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Wednesday, December 2, 1998

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THE HONOURABLE GILDAS L. MOLGAT
SPEAKER

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THE SENATE

Wednesday, December 2, 1998

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

Prayers.

SENATORS' STATEMENTS

VANIER CUP

CONGRATULATIONS TO SASKATCHEWAN HUSKIES
ON WINNING FINALS

Hon. David Tkachuk: On Saturday, November 28, 1998, the University of Saskatchewan Huskies' Trevor Ludtke pounced on a football in the Concordia Stingers' end zone, and the Huskies went on to claim their third Vanier Cup.

Playing at the SkyDome does not have the poetic significance of "The Frozen Tundra of Lambeau Field," and perhaps the Huskie receivers were distracted by playing in the largest living room in Canada. They dropped a number of passes, these particular players, that, in the normal course of events, these particular players, would surely have grasped in wind and rain and held for long gains or touchdowns. However, as they did all season, Coach Brian Towriss and his coaching staff had his Huskies find a way to win. A blitzing linebacker, Michael Milo, hit the Concordia quarterback. To all of us watching, it felt like slow motion, as first the ball came loose and then Trevor Ludtke fell on it in the end zone, after "the Dogs" had forced the Concordia quarterback to pop it loose. The Stingers of Concordia were fatally stung, as time had run out with the final score at 24-14 — two great teams and a fitting end for a University of Saskatchewan alumnus like me.

Congratulations to both teams on behalf of all senators, and especially to the victors, the University of Saskatchewan Huskies, and to the President of the University of Saskatchewan, George Ivany, who is leaving his post this year. He is a Newfoundlander whom we have adopted as one of our own, as he has been with us for a number of years. I am sure this was a gift to him by his beloved Huskies, and what a great Christmas gift to the University of Saskatchewan, the alumni and the province.

Hon. A. Raynell Andreychuk: Honourable senators, I, too, congratulate the University of Saskatchewan Huskies for their win this past weekend.

Last week, Senator Lynch-Staunton stood in this house to speak. He noted, and I think quite rightly, the excellent game that preceded the Vanier Cup with the Acadia Axemen. I congratulate the Acadia Axemen and the Concordia Stingers for their efforts.

However, with regard to Senator Lynch-Staunton's speech, perhaps the phrase, "Pride cometh before the fall," might be

appropriate. It was not the fall of the Acadians or the Concordians, but his comments that should be noted. He paid homage to Eastern and Central Canada, but not to Western Canada.

He also noted that perhaps the Leader of the Government in the Senate might have difficulty with one of his backbenchers from Saskatchewan. I stand today to note that perhaps our leader will have some difficulty with the backbenchers from Saskatchewan on this side.

We in Saskatchewan believe that we have excellence — excellence in our universities, in scholarship, and in sportsmanship. The University of Saskatchewan Huskies proved it by winning the Vanier Cup.

•(1340)

Never again will Senator Lynch-Staunton be able to stand up and pay tribute to both the Acadians and the Concordians without starting with the University of Saskatchewan Huskies. I believe that balance has been redressed quite adequately on the field and now in this chamber.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I would like to join with my two colleagues and say something on the fortunate turn of events that allowed the Saskatchewan Huskies to win the Vanier Cup. I limit my remarks to the favourite saying of a favourite son of Saskatchewan, who knew more defeats than victories: Never be exultant in victory nor craven in defeat.

WORLD AIDS AWARENESS DAY

Hon. Landon Pearson: Honourable senators, yesterday, December 1, was World AIDS Day, a day designated to raise public awareness about this terrible disease. Today I would like to speak briefly on the theme chosen for this year: Young People: Force for Change.

From a global perspective, the news about this vast pandemic is scary, particularly for children. In eight sub-Saharan countries, for example, more than 25 per cent of children under the age of 15 have already lost one parent. By the year 2020, UNICEF estimates that the numbers of AIDS orphans could rise to 40 million. To be orphaned by AIDS makes children extremely vulnerable. This experience causes many children to abandon school to care for their sick parents, to work in the fields or to seek employment to support themselves and their families. Among the risks is the precocious sexual activity that is often forced on unprotected girls. It is not surprising that half of the 7,000 new cases of HIV contracted every day are among young people.

Yet, it is among these very youth that the long-term answers are beginning to be found. The long-term answers to a world plague like AIDS do not lie in miracle drugs to treat the sick in the Western World, but in basic social measures to prevent its spread among the poor.

The good news is that research is showing that young people will adopt safer sexual behaviour, provided they have the information, skills and means. The increasing adoption of safe behaviour by young people is having an impact on the HIV epidemic. In Thailand, Uganda and Tanzania, studies are showing that HIV prevalence is falling.

UNAIDS reports that several lessons have been learned over the past year that can now be applied to planning effective actions to focus more on the needs of young people. Seven priority actions to be considered are:

1. Establishing and reviewing national policies to reduce the vulnerability of young people to HIV/AIDS and ensuring that their rights are respected, protected and fulfilled.
2. Promoting young people's genuine participation and expanding national responses to HIV/AIDS.
3. Supporting peer and youth groups in the community to contribute to local and national responses to HIV/AIDS.
4. Mobilizing parents, policy-makers, media and religious organizations to influence public opinion and policies with respect to HIV/AIDS and young people.
5. Improving the quality and coverage of school programs that include HIV/AIDS and related issues.
6. Expanding access to youth-friendly health services, including HIV/STD prevention, testing and counselling, care and support services.
7. Ensuring care and support of orphans and young people living with HIV/AIDS.

Honourable senators, investing in prevention among young people is likely to contribute significantly to a more sustainable response to HIV/AIDS. Programs that target young people and promote their participation in the planning, design and implementation of the activities are necessary to successfully combat HIV/AIDS. The behaviours they adopt now, and those they maintain throughout their lives, will determine the course of the epidemic for decades to come. The future of the HIV/AIDS epidemic is in their hands.

OPERATION GO HOME

Hon. Thelma J. Chalifoux: Honourable senators, street youth is a critical national problem. The solution is the responsibility of every community across Canada. There are more than 100,000 street youth in Canada on any given day. Over half of them are runaways. This number continues to rise at an alarming rate.

These are young people in crisis. They live a desperate existence. They live on the streets. These young lives are threatened by pimps, drugs, malnutrition, exposure and all kinds of abuse.

I take this opportunity today, honourable senators, to remind you that we have an organization whose mission is the welfare of these young people. This organization was started right here in Ottawa in 1971. The name of this national organization is Operation Go Home. It is the only agency of its kind in Canada.

Operation Go Home conducts an outreach program designed to bridge the gap between street youth and agencies to interface and to develop trusting relationships. Young people become aware of the alternatives to street life. Many are receptive to the help offered. Outreach teams meet 20 to 40 children locally per week; many more in other cities.

Briefly, some of the many areas in which Operation Go Home touches our Canadian youth are the reuniting of families; contact with parents and guardians; maintaining open lines of communication; providing the means for young people to travel home or to a safe alternative; making information accessible to young people and parents; referring young people to other agencies and services for help in counselling, housing, education and employment; raising public awareness via interactive workshops in schools to deter young people who are considering running away; raising public awareness in the community to the dangers of life on the streets.

