worked overseas alongside our men. In the Second World War, there were 3,090 registered participants, not including the Métis men and women and some First Nations and Inuit who are also excluded from the Indian Affairs registered tally.

One volunteer is quoted as saying:

Our true destiny is not bound by the success or failure attendant upon Métis deliberation... it is bound up with our continued existence as Canadians who fight for those liberties to which we are all devoted and the preservation of which is dependent upon our victory.

In the Korean war, 73 names were recorded by the Indian Affairs branch. A final figure was not reported, although it is likely that several hundred aboriginals served during this period. I know that, because my husband was one of them.

Syd Moore, a Second World War veteran, said:

We are proud of the word "volunteer," nobody forced us, we were good Canadians — patriots — we fought for our country.

Sons joined the army because their fathers had served in previous wars. Brothers fought side by side.

It is interesting to note that in 1950, ships were named after Indian tribes such as the HMCS *Sioux*, the *Iroquois*, the *Huron*, the *Haida*, and the HMCS *Micmac*. These were testimony to the respect aboriginals had earned within the Canadian military.

Honourable senators, it is with pride that I bring this information to your attention, and I would recommend this publication to everyone, not only because of personal reasons, as my family served in the services, but also to remind us that our people, the Métis, the Treaty, and the Inuit veterans, played a very important role in Canadian and European history. For copies of this publication, you may contact my office.

VISITORS IN THE GALLERY

The Hon. the Acting Speaker: Honourable senators, I draw your attention to the presence in our gallery of Mr. Yordan Sokolov, President of the National Assembly of the Republic of Bulgaria, as well as members of the Bulgarian National Assembly. The delegation is accompanied by His Excellency, Mr. Slav Vassilev Dabev, Ambassador of the Republic of Bulgaria.

Welcome.

[Translation]

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Acting Speaker: Honourable senators, before proceeding, I wish to introduce two pages from the House of Commons who are taking part in the Parliamentary Pages Exchange Program.

[English]

Emilie Cooper of Côte-Saint-Luc, Québec, is enrolled in the Faculty of Social Sciences at the University of Ottawa. She is majoring in criminology.

David Sommer is studying in the Arts Faculty at Carleton University. David's hometown is Pierrefonds, Québec.

Welcome to the Senate.

ROUTINE PROCEEDINGS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

POSTPONEMENT OF MEETING OF COMMITTEE

On Presentation of Reports from Standing or Special Committees:

Hon. Lowell Murray: Honourable senators, let me take the occasion offered by this item to make an announcement on behalf the Standing Senate Committee on Social Affairs, Science and Technology. We had hoped to meet this afternoon at 3:30 p.m. to continue our study of Bill S-13, Senator Kenny's bill. Unfortunately, it appears that we will be occupied in the chamber until five o'clock or later with Royal Assent and other business.

I have therefore postponed this afternoon's meeting until 5:30 p.m.

•(1440)

THE SENATE

NOTICE OF MOTION TO PERMIT THE TAKING OF PHOTOGRAPHS DURING ROYAL ASSENT CEREMONY

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(i) I move, seconded by the Honourable Senator Joyal:

That two photographers be authorized to take still photographs during the Royal Assent ceremony today from the floor of the chamber and the galleries, with the least possible disruption of the proceedings.

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, I ask the Deputy Leader of the Government to provide some background and explanation for this notice.

The Hon. the Acting Speaker: Perhaps the Chair could be allowed to first put the motion and then you can have this exchange.

An Hon. Senator: You must have leave.

[Translation]

The Hon. the Acting Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(i), the Honourable Senator Carstairs, seconded by the Honourable Senator Joyal, moved:

That two photographers be authorized to take still photographs during the Royal Assent ceremony today from the floor of the chamber and the galleries, with the least possible disruption of the proceedings.

Is leave granted, honourable senators?

[English]

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, the Deputy Leader of the Government asked for leave to introduce a motion. Before giving her leave to introduce the motion we would like to know why she wants leave. Otherwise, we shall refuse her leave.

Senator Carstairs: Honourable senators, as I explained to Senator Kinsella last evening, the request had been made to the Senate for a photographer from *The Ottawa Citizen* to take pictures of the ceremony on Royal Assent. We were extremely reluctant to give that permission because, generally speaking, we do not allow photographs to be taken in the chamber. However, it was recommended to me that because Royal Assent may become a less frequent occurrence, as a result of a piece of legislation presently before this chamber, it might be wise to obtain some archival photographs of a Royal Assent process, and that was the position that I explained last evening.

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

Senator Lynch-Staunton: Honourable senators, in discussing the purpose of leave, I find this a rather extraordinary situation: an opposition bill is already assumed to have been passed, and we are now being asked to anticipate that its effects are already in place. I suggest that we pass the bill and then have the photographers in.

The Hon. the Acting Speaker: Then leave is not granted?

Senator Lynch-Staunton: No.

The Hon. the Acting Speaker: Senator Prud'homme, this matter is not debatable because leave was not granted, if are you standing on this matter.

Hon. Marcel Prud'homme: It was on that subject. I would have many questions but now the matter has been disposed of. I did not want it disposed of without knowing exactly what was involved.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Sharon Carstairs (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, Wednesday, May 13, 1998, at 1:30 p.m.

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

Hon. Senators: Agreed.

[Translation]

The Hon. the Acting Speaker: Honourable senators, Senator Carstairs, seconded by the Honourable Senator Joyal, moved that, when the Senate adjourns today, it do stand adjourned until Wednesday, May 13, 1998, at 1:30 p.m. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Lowell Murray: Honourable senators, I wish to know if arrangements have been made on both sides of the chamber for the Senate to adjourn tomorrow at 3:30 p.m.

[English]

Senator Carstairs: It certainly is the intention on this side to proceed as quickly as possible. Of course, I cannot respond for the other side. Perhaps the honourable senator would like to put the question to the other side of the chamber, because arrangements that I thought I had, I obviously do not have.

[Translation]

Hon. Noël Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, if the Senate is still sitting tomorrow at 3:15 p.m., I would like to move a motion to adjourn.

Hon. Marcel Prud'homme: Honourable senators, it is all very well for both sides to speak but, if unanimous consent is required, senators will have to understand that the telephone never hurts anyone. All the independent senators are here today. When the rules call for unanimous consent, do not force us to say no to be

disagreeable or to get your attention. I was consulted today about a rather contentious subject. I gave my word that I would probably let it pass. It does not hurt to think that we are also part of the Senate. If that bothers certain senators, then change the rules. It is simple. If the rules require unanimous consent, bear that in mind. I got everything I wanted in the House of Commons because I was smart enough to go and see the people who could say no, including the mayor of Moncton, Mr. Jones.

[English]

The mayor from Moncton, Mr. Jones, has never refused me anything because I always ensured that he knew, otherwise he could say no. Mr. Jones and I did not have a long relationship on many issues. It does not cost too much to ask, otherwise you will get no cooperation. It is easy. At the moment I believe someone has asked the right question: Why 15:30 tomorrow? Of course to that I will say yes, but do not pretend that we are not there.

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

Hon. Senators: Agreed.

Motion agreed to.

CRIMINAL CODE

BILL TO AMEND—FIRST READING

Hon. Donald H. Oliver presented Bill S-17, to amend the Criminal Code respecting criminal harassment and other related matters.

Bill read first time.

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

On motion of Senator Oliver, bill placed on the Orders of the Day for second reading on Thursday next.

CHILD CUSTODY AND ACCESS

NOTICE OF INQUIRY—PARTICIPATION OF MEMBERS OF HOUSE OF COMMONS IN HEARINGS OF COMMITTEE

Hon. Anne C. Cools: Honourable senators, pursuant to rule 56(1)(2) and 57(2), I give notice that two days hence I will call the attention of the Senate to the poor attendance and participation of the House of Commons members in the work meetings and hearings of the Special Joint Committee of the Senate and the House of Commons on Child Custody and Access.

QUESTION PERIOD

HEALTH

COMPENSATION TO VICTIMS OF HEPATITIS C—UPCOMING MEETING OF MINISTER WITH PROVINCIAL AND TERRITORIAL MINISTERS—POSSIBILITY OF SENATE DEBATE

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. It arises from the fact that territorial and provincial ministers and the federal Minister of Health will be meeting later this week.

•(1450)

In light of that, would he not agree that in order to fulfil the intent of motion number 67 on our Order Paper today, which is, of course, the motion of Senator Lynch-Staunton to the effect that the Senate of Canada adopt a position with regard to the matter of hepatitis C and acquaint the provincial, territorial and federal ministers of health with our position, we should conclude our evaluation of this matter expeditiously so that the ministers' meeting later this week can have the benefit of the advice and recommendation of this house?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I am aware that a number of senators want to participate in the debate, and the matter will unfold as it should.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I have a supplementary question: Would the government agree, because of the importance of the issue and in anticipation of the meeting of the ministers on Thursday, that the advice of the Senate would be better received by them before their meeting rather than after?

Senator Graham: As I said, honourable senators, the matter will unfold as it should. There will be debate in this place and the matter will come to a vote at a time when it is considered debated.

Senator Lynch-Staunton: Would the government leader agree to a house order that this matter be brought to a vote at the latest on Thursday afternoon?

Senator Graham: No.

Senator Lynch-Staunton: Therefore, the government is telling us that they have no interest in seeing that this motion, which carries an important message, be disposed of at the appropriate time.

Senator Graham: That is not so. You can put lots of strings in your bow, Senator Lynch-Staunton, but I think the first thing you should recognize is that it was Minister Allan Rock who

brought all of the ministers of health to the table, and it was Minister Allan Rock, the federal Minister of Health, who provided the initiative and the thrust to bring about the agreement which will provide \$1.1 billion to Canadians affected by hepatitis C between 1986 and 1990.

We are hearing echoes from other people who are trying to take political advantage of a very sad situation. I am speaking of people such as Premier Michael Harris of Ontario, and those premiers who did not want to participate in the first place, some of whom were dragged kicking and screaming to the table by the federal Minister of Health. We will see what happens on Thursday, and what is the outcome of those meetings. Then, honourable senators, we should be prepared to participate fully in the debate today, tomorrow, Thursday and, if necessary, next week.

Senator Lynch-Staunton: What we are asking is that the voice of the Senate be heard before the fact, not after. The Leader of the Government is telling us that, where the government's problems are involved, it does not matter when the voice of the Senate is heard, or that it is preferably after the fact, and I find that shameful.

Senator Graham: Honourable senators, many honourable senators wish to speak on this issue, and I am very anxious to hear what they have to say.

Senator Lynch-Staunton: We, too, are anxious to have them speak. Let them speak tonight and tomorrow, so that we can let the ministers of health from every province and territory, as well as the federal minister, hear our voice and know our feelings before they meet, not after. We are willing to meet tonight on this issue, if the government agrees.

NATIONAL DEFENCE

REQUIREMENT FOR RESERVES TO RELINQUISH MEDICAL BENEFITS ON RETIREMENT FROM MILITARY— GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, my question is for the Leader of the Government in the Senate. Since the Government of Canada's policy is that Canada has a total force composed of both reserve and regular components, can the minister tell me why reserve force members must give up their benefits under the Government Service Medical Insurance Plan — GSMIP — when they leave the military, unlike members of the regular forces and the RCMP?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I was not aware that that was the case, but I certainly will seek an appropriate answer, one, it is to be hoped, that will satisfy my honourable friend's concerns. It is a matter that I will refer directly to the attention of those who are most responsible.