Operation Go Home receives no government funding of any kind, but rather holds various fundraising events, including one telethon each year held in early December. This year, there are several Senate employees assisting in the organization of this telethon. Also, Senator Berntson, his wife and I, will be helping out on the day of the telethon.

Help bring Canadian youth home. We need to make all Canadians aware of this trend that affects so many now and will surely affect more in the future. Our youth of today are Canada's future. Remember, Operation Go Home is a beacon of hope for youth in crisis.

UNITED NATIONS

EDMONTON CELEBRATION OF FIFTIETH ANNIVERSARY OF DECLARATION OF HUMAN RIGHTS

Hon. Ron Gitter: Honourable senators, a few years ago, three gentlemen, a Sikh, a Jew, and a Christian, all resident in Edmonton, Alberta, were sitting together and discussing what they could do to celebrate the fiftieth anniversary of the Universal Declaration of Human Rights. They wanted to achieve a purpose of education in order that the values and principles of the declaration be better known and practised in the belief that the declaration is a blueprint for peace, justice and freedom in the world. They decided to organize a conference.

Last Friday evening, at the convention centre in Edmonton, the culmination of their dreams and aspirations came to fruition, as a sold-out dinner audience of over 1,500 people came to celebrate the fiftieth anniversary of the declaration. They listened to the

Chief Justice of the Supreme Court of Canada, Antonio Lamer, P.C., Her Excellency Mary Robinson, United Nations High Commissioner for Human Rights, and the Most Reverend Desmond Tutu, Archbishop Emeritus of Cape Town, express their dedication and commitment to human rights.

It was an awe inspiring and incredible evening; so far beyond the wildest dreams of Gurcharan S. Bhatia, Jack O'Neil and Gerald Gall, the organizers, that they could not really believe what they and over 200 volunteers had accomplished. From an idea of organizing a conference at a local level, they in fact assembled the largest get-together of its kind in the world dedicated to celebrating the fiftieth anniversary of the declaration, which we will all acknowledge in this chamber on December 10.

Over 700 delegates from 34 countries assembled in Edmonton over the weekend to participate in the conference. From our federal ministers, Ms Anne McLellan and Mr. Lloyd Axworthy, to Chinese and Vietnamese dissidents, to academics, the judiciary, advocates for the poor, the disabled, the disenfranchised and the minorities; the delegates engaged in vibrant and compassionate dialogue which was both enriching and worrisome.

It was exciting and exhilarating to be there. Former senator Jean Forest and Senator Roche were also actively involved in the conference. On Sunday, the Most Reverend Desmond M. Tutu addressed over 2,700 people at the Jubilee Auditorium in Edmonton, with hundreds more watching on monitors at other locations.

•(1350)

Archbishop Tutu said:

It is racism that provided those discriminated against with a travesty for education, inadequate and unaffordable health care, where children died from deficiency and other easily preventable diseases. It is racism that has often destroyed native peoples in other lands, confined them in the squalor of depressed ghettos, ensured that they would form the bulk of the unemployed and the unemployable, that they should provide a high proportion of those who fall foul of the law, being a disproportionately large part of the prison population, because the odds are so heavily stacked against those born on the wrong side of the rail tracks. In the United States, their churches get burned down and they have often ended up getting strung up on a tree by lynchers.

Racism ends up in the xenophobia that we see of the neo-Nazi in Germany. That we see in the National Front in France and in England. Racism is not nice, it is not respectable. I hope that we can become more tolerant. But there is one intolerance that I would like to promote — that we will have a zero tolerance for racism because this pernicious evil sprouts other ugly things such as homophobia. Racism is often a breeding ground for other prejudices as against women, against old people, against immigrants...

[Senator Ghitter]

Dear friends, I hope I do not need in fact to have persuaded you about the essential nature of racism that is found as a pernicious presence everywhere. What I hope I will have done is to reinforce your resolve, the same sort of resolve that you showed when you supported us in the destruction of apartheid, to oppose racism in all its manifestations and that you will ensure that this beautiful land of yours, Canada, is totally free from this pernicious evil. That you, each one of you here, will emerge from this hall a passionate activist to ensure the entrenchment of the rights enshrined in the Universal Declaration of Human Rights so that everyone in Canada and the world will enjoy their inalienable rights.

Honourable senators, the Province of Alberta is often perceived as red-necked and uncaring, where human rights take a back seat to financial priorities and evangelical narrow-mindedness. It was heart-warming to see the other, and truer, nature of Alberta come to the forefront. The caring, compassionate Alberta that I know is often overlooked by the "theo-conservative" government and the media in my home province. Mr. Bhatia, Mr. O'Neil, Mr. Gall and their volunteers dispelled that image in a big way last weekend. Canadians, and above all, Albertans, owe them a deep vote of gratitude.

ROUTINE PROCEEDINGS

STATE OF FINANCIAL SYSTEM

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE
ON STUDY TABLED

Hon. Michael Kirby: Honourable senators, I have the honour to table the seventeenth report of the Standing Senate Committee on Banking, Trade and Commerce entitled "A Blueprint for Change."

On motion of Senator Kirby, pursuant to rule 97(3), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

APPROPRIATION BILL NO. 4, 1998-99

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-60, for granting to Her Majesty certain sums of money for the Public Service of Canada for the financial year ending March 31, 1999.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Monday next, December 7, 1998.

TOBACCO ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-42, to amend the Tobacco Act.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Monday next, December 7, 1998.

EXTRADITION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, respecting extradition, to amend the Canada Evidence Act, the Criminal Code, the Immigration Act and the Mutual Legal Assistance in Criminal Matters Act and to amend and repeal other Acts in consequence.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Monday next, December 7, 1998.

**ROYAL CANADIAN MINT ACT
CURRENCY ACT**

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, to amend the Royal Canadian Mint Act and the Currency Act.

Bill read first time.

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

On motion of Senator Carstairs, bill placed on the Orders of the Day for second reading on Monday next, December 7, 1998.

LEGAL AND CONSTITUTIONAL AFFAIRSNOTICE OF MOTION TO AUTHORIZE COMMITTEE
TO MEET DURING SITTING OF THE SENATE

Hon. Lorna Milne: Honourable senators, I give notice that on Thursday next, December 3, 1998, I will move:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit on Monday, December 7, 1998, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

CANADA-JAPAN INTER-PARLIAMENTARY GROUP

THIRD ANNUAL VISIT WITH DIET MEMBERS IN JAPAN—
NINTH ANNUAL MEETING WITH JAPAN-CANADA FRIENDSHIP
LEAGUE, HELD IN ALBERTA—EXECUTIVE COMMITTEE MEETING
OF ASIA-PACIFIC PARLIAMENTARY FORUM HELD IN PERU—
SIXTH GENERAL ASSEMBLY OF ASIA-PACIFIC PARLIAMENTARY
CONFERENCE ON THE ENVIRONMENT AND DEVELOPMENT
HELD IN CHINA—NOTICE OF INQUIRY

Hon. Dan Hays: Honourable senators, I give notice that on Tuesday next, I will call the attention of the Senate to the third annual visit of the Canada-Japan Inter-Parliamentary Group with Diet members in Japan, from May 22 to June 2, and to the ninth annual meeting between the Canada-Japan Inter-Parliamentary Group and the Japan-Canada Friendship League, held in Alberta from August 21 to 28.

I will also call the attention of the Senate to the executive committee meeting of the Asia-Pacific Parliamentary Forum held in Peru from September 6 to 8. Finally, I will call the attention of the Senate to the sixth general assembly of the Asia-Pacific Parliamentary Conference on the Environment and Development, held in China from October 14 to October 18, 1998.

QUESTION PERIOD**SOLICITOR GENERAL**

COMMISSION OF INQUIRY INTO TREATMENT OF PROTESTORS AT
APEC CONFERENCE BY RCMP—REQUIREMENT FOR ADDITIONAL
FORUM TO INVESTIGATE INCIDENT—GOVERNMENT POSITION

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, as we continued our inquiry on the saga of the “forces of darkness” yesterday, the Leader of the Government in the Senate explained to this chamber that Shirley Heafey, the Chair of the RCMP Public Complaints Commission, had outlined the mandate of the commission looking into the human rights violations at the Vancouver APEC submit. Our attention was drawn by the Leader of the Government in the Senate to subsection 45.43(1) of the RCMP Act.

I have examined that section, and the Leader of the Government in the Senate is correct when he says that it does not exclude the Prime Minister’s Chief of Staff, Mr. Pelletier, and the former director of operations for the Prime Minister, Mr. Carle, from appearing before the commission. However, what subsection 43.43(1) does is it limits any inquiry into the conduct of any member employed under the authority of the RCMP Act, not the conduct, therefore, of the Prime Minister or of the officials in the Prime Minister’s Office.

Therefore, would the Leader of the Government in the Senate not agree that the proper way of proceeding in this matter would be in accordance with the proposal of my colleague Senator Carney yesterday with respect to a parliamentary inquiry, or the proposal made by colleagues in this place on many occasions of a separate judicial inquiry, or some kind of forum in addition to the RCMP Public Complaints Commission, which will only be examining the conduct of those employed under the RCMP Act?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would disagree with my honourable friend's interpretation. Various interpretations can be put on the mandate outlined by the chair of the commission. However, I believe that the commission's own term of reference allows it not only to look at the events that took place during the demonstration but also matters connected with those demonstrations.

COMMISSION OF INQUIRY INTO TREATMENT OF PROTESTERS
AT APEC CONFERENCE BY RCMP—TIMING FOR CONTINUATION
OF HEARINGS—GOVERNMENT POSITION

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, recognizing that these processes are not in the hands of any of us, could the Leader of the Government in the Senate at least provide for us a timeline that Canadians might consider to be reasonable for a proper inquiry into this matter; that the alleged human rights abuses would be properly evaluated and adjudicated upon; that the employment rights of the RCMP officers involved be fully examined; and that the conduct of those in the Langevin Block who have been accused of giving the direction that led to the suppression of human rights be dealt with?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would hope to be able to give a definitive timeline, but it is impossible for me to do so because the matter is currently in the hands of the Federal Court. Mr. Justice Nadon, as I said yesterday, expressed the hope that the matter would be dealt with as expeditiously as possible. I believe it was on November 26 that the Federal Court granted an application by lawyers representing the RCMP members most involved — to adjourn the Public Complaints Commission proceedings until the court has dealt with the allegations of bias against the chairman of the commission, Mr. Morin.

However, my understanding is that the Federal Court is seized with the matter and that it will proceed with the matter as soon as possible. Someone said, or was quoted as having said, that the matter might be put off for six months. I hope that that will not be the case. If you examine the record of Hansard yesterday, I quoted Justice Nadon as having said that he hoped the matter would be dealt with very soon.

COMMISSION OF INQUIRY INTO TREATMENT OF PROTESTERS
AT APEC CONFERENCE BY RCMP—POSSIBLE REFERRAL OF
INTERPRETATION OF MANDATE TO SENATE COMMITTEE—
GOVERNMENT POSITION

Hon. Pat Carney: Honourable senators, I listened with interest to the reply of the Leader of the Government in the

Senate, and also to my colleague Senator Kinsella. It is clear to me that there is a disagreement on the matter of the interpretation of the mandate set out under the act. The Leader of the Government in the Senate has taken a certain view of the mandate, and Senator Kinsella has another view.

Would the honourable leader be prepared to refer this issue of the interpretation of the mandate to the appropriate Senate committee for clarification? We would all like to know what the mandate set out in the act can be interpreted as stating, considering the conflict between these two learned gentlemen. Would the honourable leader be happy to have this issue referred to the appropriate Senate committee — I believe it would be referred to the Standing Senate Committee on Legal and Constitutional Affairs — on the subject of the mandate of the act, and who can appear and who cannot?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would agree to refer this matter to the Standing Senate Committee on Legal and Constitutional Affairs Committee only under threat of death, pain and mortal sin by the Deputy Leader of the Government and the Chair of the Standing Senate Committee on Legal and Constitutional Affairs. That committee already has its hands full in dealing with legislation that is now before us and legislation that will come before us between now and the Christmas break.

As I indicated yesterday, and again today, I am satisfied that the interpretation of the mandate can be properly done by not only the Public Complaints Commission, which has the mandate, but also by the Federal Court, which is examining the issues now before it.

Senator Carney: Honourable senators, Senator Graham may be happy with this interpretation of the mandate. That would constitute possibly a majority of one in this case, but we are unhappy with his interpretation of the mandate. His suggestion that the commissioner and the commission itself be charged with the interpretation of its own mandate is bizarre for us, as lawmakers, to consider.

In terms of pain, death and mortal sin, I think that the rights of Canadians require and demand a clear interpretation of the mandate in this case.

I ask the Leader of the Government again, if he is unhappy with the Senate committee as a forum, and if it is true that he or the chair of that committee would rather suffer death, pain and mortal sin, would he be prepared to support referral to a subcommittee of the Senate on the issue of the mandate alone?

Senator Graham: Honourable senators, in my judgment, that would be a vote of non-confidence in the Public Complaints Commission, and in the Federal Court.

Senator Carney: It is a vote of non-confidence, in your interpretation?

Senator Graham: There is a matter now before the Federal Court. I suggest that we wait at least until the Federal Court and those on the Federal Court, in whom I have the greatest confidence, render their decisions. Then we will see what happens with respect to the Public Complaints Commission and how they might proceed from there.

NATIONAL DEFENCE

AVAILABILITY OF LABRADOR HELICOPTERS FOR SEARCH AND RESCUE MISSIONS IN ATLANTIC PROVINCES— GOVERNMENT POSITION

Hon. Gerald J. Comeau: Honourable senators, my question is for the Leader of the Government in the Senate. On November 20, both Labrador helicopters at Greenwood were unavailable for search and rescue. One was unserviceable and the other was on a training flight. On October 26, Labrador 310 caught fire, and suffered damage on the ground at Greenwood. On November 27, Labrador 304 set down in Fredericton with engine problems.

The lobster fishery in Nova Scotia started this past Monday, two days ago, and we know that search and rescue missions will be required. It is a fact of life in that harsh environment.