REPORTED LACK OF FUNDS FOR TRAINING OF
RESERVES—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, further to that, can the minister comment on discussions held in the last week of March at CFB Kingston, discussions which focused on army training and limiting reserve army troop training to the level of TQ1, trade qualification 1, which is just above the recruit level, due to a lack of funds? Will reservists no longer enjoy the privilege of advanced training and career advancement in addition to losing their health benefits?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I will seek a proper answer to that question as well.

LIMITATION ON DURATION OF TRAINING AND CANCELLATION OF
YEARLY EXERCISE—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Finally, could the Leader of the Government ascertain for us whether it is true that soldiers of the reserve army in Atlantic Canada are only allowed to train to a maximum of 32 days a year and have had cancelled, by this government, the standard yearly brigade exercise due to a lack of funds?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I am not aware that that is the situation but, again, I shall seek further information for my honourable friend.

THE ECONOMY

WIDENING OF GAP BETWEEN RICH AND POOR FAMILIES—EFFECT
OF ENHANCED CHILD BENEFIT—GOVERNMENT POSITION

Hon. Erminie J. Cohen: Honourable senators, the poor are getting poorer.

In 1993, the average low-income family fell \$7,665 below what Statistics Canada categorizes as its low-income cut-off, and what everyone else calls the poverty line. By 1996, the gap had widened to \$8,215. For families with children, the situation is worse. For two-parent families, the shortfall deepened from \$8,675 to \$9,634 below the poverty line. For single parents, the gap widened from \$8,262 to \$9,300.

Put another way, honourable senators, in the first three years of the government's mandate, the average poor family fell deeper into poverty by about \$1,000. Armand Brun of the National Council on Welfare predicted at a press conference yesterday that data for 1997 will show that the gap between the rich and the poor is widening even more. The government's response to this was to point to their so-called enhanced child benefit.

I have several questions arising from this situation. To what extent will this benefit restore the ground that families with

children have lost since 1993? Will it restore all of the lost ground, or just a fraction of the lost ground? How far below the poverty line will the average low-income family be after the benefit takes effect?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I am very much aware of Senator Cohen's concerns in this regard. We took to heart her report last year regarding poverty in Canada.

The poverty profile as announced by the National Council on Welfare, which provides demographic trends affecting the income of Canadians, was a detailed analysis of poverty in 1996. I am very conscious of the National Council on Welfare and its work. I think that all of us should be disappointed to see that the numbers in the low income bracket did not decline in 1996. Obviously, the economy did not grow as much between 1995 and 1996 as everyone would have hoped.

However, I believe that the situation has turned around and the government's policies are working. The Canadian economy has created over 1 million jobs since November, 1993; 543,000 since January of last year alone. The unemployment rate declined from an average of 9.7 per cent in 1996 to 8.4 per cent in April of 1998. As a result, the economy is poised to create hundreds of thousands of jobs in the coming years, which will help more Canadians move out of that low income category.

We have put our fiscal house in order, honourable senators, precisely in order that we can address the priorities and the social needs of Canadians while living within our means.

Senator Lynch-Staunton: Tell us about TAGS!

INDEXATION LEVEL OF NATIONAL CHILD BENEFIT—
GOVERNMENT POSITION

Hon. Erminie J. Cohen: Honourable senators, the increase in jobs was mostly in part-time jobs, and in New Brunswick, unfortunately, employment has dropped in the last year. The National Child Benefit is not fully indexed to inflation; neither is the income threshold below which benefits are reduced. This means that benefits will fall in real terms each and every year.

•(1500)

The House of Commons recently passed a Progressive Conservative Private Member's motion calling on the government to review the level at which the child benefit is indexed. Given the crisis situation of child poverty in Canada, when will the government act upon this motion?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would repeat that the report which was released yesterday covers only 1995 incomes. I am very conscious of Senator Cohen's concerns. She is not alone in her concerns.

The honourable senator states that the majority of the jobs created were part-time jobs. I would dispute that figure, and I intend to bring forward statistics to indicate that the majority of the jobs created were, indeed, full-time jobs.

Earlier, Statistics Canada reported, for 1996, that average family income grew 1 per cent after inflation between 1995 and 1996. That is not high enough; however, it does demonstrate that our economy is growing and that our policies are working.

INTERNATIONAL TRADE

VISIT TO ITALY OF TEAM OF PARLIAMENTARIANS OF ITALIAN ORIGIN—EXCLUSION OF PARLIAMENTARIANS OF OTHER ETHNIC ORIGINS—GOVERNMENT POSITION

Hon. Donald H. Oliver: Honourable senators, the government has embarked upon a number of questionable endeavours which have surprised even the most steely-nerved Parliamentarians. Recently, the Liberal government announced that it would send members of Parliament of Italian origin from both the House of Commons and the Senate on a taxpayer-funded trade mission to Italy led by Trade Minister Marchi and Public Works Minister Gagliano.

I received in my office today a news release from the Department of Foreign Affairs and International Trade dated May 11, 1998, numbered 115, that states:

As home to 1.5 million Canadians of Italian origin, Canada has a comparative advantage, when it comes to doing business with Italy. These strong people-to-people ties between Canada and Italy will continue to shape and enhance our business relationship in the future.

At a time when the 1997 Canadian Human Rights Commission Annual Report cites the federal government for being unresponsive and insensitive to the issue of multiculturalism and hiring practices, we have taxpayers' money funding a trade mission based solely on ethnic origin.

If it is determined that an MP or senator is qualified to take part in this trade mission, are they disqualified from participation based on their ethnicity? If not, would the Leader of the Government in the Senate advise us what consideration would be given to a parliamentarian of African, Asian or aboriginal descent?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, they would receive every possible consideration. This is a golden opportunity, a wonderful opportunity, to send proud Canadians of Italian heritage to Italy to demonstrate to that country what a wonderful place Canada is by leading the world in getting its fiscal house in order. Canada leads the world with its trade missions abroad. Consider the successes of Team Canada. It is just a pity that Senator Di Nino is not going back to the land of his birth —

Senator Di Nino: I would do it at my own expense.

Senator Graham: — to demonstrate to Italians the great success that you have achieved in this wonderful country of Canada.

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, I have a supplementary question of the Leader of the Government in the Senate. Is the criterion for selection to be of Italian origin; is the criterion the ability to speak *Italiano*, one of the great trading languages of the world; or is the criterion to have business relations with the Italian business community which could be based upon grounds other than ethnic origin?

Senator Di Nino: You just want an invitation.

Senator Graham: May I ask a question of Senator Kinsella who is very learned? I presume that Italian is one of the many languages he speaks. I regret very much that he was not included in the invitations, but I would refer honourable senators to Senator Ferretti Barth's very moving statement about the difficulties which were experienced by people from the part of Italy from whence she and her people came. That is the kind of sensitivity of which I speak. It was a warm statement of her feelings for the land of her birth and that of her ancestors. I am sure that all honourable senators appreciate that she was prepared to bring those sentiments to this chamber.

HEALTH

FULL COMPENSATION FOR VICTIMS OF HEPATITIS C— POSSIBLE ESTABLISHMENT OF JOINT COMMITTEE— REQUEST FOR ANSWER

Hon. Marcel Prud'homme: Honourable senators, on April 28, at page 1358 of the *Debates of the Senate*, we see the following heading: "Full Compensation for Hepatitis C Victims—Motion before House of Commons—Possible Establishment of Joint Committee—Government Position."

I would ask the Leader of the Government in the Senate to relay to the minister the following quotation which was part of my question on that day:

I am not denying that tonight's vote is an important first step, but if anyone here believes that that is the end of the question then they are dreaming in Technicolor. It will only grow and become more difficult. Any good politician can see that this situation will develop. There will be no end to it.

Honourable senators, that is exactly where we are now. I suggested that we form a joint Senate and House of Commons committee, as we did so ably on the question of child custody and access. That committee held hearings across Canada.

However, we may be too late to rectify this terrible mess in which everyone finds himself. Any old politician could have told us that. Could it be that there is still time to save the day and to stop all these power struggles between provinces and the federal government?

Does the minister have any suggestions as to how the Senate can be of use to the country by working to ensure that at least my proposal is considered?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I have taken Senator Prud'homme's suggestion to the Minister of Health and he has that under consideration. However, both Houses are required to respond. You have put that on the table. I would urge all honourable senators to wait to see what determination is made at the meeting of the ministers of health on Thursday.

FOREIGN AFFAIRS

ISSUANCE OF BUILDING PERMITS FOR NEW SAUDI ARABIAN EMBASSY IN OTTAWA—REQUEST FOR ANSWER

Hon. Marcel Prud'homme: Honourable senators, on Thursday April 30, page 1400, on another subject, we see the following heading: "Issuance of Building Permits for New Saudi Arabian Embassy in Ottawa."

Honourable senators, I suggested that this matter should be taken very seriously. I am afraid it was not taken seriously. Today, there is a great delegation in Ottawa who yesterday were kindly received by Dr. Keon. I praise him for what he has done for Canada. He opened the doors to The Ottawa Heart Institute and welcomed the delegates. That institute is recognized all over the world as being the best teaching hospital. Senator Dr. Keon personally trained three of these Saudi Arabian doctors who are now working in all parts of the world. That is what Saudi Arabia and Canada can do together. However, I hear that nothing has been done regarding the embassy.

Last night when I met with that delegation I was not confronted with the usual questions about Quebec. There is nothing happening in Quebec. Quebec is a proud province of Canada, except they parle français, comme moi.

The question now is why the capital of Canada is not applying more pressure regarding the issuance of a building permit for the Saudi Arabian embassy. Some of you here may not understand the Middle East. I have paid the price to know about it. Their pride is being attacked; that is how they see it. They are proud people in the Gulf. Do not get them mixed up with the rest of the Arab world; they have their individuality. If they think their pride is being attacked, it is considered by them to be an enormous insult. They do not understand why this embassy plan has been reduced when there are no homeowners in the area who could be affected by the original plan. I will pursue that next week. It is a \$25-million investment for Ottawa, which will bring in

\$1 million per year in taxes. Yet they drag their feet and attack the pride of the Saudi people.

•(1510)

I know that the Leader of the Government in the Senate is not responsible for this situation. However, could he convey my concern to those who could be useful?

Today, our Speaker is absent from the chamber. Where is he? I know he is doing a great job for Canada by promoting our candidacy for the UN Security Council. We must not take for granted that we will be elected to the Security Council. I am the only one who has the guts to say it publicly. I just met ambassadors at noon who said, "Canada better campaign." This is the first time in my life that I know of that Canada has had to campaign for something.

Has the Leader of the Government put these thoughts forward to the government since I asked him the question last week? It is in the interests of all of Canada.

Hon. B. Alasdair Graham (Leader of the Government): Yes, honourable senators, I have brought the matter to the attention of the government. It was appropriately raised by my honourable friend. I shall attempt to bring forward an answer very soon.