The Chronicle-Herald reported Monday that there were 11 ships, one fixed-wing aircraft, one Sea King and one BO-105 helicopter available for service. Eleven ships are fine, providing they are in a position to intervene in a timely fashion. The two fixed-wing aircraft can spot, but they cannot rescue, and the BO-105 is not a search and rescue helicopter. That leaves us with one Sea King. I would note for the Leader of the Government in the Senate that this is not reliable search and rescue.

In the event of another tragedy, someone must be accountable. Can the Leader of the Government in the Senate advise us who will be accountable?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I would hope that no one individual would have to be held accountable for another tragedy of the magnitude we endured in the early part of October.

•(1410)

As my honourable colleague Senator Comeau knows, I visited Greenwood where the main part of the Labrador fleet in the eastern part of the country is based. I was able to talk with those who are responsible for the operation. I have continually assured honourable senators that no aircraft will be allowed to fly unless it has been judged to be safe by its crew, and by their superiors.

There is a newspaper report today that the Labrador which had a mechanical problem this past week has been cleared for take-off. However, that was an optimistic report. I regret that it has not been cleared for take-off. However, every effort has been made to ensure the safety of the aircraft and, as a result, the safety of those responsible for flying them.

As I indicated earlier, I did look at the kind of inspection and repair that is carried out on the Labrador helicopters. It is true that those machines are 35 years old. However, as has been said, the only thing that is 35 years old on them is the number they were originally given.

I assure all honourable senators that every possible effort is being made to ensure the safety of the helicopters and the people who fly them.

Senator Comeau: I agree entirely with the Leader of the Government in the Senate that the safety of the people who fly these machines must be foremost. My question was with regard to the fisher people. Over the past two days, there have been 1,700 vessels with thousands of people in them trying to earn a living in the North Atlantic in a very harsh winter environment. The minister is from Nova Scotia and knows how harsh the North Atlantic can be.

We would not ask helicopters pilots to fly unreliable equipment. Yet, we now have only one reliable Sea King available to do emergency search and rescue missions. What will we say to the fisher people and their families when a tragedy does occur?

Senator Graham: Honourable senators, this is a matter which has serious consequences. I appreciate the concern that has been expressed by Senators Comeau and ForreSTALL on numerous occasions. I understand the serious nature of the problem, particularly at this season of the year. I will speak to my colleague the Minister of National Defence, as well as to the Minister of Fisheries and Oceans, to ensure that every possible measure is taken to ensure the safety of the fisher people on that coast of Canada.

SAFETY OF REMAINING LABRADOR HELICOPTERS— POSSIBILITY OF LEASING REPLACEMENT AIRCRAFT— GOVERNMENT POSITION

Hon. Gerry St. Germain: Honourable senators, my question is directed to the Leader of the Government in the Senate, and is with regard to the safety of these aircraft. I fly my own airplane. Does anyone in cabinet fully understand the risks to which these people are being exposed as a result of a terribly bad government decision to cancel the original helicopter order? Has there been serious thought given to leasing aircraft to put us back within the margin of safety required?

I do not think anyone who has not had responsibility for passengers in an aircraft can fully understand the pressure on these pilots. Safety is of the utmost importance. It is foremost in the minds of these people while attempting to carry out their duties under conditions which are totally unacceptable to Canadians.

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I appreciate Senator St. Germain's concern in this regard. Perhaps more than anyone in this chamber, he understands the responsibilities of a pilot operating any kind of an aircraft. The vast majority of passengers on commercial aircraft have the utmost confidence in their safety because they know that the pilot wants to get down safely as well.

There are divergent views on whether the government should have proceeded with the original EH-101 contract. However, even if the government had proceeded with the original contract proposed by the previous government, the first aircraft would not have been available until late next year, and we are talking here about the current situation.

Senator St. Germain has raised a valid question about the option of leasing aircraft and that option is being examined.

Senator St. Germain: Honourable senators, I think the honourable Leader of the Government understands what I am saying. However, a pilot of an aircraft is not terribly concerned about his or her own safety. Flying alone and flying with a passenger are totally different situations. The concern for one's own well-being is amplified manifold with each passenger aboard your aircraft. That is my concern.

We are being unfair to the aircrew, and to the air force in general, when we ask them to fly these aircraft. I do not think we have the luxury of simply considering leases. We must go ahead and lease aircraft in order that these people can carry out whatever rescue operations are required. That is imperative.

Will the Leader of the Government in the Senate deliver this message to his cabinet colleagues as quickly as possible?

Senator Graham: Honourable senators, I certainly shall deliver the message with respect to leasing. However, I wish to assure Senator St. Germain, as I have assured other honourable senators, that aircrew will not be forced to fly any unsafe aircraft, particularly the Labrador, since that is the subject of today's discussion. We are sensitive to the concerns of military personnel. If they are not comfortable with flying the Labrador helicopters, they certainly will not be forced to do so.

BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE ON STUDY OF STATE OF FINANCIAL INSTITUTIONS—LACK OF UNANIMITY IN COMMITTEE ON CERTAIN RECOMMENDATIONS

Hon. John B. Stewart: Honourable senators, my question is directed to the Leader of the Government in the Senate. I am confident that the government will give careful consideration to the report of the Standing Senate Committee on Banking, Trade and Commerce tabled earlier this day by Senator Kirby.

Does the Leader of the Government in the Senate know that on one of the recommendations in that report the committee was not unanimous, that being the recommendation at pages 41 through 45 that banks be enabled to engage in the leasing of automobiles and small trucks?

•(1420)

While it is true that the report makes the recommendation highly conditional, and those conditions are set forth on page 43 of Volume 1 of the report, there are some of us who do not accept that recommendation. In view of the fact that the government will be considering this report very carefully, I ask the Leader of

the Government in the Senate if he will ensure that his colleagues realize that this recommendation was not unanimous.

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I have not had an opportunity to peruse in depth the report which has just been tabled by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, entitled, "A Blueprint for Change."

In answer to the specific question posed by the Honourable Senator Stewart, I am aware that the particular section to which he referred was not passed unanimously by the members of the committee. I believe he referred specifically to pages 41 to 44.

Having said that, I should like to commend again the members of the Standing Senate Committee on Banking, Trade and Commerce for their work in coming forward with this particular report. They have done their work most expeditiously, as they have done on numerous occasions with regard to other subjects.

Honourable senators, I should like to take this opportunity to congratulate Senator Stewart and the members of the Standing Senate Committee on Foreign Affairs for the excellent report that they tabled in this chamber yesterday.

NATIONAL DEFENCE

REFUSAL OF CREWS TO FLY REMAINING LABRADOR HELICOPTERS—REQUEST FOR STATISTICS

Hon. J. Michael Forrestall: Honourable senators, I am pleased to hear the Leader of the Government in the Senate indicate that just, perhaps, the minister and the Department of National Defence are now considering leasing. I hope they do not measure time the way we measure it in this chamber where "instantly" means one week or one month, and "immediately" means four years. It is imperative that these Labradors be grounded. There remains confusion as to which of these Labradors still has to undergo engine upgrading.

Yesterday, the minister told his colleagues that there appeared to be little doubt that the Labradors would not be flown unless they were absolutely safe. We see in *The Chronicle-Herald*, Nova Scotia's principal newspaper, a report that people are still refusing to fly.

Would the minister obtain details concerning the number of times Labrador crews have refused to fly in the last year and on what particular air bases these refusals took place? Specifically, on which Labrador aircraft did they refuse to fly? I am looking for those aircraft that still require upgrading to the T58-100 engines.

As I suggested yesterday, the government made it quite clear that they would not move ahead and initiate the Maritime Helicopter Program, the excuse being the cost of the quality of life study. In light of this fact, together with leasing as a possible option, would the government call upon the department to initiate the proper studies leading to the replacement of the Sea King helicopters?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, if that information is readily available, I will be happy to provide it.

Senator Forestall referred again to the quality of life of our Armed Forces personnel. Military life is certainly one of the very important aspects that the Minister of National Defence is studying. It is not only to provide our personnel with the best of equipment, but also with the best circumstances under which they can live and operate that equipment.

Senator Forrestall: Honourable senators, I, among others in this chamber, appreciate very much the cooperation we have received from the Leader of the Government in the Senate on this very sensitive subject. I commend him for his work and his effort. However, does he not understand with respect to the quality of life, that you can give a corporal a pay raise, but you cannot give back to the wife and family of that corporal his life if he loses it in a crash of one of these aircraft?

Senator Graham: Honourable senators, sadly, we are all aware of that. I do not know that it has to be overemphasized in an undue way because I have felt personally touched and saddened, particularly by the convergence of events when we had the Swissair disaster off the coast of Nova Scotia and the Labrador helicopter disaster in Quebec.

Having attended the memorial services following both events, and having engaged myself as regional minister in the events which surrounded both of those tragedies, I have visited the areas on more than one occasion. I am well aware of the concerns for safety, not just in Greenwood, but at other bases where Sea King and Labrador helicopters are flying.

Again, I want to assure all honourable senators, most particularly those who have expressed a special interest in this problem, that I am doing everything I possibly can to have the problem solved sooner rather than later.

Senator Forrestall: Honourable senators, how long before we will know whether or not leasing is a viable option?

Senator Graham: Honourable senators, I regret that I cannot bring forward an answer in the affirmative today. However, I shall attempt to do so as soon as possible.

DELAYED ANSWER TO ORAL QUESTION

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I have a response to a question raised in the Senate on November 18, 1998, by the Honourable Senator Roche, regarding the abstention on votes on the new agenda nuclear coalition resolution to eliminate nuclear weapons.

UNITED NATIONS

ABSTENTION ON VOTE ON NEW AGENDA COALITION RESOLUTION TO ELIMINATE NUCLEAR WEAPONS—GOVERNMENT POSITION

(Response to question raised by Hon. Douglas Roche on November 18, 1998)

Canada abstained on the vote during the 53rd United Nations General Assembly (UNGA) First Committee session on the resolution entitled "Towards a nuclear-weapon-free world: the need for a new agenda" (L.48/rev.1) after a period of very careful, intense and high-level consideration and consultation.

As was stated in Canada's explanation of vote during the First Committee session, Canada was gratified by the determination and clear commitment of the cosponsors to build the broadest possible base of support for the resolution. Despite the best efforts of the cosponsors, Canada's assessment was that the resolution did not enjoy the broad base of support required for concerted action.

Canada's explanation of vote also reaffirmed the commitment of all Canadians to nuclear disarmament and non-proliferation and explained that the Canadian Parliament had undertaken a study of Canada's nuclear disarmament and non-proliferation policy, the report of which would likely be tabled shortly. Not wishing to prejudge that process and the comprehensive work carried out by the Parliamentary Committee, the Canadian Government's vote reflected the important review of the report that will be carried out as Canada continues over the coming months to promote the objectives of its arms control, disarmament and non-proliferation policy.

Regarding the adopted resolution itself, Canada views it as a timely and pointed reminder of the urgent need for further progress on both the nuclear disarmament and non-proliferation fronts. As stated by its co-sponsors in the First Committee session, the resolution provides an agenda or contours of an agenda encompassing all States in the international community. Its first operative paragraph calls upon the nuclear-weapon States to demonstrate an unequivocal commitment to the speedy and total elimination of their respective nuclear weapons, pursuant to Article VI of the Non-proliferation Treaty (NPT) and to the "Principles and objectives for nuclear non-proliferation and disarmament" adopted during the 1995 NPT Review and Extension Conference. The resolution also calls upon those States that have not adhered to international non-proliferation norms to do so and to renounce the pursuit of the development of nuclear weapons. Finally, the resolution calls for efforts by all States to support nuclear disarmament and non-proliferation activities, including the establishment of nuclear-weapon-free zones, and to review and consider both established and new approaches in meeting shared objectives.

Regarding the International Court of Justice advisory opinion on the threat or use of nuclear weapons and the separate First Committee resolution on this subject (L.45), Canada again voted in favour of the paragraph contained in the resolution that quoted the opinion, namely that “there exists an obligation to pursue in good faith and bring to a conclusion negotiations leading to nuclear disarmament in all its aspects under strict and effective international control.” This is the only unanimous element of the ICJ advisory opinion. In Canada’s view, there is an important distinction between this opinion of the International Court regarding the responsibility of all States party to the NPT, and the call by some States for the nuclear-weapon States to “commence negotiations that would lead to the elimination of nuclear weapons.”

Canada’s longstanding policy and approach to nuclear disarmament is based on the view that the most viable and practical way forward is by a continuous step-by-step process to reduce and eliminate nuclear weapons through steadily advocating national, bilateral and multilateral steps, each as appropriate. Canada pursues this policy in all fora, ranging from support for regional measures, the strengthening of the NPT through its enhanced Review Process, by advocating an Ad hoc Committee in the Conference on Disarmament (CD) to discuss nuclear disarmament issues, and by encouraging and supporting bilateral reductions such as the US-Russia START process. Canada has also called for the START process to be broadened in the near future to include the other nuclear-weapon States once START III negotiations have been completed.

Canada will continue to promote the broadest possible multilateral substantive dialogue in all relevant forums designed to support and promote all measures that will reinforce nuclear disarmament steps and a strengthened non-proliferation regime. As stated during the First Committee session, Canada looks forward to pursuing these issues actively and forcefully in the coming weeks and months with its friends and allies.

ORDERS OF THE DAY

NATIONAL PARKS ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Mary Butts moved the third reading of Bill C-38, to amend the National Parks Act (creation of Tukut Nogait National Park).

She said: Honourable senators, I am pleased to have an opportunity to speak today on the third reading motion of Bill C-38, to establish Tukut Nogait National Park.

I thank all honourable senators who worked diligently in committee toward the passage of this legislation and toward an important objective that we as Canadians all share, that is, the protection of special places in our national parks system.

•(1430)

I shall simply underline a few of the high points in the life of Bill C-38.

First, the idea for this national park originated in 1989 when the people of Paulatuk came to Parks Canada and to the federal government of the time and suggested that the way to protect the area and the caribou calving grounds was through the establishment of a national park.

Second, several years later, an exploration company was formed to explore for copper, nickel and other minerals in the area. In 1994, the exploration company itself was part of the decision to establish the park by voluntarily relinquishing, at the request of the Inuvialuit, its prospecting permits in the park area.

Third, in June, 1996, after seven years of discussion and negotiation with the local communities, all the parties were in a position to sign an agreement to establish the national park. At that time, all were fully aware that there was a geological anomaly extending into the park area, an anomaly that was characterized as having moderate to high mineral potential but with fully 80 per cent of the anomaly being outside the proposed park boundaries.