INDUSTRY

DIFFICULTIES WITH INTERPROVINCIAL TRADE AGREEMENT— IMPEDIMENT TO JOB CREATION—GOVERNMENT POSITION

Hon. James F. Kelleher: Honourable senators, my question is for the Leader of the Government in the Senate. Last week, the Canadian Chamber of Commerce released a 62-page report entitled, "The Agreement on Internal Trade: Taking Stock After Three Years." In its comprehensive report, it is concluded that "progress toward a more united Canadian market has ground to a virtual halt since the signing of the Agreement on Internal Trade." I remind honourable senators that that agreement came about in 1994. The report also refers to the fact that hundreds of impediments to trade, investment and labour mobility continue to persist.

Given that our unemployment rate persists at over 8 per cent, will the Leader of the Government in the Senate ask the Prime Minister to advise Canadians what concrete steps his government is taking to deal with these interprovincial impediments to job creation?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I do not think anyone is satisfied with the progress being made with respect to internal trade. While the honourable senator refers to the unemployment rate, which is 8.4 per cent at the present time, down considerably over what it was one year ago, job creation is on the rise. As I indicated earlier, some 72,000 jobs were created in the month of April alone. Obviously, some progress is being made.

We are not satisfied with the progress that has been made with respect to trade between provinces. However, I should be happy to bring the Honourable Senator Kelleher's concerns to the attention of those most responsible.

DIFFICULTIES WITH INTERPROVINCIAL TRADE AGREEMENT—
FAILURE TO FULFIL SECTORAL AGREEMENTS—
GOVERNMENT POSITION

Hon. James F. Kelleher: Honourable senators, I should also like to draw the leader's attention to the fact that the Chamber of Commerce report includes a report card covering the 15 sectoral chapters of the agreement, in which the government received several failing grades and an overall grade of D. One of the reasons the government received a failing grade is that the timetables for action in almost all of the sectoral chapters are being missed.

Will the Leader of the Government ask the Minister of Industry to provide us with a detailed list of these missed deadlines, explain why each one has been missed, and describe the concrete steps the government is taking to meet these deadlines and honour its commitments to the Canadian people?

Hon. B. Alasdair Graham (Leader of the Government): Yes, I shall do that, honourable senators. At the same time, I shall congratulate the Minister of Industry and other colleagues responsible for the fact that employment growth in Canada will lead all of the G7 countries this year.

THE SENATE

LACK OF AVAILABILITY OF ABORIGINAL COMMITTEE ROOM FOR
MEETING OF ABORIGINAL PEOPLES COMMITTEE—
GOVERNMENT POSITION

Hon. Willie Adams: Honourable senators, my question is somewhat different from the others that have been asked today.

The Aboriginal Peoples Committee of which I am a member has been meeting for the last while on Bill C-6. I was disappointed by the response I received from both the Deputy Leader of the Government and the government Whip when I asked why the committee could not meet this morning in the Aboriginal Peoples Room. This morning, the Standing Senate Committee on Social Affairs, Science and Technology met in the Aboriginal Peoples Room while the Aboriginal Peoples Committee had to meet in Room 705 of the Victoria Building, which is little more than a cubby hole.

Bill C-6 is an important bill for our people in the territories. Aboriginal people have come to Ottawa to meet us on this bill.

I point out to the Leader of the Government in the Senate that there are committee rooms in the East Block which are equipped to broadcast committee proceedings.

When I arrived at the committee meeting this morning, the sign on which is printed the name of the committee was in print smaller than the signs which bear the names of senators on their office doors. It was very small. I do not know who makes these signs.

The Aboriginal Peoples Room is equipped with an executive anteroom which our caucus has been using for food and coffee. We also invite those who appear before the committee to join us in this room. However, we are unable to use it now because it is being used by the Social Affairs Committee.

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would take great delight in allocating the blame to Senator Murray, who is chairman of the Standing Senate Committee on Social Affairs, Science and Technology, for taking over the Aboriginal Peoples Room this morning. However, I shall refrain from doing so because I think this is an organizational problem.

I understand the concerns expressed by Senator Adams. We will have to attend to the allocating of committee rooms. Presumably, the Social Affairs Committee was there first. I would hope the Aboriginal Peoples Committee will be able to hold its meetings there when it is available. Of course, that room, which is designated as the Aboriginal Peoples Room, is open to all other committees as well.

Hon. Lowell Murray: Honourable senators, the Standing Senate Committee on Social Affairs, Science and Technology has a room in which we meet weekly. That room is Room 705 in the Victoria Building.

The reason we were moved to the Aboriginal Peoples Room for these two days is that there are televised hearings on Senator Kenny's Bill S-13 and Room 705 in the Victoria Building was not commodious enough or equipped to handle the number of witnesses, the public, the television equipment and so on that is necessary. However, we will be out of the room tomorrow and back to our own room in the Victoria Building.

Senator Adams: Honourable senators, what is the difference between Bill C-6 and Senator Kenny's Bill S-13? There is the feeling that his bill is more important than Bill C-6.

Senator Murray: Honourable senators, I hope my friend realizes that neither I nor my committee is in a position to commandeer that room or any other. I believe a request went forward for a room that was adequate for the purposes of this bill on these two days, and the Aboriginal Peoples Room was assigned to us.

I am very sorry if that has caused inconvenience or embarrassment to others. However, as I said, we will be out of that room tomorrow and back to our accustomed spot in the Victoria Building, which is much more convenient for some of us who have offices in that building.

TREASURY BOARD

SOLICITATION OF POLITICAL DONATIONS FROM LIST
OF GOVERNMENT GRANT APPLICANTS—STATUS OF EMPLOYEE
INVOLVED—SENSITIVITY OF MINISTERIAL STAFF
TO ISSUES—GOVERNMENT POSITION

Hon. Marjory LeBreton: Honourable senators, a Liberal fundraiser was recently convicted for soliciting political donations from a list of government grant applicants provided by the Office of the President of the Treasury Board. Over and above the legal and political impropriety of this act, the release of such information violates the spirit if not the letter of the Privacy Act.

Could the minister tell this house what steps have been taken by his cabinet colleague, the President of the Treasury Board, to deal with the employee who provided this information and, at the same time, whether he and other members of the cabinet are taking the necessary action to ensure that those personal or exempt staff working in ministerial offices understand the law and also Canada's Privacy Act?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, that particular case is closed. It has been dealt with in the courts.

Certainly, ministers are very cognizant of the concerns expressed by my honourable friend, and they will be taking extra precautions to alert all staff members as to those concerns.

Senator LeBreton: Honourable senators, the Leader of the Government in the Senate is the political leader for Nova Scotia and can, no doubt, appreciate the sensitivity of information in ministers' offices. He would also agree, no doubt, that it is necessary for the personal staff of ministers to act in an appropriate manner at all times.

In the past, even in provincial jurisdictions, many a minister has had to resign for the actions of his or her staff, the Solicitor General of Ontario being the most recent example.

The President of the Treasury Board appears to have washed his hands of this whole affair and refuses to take action or to answer a very simple, specific question. Therefore, my question is: Will the Leader of the Government in the Senate tell us whether the President of the Treasury Board continues to employ Mr. Jacques Roy, who according to court documents was the person who provided this information to the fundraiser who has now been charged and sentenced?

Senator Graham: Honourable senators, the President of the Treasury Board acted appropriately in this case. As a matter of fact, if I recall correctly, he was the first to alert the authorities of this difficulty.

As to whether Mr. Roy is still employed, I shall have to inquire further.

[Translation]

ORDERS OF THE DAY

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Marie-P. Poulin moved the third reading of Bill S-2, an act to amend the Canadian Transportation Accident Investigation and Safety Board Act and to make a consequential amendment to another Act.

She said: Honourable senators, I am pleased to speak to Bill S-2 and to thank all senators for their cooperation in considering this bill to amend the Canadian Transportation Accident Investigation and Safety Board Act.

The act is already effective. When it was proclaimed law in 1990, it led to the creation of the Transportation Safety Board of Canada. This board is an independent federal body responsible for investigating marine, rail, air and pipeline accidents and incidents.

Canada is one of the few countries in the world to have an independent transportation accident investigation body, but Canada's approach is increasingly widespread. A number of countries have drawn on our legislation to set up their own organizations.

Following the examination required by the current law and on the basis of the experience of the Canada Transportation Safety Board, which covers the past seven years, a number of changes are now being proposed to the law. While already effective, these changes will result in certain improvements.

[English]

Honourable senators, the proposed changes reflect suggestions from the transportation industry and from government at both the federal and provincial levels. For example, one of the proposed changes would make it easier for the Transportation Safety Board to respond to requests from the provinces to conduct safety investigations for them on a cost recovery basis. Other changes prompted by industry clarify the nature and the extent of the protection of information supplied to the board in its investigations.

As the board's sole object is to advance transportation safety, there are several proposals to put increased emphasis on the identification of safety deficiencies. Similarly, several proposals would make the board's procedures less court-like and further separate the board's work from that of the police and from legal proceedings.

[Translation]

Honourable senators, before the bill was tabled in the Senate, we consulted the transportation industry and representatives of the provinces. Since then, the members of the Standing Senate Committee on Transport and Communications have heard and considered testimony from people representing various aspects of the transportation sector.

The members of the committee came to realize that there was support generally for the changes to the current law.

[English]

•(1530)

Honourable senators, there was also some discussion of the possibility of extending the mandate of the board to include extra-provincial trucking. The idea has merit, but it is beyond the scope of the proposed amendments. It might well be studied at some future time. There was also consideration of what other industrialized nations are doing in the field of transportation accident investigation.

A few senators attended the second World Congress on Transportation Safety in the Netherlands where transportation safety issues were considered. There, and in other European nations, it was clear that the Canadian approach to transportation accident investigation is held in high regard.

If there is a key word to describe the philosophy contained in this act, it is "cooperation." I invite all honourable senators in this chamber to participate in this cooperative spirit and to support this excellent legislation.

Hon. Mira Spivak: Honourable senators, I should like to propose an amendment to this bill at third reading, seconded by the Honourable Senator Cochrane.

The amendment is that the bill not be now read a third time, but that it be amended. There is quite a number of amendments. I spoke to this at the report stage, and I have a few comments. It would facilitate matters if I did not read all the amendments. They will be printed in the proceedings today, and they will be on the Order Paper tomorrow in full so that senators may read them. Is that agreeable?

The Hon. the Acting Speaker: The Chair has an obligation to put amendment or amendments before the house. Is it the intention of the honourable senator to proceed with her remarks?

Senator Spivak: Yes.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane, that the bill be not now read the third time but that it be amended as follows:

1.

Shall I dispense, honourable senators?

Hon. Senators: Agreed:

Senator Spivak: Honourable senators, there are three reasons for proposing this amendment to the bill.

I must disagree with the Honourable Senator Poulin, which is a very rare occurrence. She tells us that the amendment goes beyond the scope proposed in this bill. Indeed, it does not.

The first reason I propose this amendment is that the Canadian Transportation Accident Investigation and Safety Board Act included a mandate for a review commission to study the bill. Indeed, that was done. The government's own review commission recommended that the mandate of the bill be extended so that it could cover extra-provincial commercial travelling by trucks, as well as those travelling between Canada and the United States. For some reason, the bill that we have before us did not quite, in my opinion, go far enough.

Even though clause 11 opens the door to the review and investigation of highway accidents, the point is that it falls short of the mark in the sense that it does not achieve that separation between Transport Canada and the investigator, the Safety Board, nor does it give the Safety Board the means by which to investigate the accident. Bill S-2 makes no mention of extra-provincial motor vehicle accidents, and they are not included in the definitions of a transportation occurrence or in the section regarding the expertise of board members or in the hiring of directors of investigation. If the government does intend to allow the board to launch investigations on behalf of provinces that ask for them, surely we have a duty to ensure that the board will have knowledgeable people to perform these tasks.