Fourth, the park agreement calls for the establishment of a park management board, with an equal number of members appointed by Canada and by the Inuvialuit. The board is up and running, and has been providing timely advice on a wide range of matters related to the planning and operation of the park.

Fifth, during their testimony before the committee, representatives of the mining company stated that the exploration targets were shallowest outside the park and that they moved progressively deeper to the east, which means that, inside the park, the target is deeper. These same representatives also stated that the mineral exploration program is not conditional upon a boundary change.

What is important here is that a collective decision was made, and a formal agreement was signed, to protect this area despite the fact that it may have some mineral potential. That was the decision. It was not made in ignorance. It was a conscious decision to protect a very special place in Canada as part of the national parks system.

Seventh, and finally, the government is committed to working with the local community to ensure that it has an opportunity to benefit economically from the operation of the park. The government has said clearly that it will work to ensure that the local community has the first opportunity for jobs and contracts that are being created. Over the next decade, government will spend an estimated \$10 million to operate and manage this national park.

I am proud to speak to this bill at third reading, and I am confident of your support as we add Tuktut Nogait National Park to the family of national treasures, our national parks.

On motion of Senator Adams, debate adjourned.

CANADA SMALL BUSINESS FINANCING BILL

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Fitzpatrick, seconded by the Honourable Senator Maheu, for the second reading of Bill C-53, to increase the availability of financing for the establishment, expansion, modernization and improvement of small businesses.

Hon. David Tkachuk: Honourable senators, I am pleased to respond to Bill C-53 on behalf of the official opposition in the Senate. I should like to thank Senator Fitzpatrick who gave us yesterday a very detailed description of just what the bill contains and what it means for small business in Canada.

The bill's purpose is to renew what was previously called the Small Business Loans Act and to give it a new name, the Canada Small Business Financing Act. The original Small Business Loans Act was introduced, I am proud to say, as a Progressive Conservative initiative of the John Diefenbaker government in 1961.

Some \$22 billion has been lent under this program since it was initiated. It has helped more than a half-million Canadian entrepreneurs over the last 38 years. It plays an important role in helping small businesses get the capital they need to grow. More than half the loans made under this act would not otherwise have been made. Yet the cost to the taxpayers is low relative to the benefits. Indeed, more than 94 per cent of the loans insured under the Small Business Loans Act are repaid, with user fees covering most of the costs.

Honourable senators, this past summer, the Standing Senate Committee on Banking, Trade and Commerce undertook a review of the Small Business Loans Act. We heard from 28 organizations and individuals in Charlottetown, Halifax, Montreal, Calgary, Vancouver, and Toronto. I personally took evidence in Calgary and Vancouver.

Those who appeared before the committee gave the program a strong vote of confidence. They said that this is indeed a useful program that helps small and medium-sized small businesses get loans, especially in start-up situations. They provided very useful information on the problems of credit and equity.

Particularly in the city of Vancouver, but also in Calgary, we heard from the manufacturers and exporters in British Columbia, business people whose businesses probably have annual revenues of anywhere from \$5 million to \$10 million. They all had tremendously negative things to say about how the banks have treated them, both in the extension of lines of credit and in getting initial capitalization for loans. To a person, they were of

the view that this particular initiative of the Government of Canada was very necessary.

While our committee was told that some modifications to the program would make it even more useful, we were also told that we should not fool around with something that is working well. The program should stick to the fundamentals and not be used to address applications for which it was not designed, which is often what we do in government. We take something that works and screw it up by trying to apply it to something else. They were adamant that we should stick to the knitting, that we should design a program that will work well and will fit their needs.

In our letter to Industry Minister John Manley summarizing the report that was written by Senator Kirby on behalf of the Standing Senate Committee on Banking, Trade and Commerce, we said the act is working well but that there is room for improvement in how the act is administered.

The committee would like to see the department better publicize the availability of the program and look into improving access to the program through the simplification of the application process. We were shocked at how many small business entrepreneurs were not aware of the program. It seems the banks are not making them aware of this particular option when they do not qualify for a loan at the bank. If the banks are not promoting it for us, the government itself must promote it to create a level playing field where everyone has equal access to the application process.

Perhaps when this bill is in committee, the government witnesses will tell us if they have taken heed of that advice, and advise us on what will be done to better administer the act and to better publicize the program.

We are told that the bill maintains the program very much along the lines that it has been run over the last few years, and contains provisions for pilot projects in such areas as loans to non-profit organizations and capital leasing.

A number of non-profit organizations came to see us and said that they were actually in business, although they were providing some particular need in the community. For example, from Saskatchewan, it was on the community bond program where the strongest proposal was made to us. That particular initiative was started by the Conservative government in Saskatchewan. I supported that wholeheartedly. There was also capital leasing. This is what the Banking Committee also recommended.

•(1440)

I am also pleased to see that, as recommended, the bill has been amended to allow for pilot projects for both the non-profit sector and for capital leasing. Following the advice of the business community, we were not of the view that we should recommend that we get into these new areas. We recommended that there should be pilot projects in the non-profit sectors to see how it would work for capital leasing. We recommended that this should also be tied into the knowledge industry, as they have been experiencing some problems because they do not have an asset base.

This program is built around an asset base of security. It seems that it was difficult for them, but these are changing times and the knowledge industry is growing. They have omitted that from the program, so I hope that, in committee, we will find out why that particular omission was made.

Honourable senators, let me briefly mention one of the other recommendations. It said that the government should examine the impact of the tax system on the supply of equity capital and rectify any unintended impacts of tax policy on capital markets. The sooner the government begins such a study, the better. Any business relies upon two kinds of financing: equity and debt. The Small Businesses Loans Act deals with only half of that equation. Financing is not the only barrier faced by small business. Financing deals with how you pay the bills, and some of these bills come from the government itself.

In case you think I am becoming too non-partisan, this particular government does not have a good history of tax reduction. Our capital gains taxes and our corporate taxes are too high. If we want to develop the formation of capital pools in this country, we must address those two specific issues.

We also must address the issue of corporate tax. Small businessmen not only must pay tax that is too high — certainly higher than it is in any other state in the North American economy in which they must compete — but governments have taken action to keep employment insurance premiums high. The Minister of Finance finally took the advice of the opposition. Like a scrooge before Christmas, he said that he will give back \$1 billion of the \$20 billion that he has accumulated to solve his deficit problem in lower employment insurance premiums. However, the rates are still too high. He should and must get them down at least another \$4 billion.

Honourable senators, I should like to remind government members as well that small business owners do not have pension plans. They are faced with not only onerous tax burdens but also a lack of equity markets, of which the United States seems to have a lot, because their capital gains tax is lower and people are more willing to take risks. They also do not have their own pension plans. The government has killed the capital gains exemption for unincorporated small business, which makes it difficult to get back the equity that someone has put into a small business. They froze the RRSP limits so that a businessman is limited as to the amount of money that he can contribute to an RRSP.

Surely to goodness we can do something about this. This is actually a deterrent for people to get into business. While the government members, the bureaucrats, and the members in the House of Commons and senators have a good pension system upon which to rely, we tell the small business people of the country that they can only contribute a certain amount and no

more, because that is what we think they should get when they retire. That is a very unfair system.