The second reason for proposing this amendment is that there are as many highway traffic accidents involving commercial trucks as all other commercial accidents combined. These incidents do not form a small portion of the safety investigations which take place in our country, in fact, they form the largest portion. Why would we just go half-way with this measure? Why do we not give the board the mandate to investigate interprovincial accidents? They are not impinging upon the jurisdiction of the provinces. It would apply interprovincially as well as to those trucks travelling to and from the United States. Why not give them that power when these accidents involving commercial vehicles form such a large proportion of all motor vehicle accidents in our country?

The third reason I propose this amendment is that our committee heard compelling evidence from the National Safety Board of the United States of America. They are also a federal country. They have had this mandate for a long time and they do an excellent job. Most of their reviews involve transportation safety, so it is not new to them.

Honourable senators, I received a copy of the Railway Association of Canada's response to a review of the "Motor Vehicle Transport Act Position Paper" by Transport Canada. The Railway Association of Canada recommends that the federal government reassume its jurisdictional authority for interprovincial motor carrier operations. The government should use its constitutional authority to expand the role of the Transportation Safety Board to cover interprovincial motor vehicle safety, and it should use its constitutional authority to ensure uniform technical operating and safety standards for motor carriers. In support of this policy direction, Transport Canada should compare the jurisdictional, legislative, regulatory and policy framework for trucking in Canada and the U.S. and between truck and rail transportation in Canada.

Honourable senators, I believe that this will be a suitable expansion since it has been recommended by the government review commission itself.

Had I been in the committee during the clause-by-clause, I would have presented this amendment and it could have been reviewed by the members of the committee at that time. However, time did not permit that to happen.

I commend this amendment to you. It is not opposed to what I presume should be government policy, since the government review commission recommended it. It is hardly a radical suggestion. It has been in practice in the United States for some time. It is important to look at the major causes of highway deaths and determine if we can learn from those through proper investigation so as to prevent a repetition of them.

The Hon. the Acting Speaker: Honourable senators, I would inform honourable senators that, due to the length of the amendments presented by the Honourable Senator Spivak, the Chair would like to take their import under advisement to ascertain that they are well within the scope of the bill and are, therefore, acceptable. I will endeavour to report back to the house at the very earliest opportunity on that matter.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I was about to move the adjournment in the name of Senator De Bané, but if we are to have a Speaker's Ruling, I am not sure that is necessary.

The Hon. the Acting Speaker: As there may not necessarily be a ruling, it would be in order to adjourn the debate.

On motion of Senator Carstairs, for Senator De Bané, debate adjourned.

[Translation]

INCOME TAX CONVENTIONS IMPLEMENTATION BILL, 1998

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Hervieux-Payette, P.C., seconded by the Honourable Senator Losier-Cool, for the second reading of Bill S-16, An Act to implement an agreement between Canada and the Socialist Republic of Vietnam, an agreement between Canada and the Republic of Croatia and a convention between Canada and the Republic of Chile, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

Hon. Normand Grimard: Honourable senators, I was pleased to accept the invitation to speak on behalf of the Official Opposition in the Senate on Bill S-16, the Income Tax Conventions Implementation Act, 1998.

First of all, honourable senators, I must state my approval of having bills such as the one we are looking at today tabled in the Senate rather than in the other place.

As you know, enabling legislation such as this is tabled as new tax agreements are concluded and the legislation in effect is modified as soon as a need is felt. There is nothing particularly unusual about that.

A few years ago, this house generally looked at these bills before the Lower House. During the last Parliament, in response to pressures by certain members of the other place, the government modified its approach.

Generally, there is nothing controversial about legislation to implement taxation agreements. Since such bills neither increase nor decrease the tax burden of the Canadian taxpayer, they present no problems. I believe that we can make a valuable contribution to the parliamentary process by looking at these bills in a totally neutral and constructive manner before sending them to the other House.

Thus, honourable senators, the bill before us will enable Canada to ratify tax conventions with Chile, Vietnam and Croatia.

Canada is a trading nation. Last year, we exported \$344 billion worth of goods and services, while we imported \$329 billion worth.

Although most of our trading is done with the United States, we have trade and investment relations with almost all of the world's countries, including the three mentioned in the bill before us.

It is vital both for us and for our partners that trade and investment exchanges take place in a climate of certainty.

Over the past 25 years, Canada has tried to conclude more tax conventions with the countries it does business with. Both the Liberal and the Progressive Conservative governments have made efforts in this regard so that today we have some 70 such conventions.

Tax conventions have two main objectives. First, they establish which country is entitled to withhold tax and at what rate when a resident or a business from one country earns income in another. In addition, they ensure that the tax paid in one country is acknowledged in the other.

So, you know exactly the amount of source deductions made on income you want to take out of the country where you earned it. This enables you to invest and make money in the certainty that the foreign country will not take away your profits by suddenly imposing additional source deductions. Such certainty is vital to business people and investors.

Establishing a climate of trust is a vital economic objective and there are many ways to do so: through tax conventions like the one before us, as well as through trade agreements such as NAFTA, the World Trade Organization or the proposed free trade agreement with the Americas.

Second, tax conventions help prevent tax evasion, which occurs when income earned in a foreign country is not declared in Canada. The agreements provide a mechanism for exchanging information. This is a particularly commendable objective, in my opinion.

When Senator Hervieux-Payette spoke at second reading of this bill, she closed her remarks by saying, and I quote:

I urge you, honourable senators, to pass Bill S-16 without delay so that Canadians may begin to reap the benefits.

Honourable senators, her wish will come true, because the official opposition fully supports the fundamental principle of

Bill S-16. The committee will of course examine it to ensure that all is in order.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Senator Carstairs, bill referred to the Standing Senate Committee on Foreign Affairs.

INCOME TAX AMENDMENTS BILL, 1997

SECOND READING—DEBATE SUSPENDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Carstairs, seconded by the Honourable Senator Milne, for the second reading of the Bill C-28, An Act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain Acts related to the Income Tax Act.

Hon. Jean-Maurice Simard: Honourable senators, this is a bill amending the Income Tax Act as announced in the February 1997-98 budget. Some amendments go back to the 1994 budget. With the notable exception of extending the bank tax, most of the tax measures in the 1997 budget involved selective tax relief rather than an overall reduction in taxes. Bill C-28 is a collection of minor amendments, tax measures, some of them good and some of them less so, some of them questionable, some of them welcome and long overdue. These measures from the 1997 budget, with the notable exception of the extension of the bank tax, brought selective tax relief. I know I am repeating myself, but our side would have liked to see a general reduction in taxes similar to the reduction in Ontario over the last two years. This was what my party proposed in 1997. Economists are telling us that there has been a substantial and strong economic recovery in Ontario over the past year.

Bill C-28 is another product of a government that is lazy, lacks courage, acts without thinking, is short-sighted, and tinkers with the economy rather than eliminating barriers to interprovincial trade that continue to put a strain on the Canadian economy, thus denying Canada the comparative advantage of free trade.

One of the only important measures in this bill is the \$12 billion Canada transfer that will cost the seven poorest provinces, including New Brunswick, \$384 million between now and 2002. In fact, except for Ontario, Alberta and British Columbia, the other provinces will receive less money as a result of the transfer.

[English]

• (1540)

In her address in the Senate, the Deputy Leader of the Government argued that this house should support Bill C-28 and adopt it without delay because of the important measures contained therein and because of the fact that the provisions have been in the public domain for some time now. The honourable senator also suggested that the bill reflects the federal government's approach to fiscal management, providing the basis for a strong economy and a strong society.

I thank the honourable senators for opening the door to allow me to address the bill in a similar fashion.

The first point I wish to make concerns the timing of this bill and a comparison with the speed with which Bill C-36 was tabled in Parliament. Bill C-36 contains certain provisions of the 1998 federal budget, most notably the provisions that create the Canada Millennium Scholarship Foundation. That bill received first reading on March 19, 1998, less than one month after the tabling of the budget. The government is obviously capable of speedily marshalling legislation through Parliament when doing so assists the Minister of Finance in his quarrels with the Auditor General.

Bill C-28, which implements some provisions of the 1997 budget, and some measures that are even older, received first reading in the House of Commons on December 10, 1997. I realize, of course, that a federal election intervened between the tabling of the budget and the tabling of the bill, but it was largely the government's decision to keep these measures in the public domain for so long, and the Senate should not be rushed into its deliberations as a result.

[Translation]

Having said that, I would like to address another, even more important argument put forward by the Deputy Leader of the Government. I would like to discuss how this bill reflects the federal government's approach to economic and tax policy.

Clause 285, which calls for an increase in the threshold for the cash portion of transfer payments to the provinces and territories under the Canada health and social transfer, is a good example of the government's approach to tax policy, economic policy in general and federal-provincial relations in particular.

The Hon. the Acting Speaker: Honourable senators, pursuant to rule 135(8), I must interrupt our proceedings. The Senate will now adjourn during pleasure to await the arrival of His Excellency the Governor General.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Right Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting an accord between the Governments of Canada and the Yukon Territory relating to the administration and control of and legislative jurisdiction in respect of oil and gas (*Bill C-8, Chapter 5, 1998*)

An Act to amend the Canada Shipping Act (maritime liability) (*Bill S-4, Chapter 6, 1998*)

An Act to amend the Customs Act and the Criminal Code (*Bill C-18, Chapter 7, 1998*)

An Act to amend the Telecommunications Act and the Teleglobe Canada Reorganization and Divestiture Act (*Bill C-17, Chapter 8, 1998*)

An Act to amend the Canada Evidence Act and the Criminal Code in respect of persons with disabilities, to amend the Canadian Human Rights Act in respect of persons with disabilities and other matters and to make consequential amendments to other acts (*Bill S-5, Chapter 9, 1998*)

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

INCOME TAX AMENDMENTS BILL, 1997

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Carstairs, seconded by the Honourable Senator Milne, for the second reading of Bill C-28, An Act to amend the Income Tax Act, the Income Tax Application Rules, the Bankruptcy and Insolvency Act, the Canada Pension Plan, the Children's Special Allowances Act, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Conventions Interpretation Act, the Old Age Security Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, the Western Grain Transition Payments Act and certain Acts related to the Income Tax Act.

The Hon. the Acting Speaker: Honourable senators, Senator Simard had the floor.

Hon. Jean-Maurice Simard: Honourable senators, as I said earlier, the government boasts of its decision to increase the cash portion from \$11 billion to \$12.5 billion. It points out that this is the largest investment ever done to date.

But let us remember something this Liberal government does not like to mention. In 1994-95, federal funding transfers for programs merged under the CHST totalled \$19.3 billion. This means that the floor of \$12.5 billion for the cash portion represents a 33-per-cent reduction in federal funding transfers.

It is true that the government is also transferring resources through tax points, and that these did not diminish as much as the cash portion. However, fund transfers have a political and economic importance that tax points cannot have. It is by threatening to withhold these amounts that the federal government can impose on the provinces and territories certain conditions regarding health and social services. So, the amount of \$12.5 billion represents a considerable reduction of the resources on which the provinces depend, and it is significant enough that the provinces cannot do without it. Indeed, the provinces are in the worst possible situation, with significantly reduced resources and very heavy financial obligations, while the federal government is in the opposite situation, with considerably lower financial obligations to the provinces and a high degree of

influence. Surely, there must be better models for federal-provincial relations.

The honourable senator also suggests that the policy underlying Bill C-28 is both fair and transparent. Is it fair that the transfers of funds to the provinces and territories for health, post-secondary education and social assistance are cut by one-third, while other programs are not subjected to such severe cuts, 17 per cent in fact?

And the question of transparency is equally important, since it makes it possible to determine how serious a government is about meeting its obligations toward Canadians. By reducing provincial transfer payments, while preserving the role of executor conferred upon it by the Canada Health Act, the federal government can make itself the guardian of the health system and force the provinces and territories to make some hard choices about health care.

It falls to the provinces then to close hospitals, laying themselves open to criticism for doing so, while the federal government reaps the benefits of this most painful restructuring. In many other cases, the federal action is far from transparent. Let us take the example of the employment insurance fund. Employment insurance benefits and the administration of the program are funded exclusively by employer and employee contributions. After the last recession, the fund had a deficit which ran as high as \$6 billion by 1993, and the government wanted to keep contributions relatively high in order to eliminate this deficit. Then the government decided that the fund would accumulate a surplus, so that it would never again be necessary to raise contributions right when unemployment was at its highest. According to the 1995 budget:

With no increase in premium rates, the surplus in the Account will be allowed to rise above \$5 billion through to the end of 1996. This surplus will be maintained and used as a buffer to mitigate unemployment insurance premium rate increases during periods of slowing economic growth.

This is a highly prudent approach, which few Canadians could fault. We know, however, that at the present time the cumulative surplus in the fund will reach \$19.3 billion by the end of the year, and \$26 billion by next year, if contributions remain the same. In fact, even if premiums were reduced by one-third, the cumulative surplus will remain \$19 billion. This is far beyond the amount indicated in the 1995 budget, as well as the amount recommended as a surplus by the government actuary, which was \$12 billion to \$15 billion, as protection against having to increase premiums during a recession.

So where is the transparency that Senator Carstairs was talking about, because the government is still maintaining the myth that EI premiums are funding EI benefits, and that it is building up a surplus so that it will not be necessary to increase premiums during the next recession? The government's policy has clearly changed, but the government refuses to admit it.

Transparency also has to do with it being possible for Canadians to see what the government is spending and how. The present government has been particularly casual in accounting for its spending, preferring to use methods that serve its own purposes rather than conforming to generally accepted accounting principles.

As part of a series of measures, beginning with the \$961 million in provisional assistance to Nova Scotia, New Brunswick and Newfoundland so that they could harmonize their provincial sales tax with the GST, the \$800 million for the Canada Foundation for Innovation, and the most recent example of the \$2.5 million for the millennium scholarships fund, the government, according to the Auditor General, has violated fundamental accounting principles. Instead of accounting for expenses when they are incurred, the government has decided to debit the accounts of Canada so as to be sure to generate, over a given period, the fiscal balances it feels are desirable.

[English]

There is still more. The federal government continues to impose a personal income tax system on Canadians that does not take into account the impact of rising prices in excess of 3 per cent per year. Since inflation has been below 3 per cent for most of the 1990s, the tax system is, in effect, not indexed at all. As a result, the government can say every year that income taxes are not being increased while at the same time benefiting from higher revenues that are accruing solely from inflation.

The government can also claim, on the one hand, quite simply, that the government's deficit-cutting measures showed a seven-to-one ratio of spending cuts to tax increases. This ratio does not take into account the income tax increases due to inflation, nor does it take into account the change in policy with respect to the EI account that have kept premiums higher than needed. Canadians, on the other hand, are seeing the real value of their disposable income decline because of this hidden tax grab.

The impact on families is quite significant. Not only are personal income taxes higher as a result of inflation, but the real values of the credits aimed at lower-income families, such as the GST refundable tax credit and the child tax credit, also decline. Not only is transparency being violated, fairness is being violated as well. The government is being inconsistent in its treatment of

seniors and lower-income families with children. The Old Age Security program and the Canada-Quebec Pension Plans are fully indexed with respect to inflation. If it is essential to maintain the standard of living of the elderly, why is the same not true of families with children, especially those with low and modest incomes?

As I noted earlier, the impact on families is substantial — very substantial. Restoring full indexation of the tax system and transfer system, assuming inflation is about 1.5 per cent per year, would add over \$1 billion to family disposable income in the first year. About three quarters of this would come from lower federal taxes and higher federal benefits while the remainder would come from lower provincial taxes.

The cumulative effect of this partial de-indexation of the tax transfer system is quite substantial. By 1995, the disposable income of Canadian families was reduced by \$9.5 billion, with \$6.4 billion of that being due to higher federal taxes and the remainder due to higher provincial taxes.

Furthermore, I point out that this assessment is not just mine. The Organization for Economic Cooperation and Development has also criticized the policies of the federal government in this regard. According to that organization, the federal tax rate in 1998 is 13 per cent higher than it was 10 years earlier, solely because of inflation. The most severe effect was felt by those with low incomes. This lack of protection against rising prices has pushed 1.4 million individuals onto the tax rolls and has pushed an even larger number, 1.9 million individuals, from the lowest tax bracket to the middle tax bracket. Six hundred thousand Canadians who were in the middle bracket now find themselves in the highest tax bracket, not because they enjoy a higher standard of living, but because their taxes have been simply increased.

The partial deindexation of the tax and transfer system was admittedly imposed initially by the Progressive Conservative government in 1995. At that time, the government found itself in a very precarious situation. Both the deficit and spending were truly out of control, and strong measures were needed to control both. Tax increases, while unpleasant and unpopular, were also required. I would remind all Canadians how strongly the Liberal opposition of the day, in this house and in the House of Commons, opposed all these measures. I would remind all Canadians how loudly the Liberal opposition opposed the introduction of the GST and how they promised to scrap it. I would remind all Canadians of the Liberal opposition to free trade and how they have now come to embrace it.

•(1630)

However, it is truly inconsistent to argue against the variety of needed measures undertaken during the times of true fiscal crisis and yet continue to impose those measures when they are no longer needed. Indexation is a case in point; so are the temporary

surtaxes that were introduced to fight the deficit. Today, with the government budget in balance, those measures are no longer needed, yet the government continues to cling to them. The half-hearted reduction in the surtax and the convoluted way in which it is being implemented do not change this.

[Translation]

This discussion on indexation leads me, moreover, to another point which casts a great deal of light on the government's economic approach and the societal costs of that approach. For example, it is a secret to no one that overcoming the federal deficit was in large part accomplished by the substantial decrease in Canadian interest rates and the very marked economic growth we have experienced recently. The government wants to collect the bulk of the credit for this by claiming it is the result of the financial restraint it has imposed. That is true, in part, but it is still more likely that the low interest rates in Canada are a sign of the conviction of foreign investors that Canada is now a low-inflation economy. That conviction arises out of their confidence in the Bank of Canada's determination to pursue a monetary policy that goes hand in hand with a low inflation rate, and also the assumption that the federal government is favourable to such a policy.

What can we say about the present government's support of the efforts undertaken by the Bank of Canada to maintain a low inflation rate?

The price stabilization policy was stated for the first time in 1988 by John Crow, governor of the Bank of Canada at the time. The Liberal opposition criticized the policy roundly, and unceasingly. In 1991, increasingly low inflation rates were set, and the Bank of Canada's price stability policy was associated inexorably with Mr. Crow. So what was one of the first decisions by the new federal government when it took over in 1993? To replace Mr. Crow. In addition, the objectives for inflation, which were meant to have gradually decreased, were replaced by a new series of objectives which stabilized at around 1 to 3 per cent. It is therefore fair to say that the first act of the present government was to cast doubt on the joint commitment of the government and the Bank of Canada to ensure price stability.

Two other factors helped to create confusion in the public's mind about the government's desire to ensure price stability, and the ability of the Bank of Canada to pursue such a policy. Very rapidly, the government revised the 1992-93 and 1993-94 deficits upward by a substantial amount. These deficits, which exceeded \$40 billion, were completely inconsistent with a monetary policy geared to price stability, and given what we now know about the government's propensity for playing with the budget figures, it is entirely possible that these were political, and not budgetary, deficits.

The second factor was the government's decision not to go back to full indexing of the tax system. There is a fundamental contradiction between the supposed wish of the government to ensure price stability, on the one hand, and the decision to structure tax and transfer regimes in such a way as to take advantage of inflation.

The most striking thing about the most recent recession, is not its severity, but the fact that the upturn was weak and hesitant, and never really got off the ground. Even if the present government was not in power when the economy began to slow down seriously, it was certainly in power during the upturn, and there is no doubt that its policies, coupled with the messages it sent to the financial markets, had a negative impact on that upturn. I am firmly convinced that its hesitant commitment to price stability, the unprecedented decision to replace the governor of the Bank of Canada, and the inconsistency of its monetary and budgetary policy were all contributing factors to the weakness of the upturn. As a result, we ended up with high unemployment rates and slower progress toward balanced budgets by federal and provincial administrations.

In addition, having slowed down the economic upturn, the Liberal government found itself forced to take some extremely drastic steps, which impacted negatively on the poorest provinces, particularly those in Atlantic Canada. The employment insurance reform, cut-backs in certain regional development programs, such as those administered under the Atlantic Region Freight Assistance Act, and the Maritime Freight Rates Act, as well as the changes to ACOA's power to grant subsidies, all had a significant impact on Atlantic Canada.

Not surprisingly, in last June's election the Liberal government lost 21 of 32 Atlantic region seats. The voters remembered. They were not prepared to forget Mr. Chrétien's Liberal government. The people of the Atlantic region, like people everywhere else in Canada, have good memories.

All of this illustrates this present government's budgetary policy. It is far from being as impressive as the honourable senator suggested in his speech.

[English]

In speaking to this bill, I took the opportunity afforded me by the honourable senator to put the bill within the context of all that took place to achieve the fiscal equilibrium which characterized the federal budget. In closing I would like to address briefly one substantive point which took up far too much time when Bill C-28 was debated in the House of Commons and in the committees. I am referring of course to the allegations of conflict of interest that were levelled at the Minister of Finance with respect to changes to the Income Tax Act as they pertain to the taxation of international shipping. The Ethics Commissioner absolved the minister of any conflict with respect to this bill, noting that Mr. Martin was isolated from all discussions

regarding this amendment to the Income Tax Act. Indeed, the only complaint the commissioner had with the process was the fact that he was not informed of the matter in advance and that the bill should have been tabled by someone other than the Minister of Finance.

• (1640)

I do not intend to raise the matter in this chamber as I believe there is no substance to the allegations. Instead, let us debate in this house and in the committee the contents of Bill C-28 and the policy context in which it is to be implemented.

[Translation]

In closing, on the eve of the Prime Minister's departure for the G-8 summit, everyone is predicting that Mr. Chrétien will be "busting his britches" on the subject of the Canadian miracle. He will forget to mention that, in Quebec, 21.2 per cent of the population is living in poverty and that, in Canada, more than one person in five is living below the poverty line.

Wednesday, Mr. Chrétien will forget to mention that, in New Brunswick and the Atlantic region, the TAGS program was a failure and real unemployment in northern New Brunswick is over 30 per cent.