Honourable senators, as first introduced, this bill was not without flaws, and members of the other place have made some improvements. Regulations, for example, made under the pilot project programs, will now have to be tabled in Parliament, making it easier for us to examine them.

Honourable senators, I look forward to the study of this bill in committee over the next week.

The Hon. the Speaker: If no other honourable senator wishes to speak, I will now proceed with the second reading motion.

It was moved the Honourable Senator Fitzpatrick, seconded by Honourable Senator Maheu, that this bill be read the second time.

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

Hon. Senators: Agreed.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

The Hon. the 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 Banking, Trade and Commerce.

MERCHANT NAVY WAR SERVICE RECOGNITION BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming debate on the motion of the Honourable Senator Forrestall, seconded by the Honourable Senator Atkins, for the second reading of Bill S-19, to give further recognition to the war-time service of Canadian merchant navy veterans and to provide for their fair and equitable treatment.—(*Honourable Senator Carstairs*).

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, it is my understanding that there is a relationship between this bill and a bill which might be introduced in the other place. I would ask the Deputy Leader of the Government in the Senate when we might expect that other bill to be introduced by the government?

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, it is on the Order Paper for introduction in the other place today.

Order stands.

[Translation]

ASIA-PACIFIC REGION

REPORT OF FOREIGN AFFAIRS COMMITTEE ON STUDY—
INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Stewart calling the attention of the Senate to the Eighth Report of the Standing Senate Committee on Foreign Affairs entitled “Crisis in Asia: Implications for the Region, Canada and the World.”

Hon. Roch Bolduc: Honourable senators, yesterday we had an interesting discussion on the report by our foreign affairs committee on the implications for Canada and the world of the 1997-98 crisis in Asia. I encourage all my colleagues to examine this document, which is filled with pertinent information on that part of the world, which is home to more than two billion people, or 40 per cent of the world’s population. It is therefore very much in our interest to ensure that Southeast Asia continues along the difficult road toward a market economy and some degree of democracy.

The report addresses a variety of important issues. For the moment, I will restrict myself to brief comments on two aspects: international trade and enhancing the efficiency of financial world markets and financial institutions.

A new round of multilateral trade negotiations is coming up, around the turn of the century or maybe earlier. We already know that the U.S. and the European Union have just agreed on a joint action plan for a transatlantic economic partnership. Canada is lagging behind in this area, and will not be involved in the formulation of proposals for these negotiations, which are more crucial than ever. The agenda for discussions between the two partners is already set, and some matters of crucial importance to us will be addressed. These include the rules for competition, service agreements in such areas as engineering and information technology, government procurement, intellectual property, certain agriculture-related matters such as food safety, biotechnology, and animal and plant health problems, the environment, labour standards, e-commerce, investments, and finally conflict resolution mechanisms.

Investments especially are a very important matter, which has not been resolved and which is essential to the security of our businesses and our investors. It is the vital counterweight to trade policy.

In times of prosperity, it is advantageous to liberalize trade, because the trading countries all benefit; however, when the economic horizon darkens, as it has at the moment, it is vital not to give in to temptations of protectionism, which penalizes everyone. Recent examples indicate that pressures are high, because anti-dumping measures have been imposed in the steel and automobile sectors. I know that Ms Copps will be introducing a bill that will create problems, because the Americans have already warned us they will take retaliatory

measures. The files on anti-dumping are piling up at the World Trade Organization in Geneva.

A small-scale economy like ours has a vital interest in drawing on multilateral rules to avoid being squashed by the United States or the European Union. Our government must try to convince other developed countries in the OECD to proceed with a new round of negotiations.

My second comment concerns market development and international financial institutions. Given the size and speed of capital flows around the world, there may be systemic risks, which must be prevented or at least neutralized. It is conceivable that rules intended to promote efficient distribution of capital, such as securities legislation, bankruptcy laws and capitalization rules, are lacking in countries that have undergone rapid growth over the past decade. Furthermore, the social structure of a number of these Southeast Asia countries is reflected in the corporate structure of businesses where an inordinate amount of power is concentrated in the hands of small but extremely powerful groups with varied and conflicting interests. We can be sure that financial institutions under the control of real estate and industrial conglomerates, for instance, will manage risk haphazardly, make non-productive investments, and create inflationary pockets in certain types of assets. Some of the financial systems in Europe are not immune to this kind of situation, but they have tighter financial policies.

These constant conflicts of interest stand in the way of dispassionately assessing the quality of investments and often result in forged calculations of return rates, non-compliance with international accounting rules and other unhealthy situations of this kind.

The more the international agencies step in to pick up the pieces, the more they are encouraging irresponsibility of the public and private sectors in these developing countries, because entrepreneurs and governments are not the ones to suffer, the ordinary people are. It is really not fair that the decision-makers are not the ones that have to pay for their bad decisions.

Instead of introducing an international monitoring agency for the financial sector, there ought to be a treaty requiring them to accept the principles proposed by the Basle committee on banking supervision. Such certification by the financial inspection services specific to each country, with technical assistance as required, would guarantee more satisfactory risk management, it would seem to me.

I am not prepared to say that this would guarantee the future security of world investment, because there is the follow-the-leader effect. In other words, one group makes a decision and everyone jumps on the bandwagon at the same time. The rules are inadequate.

Our Minister of Finance has proposed establishing a world regulator. I have but limited confidence in such an international bureaucracy. Those in authority are too far away from the problems to have much incentive to solve them. It is better to keep responsibility at the national level, even if “performance incentives,” such as technical assistance, are added.

I lack the time to comment on another aspect of our report, that of Canada's international aid. I hope to be able to get back to this soon, because there are a number of important questions that must be addressed, particularly what is or is not working in this effort, in which Canada has been investing close to \$2 billion for a number of years. As the Auditor General says, the time has come to measure the results. It is time to ask ourselves whether our efforts are contributing to the economic progress of the receiving countries and their people, and what needs to be done if they are not. That is the question I will speak on next.

[English]

•(1450)

The Hon. the Speaker: If no other senator wishes to speak, this order will remain standing in the name of the Honourable Senator Andreychuk.

NATIONAL DEFENCE

INQUIRY—DEBATE ADJOURNED

Hon. J. Michael Forrestall rose pursuant to notice of November 26, 1998:

That he will call the attention of the Senate to the Liberal cancellation of EH-101, and the state of Canada's Labrador and Sea King helicopter fleets.

He said: Honourable senators, in recent days we have passed the fifth anniversary of one of the blackest days in the history of defence department procurement in this country. I refer to the fifth anniversary of the Liberal government cancellation of the EH-101 helicopter purchase.

After years of planning, proposals, research and development by Canada's military, the government scrapped the EH-101 program and robbed the Canadian Navy and our Search and Rescue squadrons of the very tool they require to do their jobs effectively and to their full potential: a modern helicopter.

The highly professional members of the Canadian Armed Forces have been operating Sea Kings for more than 35 years and have no choice but to continue operating them for another 10 years, if they are lucky, before there is any relief. That is due solely to Liberal electioneering.