As I was saying at the start of my remarks, the bill currently before us is the product of an old, tired government that advocates a hands-off approach and that is happy to compare itself with developing and less industrialized countries, rather than with the United States.

In other words, at this point in our history, over 5.2 million Canadians live below the poverty line. In this regard, I hope that Minister Pettigrew or one of his colleagues will deign to appear before the committee studying the bill to explain the statement the minister recently made on leaving the House after question period, and I quote:

Canada no longer has a deficit, so poor families are richer.

[English]

Hon. Nicholas W. Taylor: Honourable senators, I was planning only to address a small portion of Bill C-28, which is an omnibus bill that covers many areas. I shall only touch upon one part of Bill C-28 which bothers me.

For many years, I have been associated with aboriginal affairs and am a member of the Standing Senate Committee on Aboriginal Peoples.

Clause 178(1) of this bill would change section 149(1)(d) of the Income Tax Act. In the past, any municipally owned corporation or a corporation owned by a local government did not have to pay income tax. With this change, if 90 per cent of a

business is outside a municipality, then they will have to pay income tax.

We must now ask why this would affect aboriginal self-government and the aboriginal community. In order to answer the question, we must realize that the governments of the last 25 years have come to understand that the population of our native peoples has increased to the extent that their numbers today are probably much larger than when the Europeans first arrived on the continent. With that understanding, it is clear that the idea of just restoring reservations or land, or the idea of helping trapping, fishing and farming would not provide enough income in the future for aboriginal self-government. Aboriginal self-government without some sort of income would lack independence. In other words, it would not be self-government and they would have to depend on hand-outs.

Governments of the last generation granted with the land large cash payments or payments over a long period of time. Of course, this means that aboriginal groups and bands have had to turn to the corporate world to supplement and build the income they feel is necessary for their people to have self-government. As we travel around the country, we see that aboriginal peoples have moved into the businesses of airlines, transport, real estate development and many other areas which will provide jobs and income to their people.

Under the Indian Act, a company which calls itself an Indian or a native company will not pay income tax. However, the Indian Act and the regulations in it can be changed without the approval of Parliament. In other words, they are at the whim of a bureaucrat's interpretation as to whether or not the company they have formed will be taxed. Right now, they do not pay income tax. However, there is nothing to say that in the future they will not have to pay income tax.

If they register their company under the Income Tax Act, however, the Income Tax Act cannot be changed without the approval of Parliament. That gives our native peoples more reassurance and stability. It may also attract some of the capital and partnerships that they need. That is why they like to put their companies under the Income Tax Act.

That is why the clause I have mentioned is so dangerous from the point of view of self-government of aboriginal people. If income tax inspectors and auditors say that native companies are really companies owned by local governments, then they will fall under the Income Tax Act, something which will interfere with their economic future and, therefore, the returns they bring to the band and self-government.

One can always argue why the Income Tax Act should discriminate as to the ownership of a company. The point is that we have discrimination in terms of ownership of companies. The Income Tax Act discriminates between an existing line of business and a new business. In other words, you cannot write off losses from one line of business against income earned in

another. That is what we call the sugar bowl theory. Each company has to have its own set up. That is a debate for another day. One of the reasons that Americans are supposed to be more entrepreneurial than we are is that they take risks. If they lose their shirt in that risk, they can take it out of profit on another one. We try to restrict that here, perhaps not justifiably.

The Income Tax Act now does discriminate in taxation. Foreigners owning a company will pay a different tax than non-foreigners, and Albertans have a different rate of tax than Quebecers. In other words, residence and ownership have been used as a basic formula for income tax.

Some of the native people appearing before the Standing Senate Committee on Banking, Trade and Commerce will be making that point on this particular issue. I hope they will also appear before the Standing Senate Committee on Aboriginal Peoples.

Honourable senators, one loophole could be used in the situation. Native people could argue that they are not local government, that they are actually government equivalent constitutionally to the provinces. However, if you have ever argued with an income tax assessor, you will know that their minds do not actually expand to that constitutional width. They will just bore right in when their nose smells money and go after it. They collect it first, and you fight to get it back afterwards. It is probably a good idea to hit them on the snout before they start sniffing.

Honourable senators, we should make doubly sure that this measure is not a license for income tax people to tax our native-owned or aboriginal companies that are doing all of us a service in trying to make self-government work by becoming independent of the public purse and earning their own money.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Carstairs, bill referred to Standing Senate Committee on Banking, Trade and Commerce.

HEALTH

COMMISSION OF INQUIRY ON THE BLOOD SYSTEM
IN CANADA—COMPLIANCE WITH RECOMMENDATIONS—
MOTION—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator DeWare:

That the Senate endorses and supports the findings and recommendations of the Commission of Inquiry on the Blood System in Canada;

That the Senate for humanitarian reasons urges the Government of Canada and the Governments of the Provinces and of the Territories to comply with these findings and recommendations; and

That a copy of this motion be forwarded to each federal, provincial and territorial Minister of Health.—(*Honourable Senator Carstairs*).

Hon. Wilbert J. Keon: Honourable senators, in light of the motion before us, I am compelled to speak on this issue which has been on the forefront of the conscience of Canadians and legislators for the last month and a half. The debate about the federal government's handling of compensation for the victims of tainted blood has been mired in political rhetoric at the expense of human suffering. I rise today to emphasize that, with all political foiling put aside, this tragic outcome constitutes, above all, a national health disaster, one which necessarily calls into question a number of elements: first, a compassionate, fair, and consensual approach to the victims who suffered needlessly as a result of bad blood supply, and second, the established objectives and functioning of the universal federal Canadian health care system. It is because of my faith and belief in our system that I am driven to make some of the statements that follow.

The government's \$1.1 billion compensation plan that has divided and excluded some 60,000 victims has sparked an array of indecisive political meddling which only reflects that to which our health care system has often had to succumb: There continually persists an uneasy rapport between the principle players in the Canada health care system. Responsibility and accountability are periodically shifted between provincial and federal governments. As Thomas Walkom from *The Toronto Star* pointed out in his column last week:

Canada's Hepatitis C controversy has degenerated into an emotional wrangle, a battle between nasty and nice. Those who argue that governments should compensate all who contracted liver disease through infected blood are deemed to be nice. Those who argue against this are assumed to be nasty.

What many people and organizations have failed to remember in this bitter debate is that the real issue here is not about who is nice or who is not; it is about, as Thomas Walkom pointed out, the limits of science.

It is also about defining what we as a society are willing to do for all those, not just hepatitis C victims, who suffer from illness. Who is entitled to compensation and for what? These are questions society grapples with every day. Who is willing to take responsibility, and who is to take the blame?

As Chris Cobb articulated in his article entitled "Who Gets What" on May 6 in *The Ottawa Citizen*, for the government to proceed in claiming its partial liability of \$1.1 billion for victims afflicted between 1986 and 1990, this very action still awaits sanction from the courts. In the words of Cobb himself:

Politicians are so busy politicking on Hepatitis C, they've forgotten the rules.

Honourable senators, a number of things have been severely overlooked in regard to this issue. First, the process of identifying the victims and indeed others who suffer misfortunes from the health care system is tangled in a myriad of legal nuances and human emotions. Second, the issue of compensation following directly from the first scenario necessarily falls upon health law and ethics.

One of the problems that has surfaced time and time again in our system is that patients and health professionals point their fingers at the provinces. The provinces point their fingers at the federal government for not spending enough and declare that doctors are seeing too many patients. Ottawa, in turn, declares that the provinces are not respecting the basic tenets of medicare.

In returning to the terrible situation which continues to unravel, we are encountering the same political impasse which comprises compassionate ways of dealing with hepatitis C victims who have not been fully compensated under the current arrangements. Where is the liability for patients in federal-provincial arrangements?

This debate only exemplifies the urgent need to better define the roles and responsibilities of the two levels of government in this country. The squabbling over who picks up the cheque, not just to hepatitis C victims but other compensation issues that inevitably arise through society, can be settled and hopefully avoided in the future after new federal-provincial talks begin. That will be the first step in ending this bitter debate and preventing a repeat of the different levels of government passing blame on to each other.

The current dissent among several provinces and the federation with regard to the nature and method of compensation for victims of hepatitis C invokes a reassessment of the Canada health care system. It has been my privilege for the past 40 years to be a part of this system as a doctor, as an academic researcher, and as an administrator. All Canadians have a right to receive health care when they need such care.

When we revisit the Canada Health Act, this establishes five criteria which the provinces must meet in order to properly maintain and receive federal health care funding and initiatives.

These include public administration, comprehensiveness, universality, portability and accessibility. In my years in the medical profession, I have always insisted on a sixth criteria, that is, accountability.

In order for these principles to be realized, there must be strong and integrated cooperation among the federation and its provinces. If the federal government is to have an active and credible role in this matter of liability — one which risks surfacing again — there must be some assumptions in the establishment of federal and provincial roles. It must be taken responsibly and humanely, free of political innuendoes and manipulating emotions.

If the Canadian health care system is to function adequately into the next millennium, we must have a strong national leadership in health promotion, the definition of health, health care delivery and, most important, national resources to deal with situations like the hepatitis C disaster on an ongoing basis. We need a national institute of health so that we can stop depending on knowledge being frequently acquired from the United States, and thus competently deal with our own situation.

For now, we must come together and deal with the hepatitis C situation in a compassionate and realistic way, and then put it behind us. Of equal importance is to face the reality of the disharmony and fragmentation within our system. The next step is to integrate our resources, establish acceptable standards and outcomes, and move forward. Otherwise, we and our health care system will eventually succumb to a series of disasters.

For example, who is responsible for the hundreds of premature deaths from heart disease alone that occur on an ongoing basis? If you step back for a minute, what is really at question here is the debate that once again exemplifies the need to better clarify and define the roles and responsibilities between the two levels of government in this country. The squabbling over who picks up the cheque, not just for hepatitis C victims but on other compensation issues that inevitably arise throughout society can be settled, and hopefully avoided in the future, after new federal-provincial talks begin.

That will be the first step in ending the bitter debate and preventing a repeat of the different levels of government passing the blame on to each other. Clarifying the roles and responsibilities between the two levels of government will be an important first step in the development of a truly integrated health system for Canada, thus serving the sick with compassion and efficiency while promoting better health for everyone. We can, and must, do better.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I should like to begin this afternoon by thanking Senator Lynch-Staunton for his motion. I thank Senators Keon and Kinsella for their interventions. I regret, however, that Senator Lynch-Staunton wishes to dispense with his motion so quickly because I believe he has afforded us the opportunity to discuss this matter in a logical and mature fashion.

There are, honourable senators, no less than 50 recommendations in the Krever report. It will take all of us a long time to study and understand those 50 recommendations. We can do that because the debate in this chamber has been, to date, so different from the debate in the other place. There has not been name calling which, quite frankly, does a disservice not only to the victims of hepatitis C but to all Canadians who are suffering from a wide range of illnesses.

Honourable senators, I think we should all ask ourselves this question: What should we expect from the health care system when we are ill? First, we should expect a system, as Senator Keon so well said, that should be based on the five principles of the Canada Health Act. We want a health care system that is universal, has a single payer, is portable, accessible, comprehensive and that is publicly administered. That is what we have in Canada today.

As Canadians, when we are ill and after we have dealt with the health care system, something which may be ongoing, we should be able to depend on our social safety net. If we become disabled, we should be able to depend on the Canada Pension Plan. If we cannot afford it, we should be able to depend on social housing. We should be able to depend on home care and, as a very last resort in that safety net, we should be able to depend on welfare. This should be available to all Canadians without question.

Are there gaps? Yes, indeed, there are serious gaps in this program that I have laid out. We know that in almost all provinces health care is woefully inadequate, and those who are most in need quite frequently do not have access to it. We know that pharmacare programs in the provinces vary greatly from province to province. Is there a federal role? I hope so. I am pleased that the government is looking at both aspects of home care and pharmacare.

Senator Keon also raised the issue of whether or not all sick people should be entitled to compensation. Is hepatitis C a special case? Is it a special case for all victims? These are the questions that we senators must examine seriously.

In making his recommendation for a no-fault compensation system for all hepatitis C victims of tainted blood, Justice Horace Krever challenged us, in my view, to examine the much broader issue of no-fault health insurance. This is an important debate for our health care system and one which, in a limited way, I have examined before while in public office. I refer to no-fault automobile insurance. I must say that I found it severely wanting.

To deny access to the courts, as does the Manitoba plan, does not provide me with a level of comfort, nor does establishing a schedule for body parts, with little recognition of the intrinsic differences between human beings and their talents and abilities. I believe that is quite unfair. However, it is a debate worthy of this chamber in the form of an inquiry, or even of the magnitude of a special study.

Like all Canadians, I have enormous compassion for hepatitis C victims who have become victims because of tainted blood. From what I have read, and I am certainly not an expert, their suffering runs the spectrum. Some have few or little symptoms. Some have no symptoms for years, sometimes apparently never. Others have massive debilitations, sometimes leading to total liver failure, requiring, if available, a liver transplant. We cannot minimize the suffering that hepatitis C victims of tainted blood will suffer.

Honourable senators, I also have enormous compassion for the family who has learned that their child is massively mentally developmentally delayed. I have watched those parents struggle to cope with children in the home, children who, decades earlier, would have been institutionalized. Should we be paying those parents compensation? In many cases, we fail even to provide them with sufficient respite care so that the parents are not in a total state of exhaustion all the time.

Many of you will remember the case of the mother who killed her severely handicapped son and then herself after the Robert Latimer decision. Why? Because she gave up the struggle for help. Should she have been compensated? Would it have made a difference? I cannot answer those questions. I do not think anyone can. However, perhaps it is worthy of our study.

What about the family whose three-year old is diagnosed with leukaemia? Should they be compensated for their pain and suffering? Should the child who is suffering because of chemo and other therapies be compensated? This is the kind of suffering that brings tears to the eyes of everyone.

•(1710)

Should the young teenager diagnosed with juvenile diabetes who faces a shorter life expectancy and perhaps blindness be compensated? What of the young adult diagnosed with multiple sclerosis who is told that she will have some periods of remission and, if she is lucky, they will be for long terms, but the long-term prognosis is that she will become more and more handicapped and will end her life in a wheelchair and perhaps in an institution? Should she be compensated?

Senator Lynch-Staunton: Health care provides for that. I was talking about hepatitis victims.

Senator Carstairs: Honourable senators, I know individuals who have experienced all of the situations I have mentioned. The health care system does provide them with supports, as Senator Lynch-Staunton has indicated, but those supports are also there for the victims of hepatitis C. The question, therefore, is who should get compensation.

Should we pay all victims of disease compensation, and with what dollars? Surely these dollars should not be taken from an already overburdened health care system. If we support such a scheme, we must be speaking about new dollars. If they are new dollars, from where do we cut?

As with most no-fault insurance schemes, limits on the compensation would be set. Are we, as a society, prepared to say that this illness is worth more than that illness; this suffering is worth more than that suffering?

That is how the Workers Compensation Board works. The worker agrees not to sue, the employer agrees to pay into a fund, and the board administers the moneys. However, most boards in this country are, quite frankly, overflowing in red ink. Is this what we propose for the health care system? I hope not.

Let us look at the particular example of hepatitis C acquired from tainted blood. Mr. Justice Horace Krever recommended compensation for all victims, including those for whom the government was probably, in his view, not liable.

Indeed, Mr. Justice Krever says in his report, "I acknowledge the force of argument made by, among others, the Prichard Report, that it is difficult to treat blood-related injury compensation differently from compensation for other health care injuries." That is why I made reference earlier; because Justice Krever himself questions whether we can deal with one without dealing with the other. He goes on to say, "Given my terms of reference, however, it is not for me here to consider for any injuries other than those that are related to blood therapy."

You may ask yourself, honourable senators, "Who exactly was Dr. Prichard?" In 1990, the federal government, then in the hands of those of the other side, and the provincial governments, were extremely concerned by the rates of medical malpractice insurance for doctors and the number of claims for compensation established by a commission that was chaired by Dr. Robert Pritchard, now the President of the University of Toronto. The Prichard Commission was made up of distinguished Canadians, including the then Dean of Medicine at McGill University medical school; Dr. Richard Bruce, Madam Justice Alyene Picard of the Superior Court of Alberta, who has written a definitive text on hospital and doctor liability; and Dr. Gregory Stoddard, one of the leading health policy analysts of this country. They concluded the following: "We recommend the development of a no-fault compensation scheme for persons suffering significant, avoidable health care injuries. We recommend that the general criterion for determining which significant medical injuries are compensable under the compensation scheme should be the test of avoidability."

Senator Lynch-Staunton: That has nothing to do with the tainted blood problem.

Senator Carstairs: "We recommend that the general criterion for determining which significant" —

Senator Lynch-Staunton: Prichard had nothing to do with the Krever Commission.

Senator Carstairs: They went on to say, "We recommend that the general criterion for determining which significant medical injuries are compensable under the general compensation scheme should be the test of avoidability."

Senator Lynch-Staunton: It has nothing to do with bungling by government.

I'm sorry, senator, but you are distorting.

Senator Carstairs: Senator Lynch-Staunton, I listened to you and did not say a word and I expect the same courtesy from you.

The Hon. the Acting Speaker: Order. Senator Carstairs was given the floor to make a speech.

Senator Carstairs: Further, they said, "The principal inquiry to determine if an event is compensable should be whether, with the benefit of hindsight, the injury could have been avoided by an alternative diagnostic or therapeutic procedure or by performing the procedure differently."

They specifically recommended that the same test be applied to those who were injured through the blood system. That is exactly, in my view, what the ministers of health have tried to do.

Is it reasonable to assume that those infected prior to 1986 would also pass the avoidable test criteria? In this, honourable senators, there is some disagreement. Some would argue that tests were available as early as 1981, and this is true, but surrogate testing first occurred in the United States in February 1986, and national testing in the United States began shortly after that. Clearly, it is this example of universal testing in 1986 that those in the Canadian blood system should have responded to, and they did not.

In 1986, it became common practice and we chose not to follow it. That is why, in my view, liability became the government's to except. Clearly, the tainted blood, and thus hepatitis C which comes from tainted blood, could have been avoided, and it was not. So after 1986, by any criteria, it misses the avoidability test.

The other significant recommendation, to my view, of the Krever Inquiry, was:

It is recommended that, without delay, the provinces and territories devise statutory no-fault schemes for compensating persons who suffer serious adverse consequences as a result of the administration of blood components or blood products.

Honourable senators, it is clear that, according to this recommendation of Justice Horace Krever, he considers the responsibility a provincial and a territorial one, and not a federal one.

Mr. Justice Krever has, in essence, given no responsibility to the federal government at all, and this appears to me patently unfair.

Although health is administered at the provincial level, it is clear that the federal government has both policy, through the Canada Health Act, and a fiduciary duty to the health care system in Canada. It is clear from the compensation scheme, which had \$800 million put aside by the federal government and \$300 million put aside by the provinces, that the provinces also believed the federal government had a responsibility in this field, despite the recommendations of the Krever Inquiry.

Honourable senators, this is not an easy area of debate. Clearly, our compassion has to be with those who suffer the effects of having been on the receiving end of hepatitis C as a result of tainted blood, as it is with those suffering from illnesses of other kinds.

However, in my view, we must move cautiously. A dangerous precedent could be set; dangerous, in my view, to the entire health care system. I wait to be convinced that a precedent will not be set and I welcome participation by all members of this chamber in what is, I believe, a very difficult and complex debate.

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Would the Honourable Senator Carstairs take a question?

Senator Carstairs: Certainly.

Senator Kinsella: Could the honourable senator clarify whether it is her position that all those who contracted hepatitis C should be compensated, or only those who contracted it after 1986?

•(1720)

Senator Carstairs: Honourable senators, it is my personal view that the compensation issue is very complex. There were tests available between 1981 and 1986. There was a more definitive test available in 1986. I am not a lawyer. I cannot tell you in simple terms the liability of those individuals between 1981 and 1986. I will say, however, that I am delighted that the health ministers are meeting further on this issue. They have access to legal counsel, and I await their report.

The Hon. the Acting Speaker: Honourable senators, I must inform the house that the time allowed for the intervention by Senator Carstairs has been exhausted. We could, of course, extend the time if there is consent.

Hon. Philippe Deane Gigantès: No.

The Hon. the Acting Speaker: I am sorry, there is not unanimous consent.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I rise on a point of order. I believe, in the absence of the Leader of the Government, the deputy leader has unlimited time, or at least 45 minutes, to speak, including comments. Therefore, I find it rather abrupt that interventions to seek information from her should be cut off so quickly.

Senator Carstairs: Honourable senators, on the same point of order, I do not know whether the leader intends to speak to this issue, but if he does, then he should be afforded the extra, additional time.

The Hon. the Acting Speaker: Honourable senators, I am advised that only the Leader of the Government has unlimited time. Senator Carstairs cannot substitute for his person in this instance. That is my advice.

Hon. A. Raynell Andreychuk: Honourable senators, I do not wish to go over too much of the history of the hepatitis C disaster. I do, however, wish to underscore the plight of the hepatitis C victims who contracted it from a tainted blood supply through no fault of their own.

Over decades, Canada built a blood supply system upon which all Canadians came to rely and did not question. Children in schools, for example, learned about blood donor clinics and of the life-saving concept of blood transfusions. Politicians were the celebrities, along with other famous Canadians, pictured giving blood. We prided ourselves in a “donated” blood supply, not a “purchased” blood supply in the main, and somehow this was taken to mean “good.”

It went so far as to be taken as a necessity. When a certain religious group defied the blood supply as a necessary lifesaving need, we agonized and we passed laws removing children, usually temporarily, from their parents to give these children blood transfusions, thereby categorizing their need for blood as a necessary violation of religious and parental rights. We did so because we believed the blood to be safe, as well as necessary.

We entered hospitals, signed releases that documented the risks of surgery, but we were never made aware of the risks of the blood supply for hepatitis C in the 1970s and 1980s. Suffice it to say, we did so because of the high trust level of Canadians in their blood supply. We were not educated about the risks inherent in the blood system — quite the contrary.

What caused a Canadian to become a hepatitis C victim from our blood supply? Was it genetics or was it personal behaviour or choice? Was it because of known or disclosed uncertainties in the procedure or was it bad luck? No, none of these. The harm lay not in why we needed blood but in the near guarantee of a clean blood supply which, in fact, was tainted. This, I believe, marks the difference between other sufferers within the medical care system as opposed to those we are now discussing under the hepatitis C situation.

This is not the same situation as, for example, the silicone implant, as Minister Rock would have you believe, which is generally an elective surgery; nor is it the same situation as with a friend of mine who suffered continuing hip injuries and pain due to improper medical procedures; nor is it the same as cancer when the cures are unknown or experimental or unexplained.

Suffice it to say that Justice Krever explored this whole issue and made a report. He points to issues of liability and negligence, but, in my opinion, the underlying theme of his report is compassion, a compassion defined not on legalities but on humanity and practicality; a no-fault system that will not use up the time and untold financial resources on assessing fault and exacerbating the already difficult and uncertain lives of hepatitis C victims and their families and friends.

Those who would say that compensation in the manner explored by Justice Krever is too costly sell Justice Krever short in his knowledge of the issues, of Canadian politics and the compassion of Canadian people. I believe that the present debacle is just what Justice Krever wanted to avoid. He, therefore, pointed to a course of action system not unlike that taken in some other countries. The cost in human tragedy and financial need has been escalated due to the actions of some who would put politics first and people second.

We know that some tragedies are uniquely borne by families and friends. In other tragedies, a town, a village, a city coalesces to help those harmed by some disaster, natural or otherwise. We also see, thanks to modern communication, a global community coalescing to help victims of famine, war and human crimes such as the Oklahoma disaster. Why can Canadians not be allowed to coalesce nationally around a disaster through their leaders? This speaks volumes about our system of government at present. It is not legally defined nor a fine science. It is all about rebuilding trust in national systems. Individuals can respond at all levels alone, but it is also important in a democratic society that our governments take leadership when our systems fail.

When national tragedies or disorders occur, be they natural or manmade, our first thoughts are to empathize with the victims. The second response is generally "why," an analysis of what happened. Surely fault and legality and liability come second. Surely with compassion you hear the victims and share their pain and suffering. You relate. You know it could be you in that vulnerable position. In other words, we relate because this is a society that has a sense of community.

In a democratic society such as ours, governments exercise leadership on behalf of all of us. It is therefore disappointing that our national government has not exercised such leadership on our behalf. We give relief and aid in the millions of dollars, and this is Canadian leadership on our behalf. To say we have no money is misleading. It is not open-ended spending that is being advocated. It is putting the Krever report above other issues. In other words, it is a question of priority.

Why did Minister Rock then approach the federal-provincial negotiations on this issue as a continuing health funding issue? Why did the Prime Minister not lead on this issue of compassion? Why did Minister Rock not talk of compassion but of legal responsibilities and consequences? Why did the Prime Minister put politics above concerns with the confidence motion?

The actions of the government have been covered in detail by the press and others. In my opinion, the criticism has been justly deserved. The issue of a confidence vote will haunt the Prime Minister, the cabinet and all his members for some time to come.

Lest that criticism lie only with the government, I want to comment on the prosecutorial nature of the official opposition. Despite all the cynicism about the Senate displayed by the official opposition in the House of Commons, I believe that Mr. Manning and his party have nothing to cheer about in their behaviour. A loyal opposition that seems bent on playing courtroom tactics instead of appealing to and reasoning with the government to make a right decision or to question a decision that has been made. If compassion and caring were the motives of the official opposition, then why did *Maclean's* magazine on May 11, 1998, refer to the Reform Party as busy trotting out hepatitis C sufferers in the House of Commons Visitors Gallery? And why did *Maclean's* go on to refer to Reform strategist Rick Anderson gloatingly saying that the deal has to be reopened. "Trotting out" and "gloatingly" tell the tale.

In international negotiations when human rights, humanitarian issues or other just causes are put forward, one does not attack those who ultimately have the power to make decisions. One appeals to their higher motives, even with repressive, non-democratic leaders, worrying about such things as face saving and results. One looks to win in the ultimate cause, not in the ultimate gain.

The official opposition may believe that they have won or scored some political points but not first and above all for the victims of hepatitis C. Therefore, I appeal to the senators in this chamber to unite to encourage the government to step back from its position, as have two provincial premiers already, and to embark on a new course of action.

The suggestion is that the government determine, through a task force with the assistance of the victims, the number of victims and establish a fund for the victims and a process by which their claims can be rightfully processed. I appeal to the government to think of the victims and their families and the agony of their uncertain future. I appeal to the government to exercise its leadership on behalf of all of us so that people come first, as is contemplated in the Krever report.

This action must be taken quickly and without further political rhetoric. Only then should we move on to the broader issues of health care and the federal-provincial debate. Then the debate on the broader health issues that concern all of us can be conducted, and perhaps all those cases which Senator Carstairs has pointed out might be dealt with in a fair and just way.

Should hepatitis C victims be dealt with as a priority, as a precedent? I say with all my heart, yes. This is not a legal issue. This is not a health issue. It has now become nationally a compassionate issue and an issue of respect and trust in our government.

•(1730)

Hon. Jeremiah S. Grafstein: Honourable senators, I have one short question before I take the adjournment.

The Hon. the Acting Speaker: Before you do that, I must advise the house that Senator Andreychuk's time for debate has expired. The question will be allowed with consent?

Hon. Senators: Agreed.

Senator Gigantès: No. I would not allow questions for Senator Carstairs; I will not agree now.

Senator Lynch-Staunton: We welcome questions.

Senator Grafstein: In light of the concern of my colleagues, I move the adjournment in the name of Senator Joyal.

On motion of Senator Grafstein, on behalf of Senator Joyal, debate adjourned.

[*Translation*]

FOREIGN AFFAIRS

ISSUANCE OF BUILDING PERMIT FOR NEW SAUDI ARABIAN EMBASSY IN OTTAWA

Hon. Marcel Prud'homme: Honourable senators, I am told that the rules permit me to raise a point of order at any time. I would like to inform you that, after a vigorous debate at Ottawa City Hall, the committee that had initially refused to issue a building permit for the new Saudi Arabian embassy has now changed its mind.

[*English*]

I am glad that representation has been made.

The Hon. the Acting Speaker: For the record, I must point out that that is hardly a question of privilege. It may be a point of information, but that is an entirely different matter.

The Senate adjourned to Wednesday, May 13, 1998, at 1:30 p.m.

CONTENTS

Tuesday, May 12, 1998

PAGE

PAGE

Royal Assent

Notice. 1456

SENATORS' STATEMENTS

Child Poverty in Canada

Senator Cohen 1456

Canadian Medical Hall of Fame

Announcement of New Laureates. Senator Keon 1457

Foreign Affairs

Mudslide Tragedy in Southern Italy.
Senator Ferretti Barth 1457

Criminal Harassment

Senator Oliver 1458

Agriculture

Recombinant Bovine Growth Hormone. Senator Milne 1459

Canadian Corps of Commissionaires

Senator Tkachuk 1459

Aboriginal Veterans

Senator Chalifoux 1460

Visitors in the Gallery

The Hon. Speaker 1460

Pages Exchange Program with House of Commons

The Hon. Speaker 1460

ROUTINE PROCEEDINGS

Social Affairs, Science and Technology

Postponement of Meeting of Committee. Senator Murray 1461

The Senate

Notice of Motion to Permit the Taking of Photographs
During Royal Assent Ceremony. Senator Carstairs 1461
Senator Kinsella 1461
Senator Lynch-Staunton 1461
Senator Prud'homme 1462

Business of the Senate

Adjournment. Senator Carstairs 1462
Senator Murray 1462
Senator Kinsella 1462
Senator Prud'homme 1462

Criminal Code (Bill S-17)

Bill to Amend—First Reading. Senator Oliver 1462

Child Custody and Access

Notice of Inquiry—Participation of Members of House of Commons
in Hearings of Committee. Senator Cools 1462

QUESTION PERIOD

Health

Compensation to Victims of Hepatitis C—Upcoming Meeting of
Minister with Provincial and Territorial Ministers—Possibility
of Senate Debate. Senator Kinsella 1463
Senator Graham 1463
Senator Lynch-Staunton 1463

National Defence

Requirement for Reserves to Relinquish Medical Benefits on
Retirement from Military—Government Position.
Senator Forrestall 1463
Senator Graham 1463
Reported Lack of Funds for Training of Reserves—
Government Position. Senator Forrestall 1464
Senator Graham 1464
Limitation on Duration of Training and Cancellation of Yearly
Exercise—Government Position. Senator Forrestall 1464
Senator Graham 1464

The Economy

Widening of Gap Between Rich and Poor Families—Effect of
Enhanced Child Benefit—Government Position.
Senator Cohen 1464
Senator Graham 1464
Indexation Level of National Child Benefit—Government Position.
Senator Cohen 1464
Senator Graham 1464

International Trade

Visit to Italy of Team of Parliamentarians of Italian Origin—
Exclusion of Parliamentarians of Other Ethnic Origins—
Government Position. Senator Oliver 1465
Senator Graham 1465
Senator Kinsella 1465

Health

Full Compensation for Victims of Hepatitis C—Possible
Establishment of Joint Committee—Request for Answer.
Senator Prud'homme 1465
Senator Graham 1466

Foreign Affairs

Issuance of Building Permits for New Saudi Arabian Embassy in
Ottawa—Request for Answer. Senator Prud'homme 1466
Senator Graham 1466

Industry

Difficulties with Interprovincial Trade Agreement—
Impediment to Job Creation—Government Position.
Senator Kelleher 1466

PAGE

PAGE

Senator Graham	1466
Difficulties with Interprovincial Trade Agreement— Failure to Fulfil Sectoral Agreements—Government Position.	
Senator Kelleher	1467
Senator Graham	1467

The Senate

Lack of Availability of Aboriginal Committee Room for Meeting of Aboriginal Peoples Committee—Government Position.	
Senator Adams	1467
Senator Graham	1467
Senator Murray	1467

Treasury Board

Solicitation of Political Donations from List of Government Grant Applicants—Status of Employee Involved—Sensitivity of Ministerial Staff to Issues—Government Position.	
Senator LeBreton	1468
Senator Graham	1468

ORDERS OF THE DAY**Canadian Transportation Accident Investigation
and Safety Board Act (Bill S-2)**

Bill to Amend—Third Reading—Debate Adjourned.	
Senator Poulin	1468
Senator Spivak	1469
Senator Carstairs	1470

Income Tax Conventions Implementation Bill, 1998 (Bill S-16)

Second reading. Senator Grimard	1470
Referred to Committee.	1471

Income Tax Amendments Bill, 1997 (Bill C-28)

Second Reading—Debate Suspended. Senator Simard	1471
The Hon. Speaker	1472

Royal Assent	1472
---------------------------	------

Income Tax Amendments Bill, 1997 (Bill C-28)

Second Reading. Senator Simard	1473
Senator Taylor	1476
Referred to Committee.	1477

Health

Commission of Inquiry on the Blood System in Canada— Compliance with Recommendations—Motion— Debate Continued. Senator Keon	1477
Senator Carstairs	1478
Senator Kinsella	1481
Senator Gigantès	1481
Senator Lynch-Staunton	1481
Senator Andreychuk	1481
Senator Grafstein	1483

Foreign Affairs

Issuance of Building Permit for New Saudi Arabian Embassy in Ottawa. Senator Prud'homme	1483
--	------



If undelivered, return COVER ONLY to:
Public Works and Government Services Canada
Publishing
45 Sacré-Cœur Boulevard,
Hull, Québec, Canada K1A 0S9