As well, the Labrador fleet has been operating for 35 years plus and is in even worse condition than the Sea King. It may not survive much longer. Certainly I doubt very much, as do many others, that it will survive until the EH-101 replacement comes on line in the year 2001.

Honourable senators, the decision to scrap the EH-101 was politics and nothing more. Canada's defence is the first responsibility of government, but the Liberal government of the day shirked its responsibility time and time again. I have quoted before from Professor Desmond Morton's report to the Prime Minister on the state of the Canadian Armed Forces, who stated with regard to the cancellation of the EH-101 that "ignorance and opportunism were the villains in this story." Honourable senators,

truer words have seldom been spoken, and by one of the Liberal government's own hand-picked defence experts. Indeed, it was unscrupulous and irresponsible Liberal electioneering that was responsible for the cancellation, and they must live with it because they know in their hearts that that is true.

Again, as I quoted before, in the forward to *Jane's Fighting Ships*, 1996-97, the editor stated that among NATO navies no issue was more tainted with bureaucratic procrastination than the Sea King replacement program. NATO, the Canadian Armed Forces and the Canadian taxpayer have suffered from this government's negligence and political opportunism for far too long.

"I will take out my pen and write 'zero helicopters'." We all know where that quote came from. I will wager it is something that the Prime Minister would like to forget and, above all, would like us all to forget as well. Some of us will not forget.

Let us look at this operationally in terms of the two fleets: the Labrador search and rescue fleet and the Sea King maritime helicopter fleet. The state of the Labrador fleet is known to every Canadian who can read a newspaper or has a television or radio.

Sadly, it is especially well known by the families of some of the men at CFB Greenwood. On October 2, 1998, Labrador 305 went down over the Gaspé Peninsula. The cause of the crash is still not officially known. What is known is that its number 2 T58 engine was shut off, signifying an engine problem which, one can gather, led to a chain of events and then tragedy.

•(1500)

The 12 Labradors in the fleet are plagued by crashes. This fleet has an availability rate of less than 50 per cent. It is increasingly difficult to maintain, since it was built using 1950s technology. As we approach the millennium, we are dealing with equipment with 1950s technology. Four helicopters with the same problem-plagued engine are still flying.

On three occasions I have invited the minister, through personal correspondence, to ground those four Labradors, if not the entire fleet. Thus far, I have not had a response. The closest we have come to any action are the words of the Leader of the Government in the Senate this afternoon when he said that leasing was a possibility.

Age may not have been the immediate cause of the crash in October, but it was a fundamental cause. We are dealing with technology and designs from the 1950s. The government has a chance to mitigate risk. In the government's wisdom, they have not agreed to my requests. They are prepared to take the risk. After all of the Liberal spin-doctoring, they tried to get the Labradors up to Greenwood after the crash. They had problems with both the hydraulic system and the fuel lines, not to mention traumatized crews.

Honourable senators, we have an ageing, unreliable and costly Labrador fleet waiting until 2001 to be replaced by the EH-101. The government has other options. They can turn over search and rescue to the Sea Kings, which have been doing that job for years. They are proficient at it, and could do it relatively safely.

The government could buy ahead. The Royal Navy is currently taking aircraft off the production line at a rate far greater than they have an immediate use for, and indeed capacity to put into operation.

The government could lease helicopters. There are five separate sources.

Senator Comeau spoke of the thousands of men who are bobbing around in boats off the west and south coasts of Nova Scotia today as they participate in the lobster season. I do not want a dinky toy out there trying to haul men 40 or 30 miles away from their homes with a helicopter from the Department of Transport that is not equipped nor properly certified for this type of work.

Liberals will say to the crews of the Labradors that they do not have to fly them. We learned yesterday, and again this morning, that indeed the Labradors will be put back in the air tomorrow. Today, we learn that several crews will not fly them.

The responsibility for this state of affairs must be accepted by someone, somewhere. These are young men and women who have dedicated their lives and the well-being of their families to the cause of a viable Canadian defence. They are professional and good. If there is an incident, they will get into the Labradors to effect a rescue. Even though to do so would be unsafe, nevertheless they will do it because they have that kind of pride and professionalism. They will do it against their best judgment because that is the kind of Canadians they are.

Since the crash on October 2, a Labrador made an emergency landing at Campbell River in British Columbia on November 13; a Sea King was sent to rescue people in distress off Nova Scotia shores on November 20 because, of the two Labradors at Greenwood, one was unsuitable even for training due to cracks: the other was on a training flight. Another Labrador was sent from Trenton to replace the one at Greenwood which had crashed. A de-icing system caught fire at Greenwood, Nova Scotia on November 26. Finally, there was an emergency landing of a Labrador with cracks at Fredericton, New Brunswick, on November 27 due to engine trouble. On inspection, they found that it had a damaged compressor blade.

These incidents are further symptoms of a serious problem with the Labrador fleet, a problem of age. Let us be honest: They may be safer on the ground, but once in the air — and that is only 50 per cent of the time — anything can happen. That is the tragedy. Anything can happen. The best aerotechnician, mechanic, chief, pilot or crew in the world cannot anticipate what could happen to a 35-year-old piece of equipment.

I shall now turn to the venerable Sea King and its 35-plus years. It has an availability rate of significantly below 50 per cent, which gives honourable senators some indication of the time, labour and cost involved in maintaining its airworthiness. It is of interest to note that the Sea King is still equipped with the same engines that I have been complaining about here in the Senate for the last two or three weeks. What has happened to the engines in the Labrador can and will happen to

the engines in the Sea King. The question is when, and under what circumstances.

The Sea King crews are a proud group, proud of their ability to fly this old and unreliable helicopter even in the most adverse of conditions. Their primary task is to be the eyes and ears of our new warships, the Canadian patrol frigates and TRUMP Iroquois-class destroyers.

As a result of government irresponsibility, the Sea King crews have taken over primary search and rescue responsibility from the Labrador fleet so that Canadians do have search and rescue services on each coast. Right now, there is a Sea King detachment on each coast that is tasked to primary search and rescue. This translates into one airplane on the West Coast and one on the East Coast. It is something, but it is not very much. It is not enough.

Each day that goes by, each day that these two Sea Kings alone and their replacement, because they are evolving things — those crews lose their proficiency at the work they are supposed to be doing — primarily, landing and taking off from the deck of a destroyer or frigate in some pretty rough and turbulent waters off our East Coast. They need that training to maintain that proficiency for safety sake.

Unfortunately, the government has no intention of replacing the Labrador immediately, no matter how critical the situation gets. Ministerial response lines, I am told, do not include both the Labrador and the Sea King in the same sentence for fear of the embarrassment that might follow from the obvious linkage.

•(1510)

Meanwhile, Canadian taxpayers spent \$12 billion on 16 of the most effective modern warships in the world, and, sadly, they will never reach their full potential until they are complemented by a modern maritime helicopter. This government promised an immediate replacement in its 1994 white paper, but in the four years that have passed, they have not yet even initiated the maritime helicopter program, which would not cost anything, incidentally. They promised a replacement in service by the end of the decade, but it will be 2005 before a replacement is operational, and then only if they were to start the project tomorrow.

Honourable senators, it is critical that this government initiate this program and ask for submissions of interest. It will cost nothing to do so. It is only a matter of time and/or luck before the Sea King is in the same shape as the Labrador. It can probably be calculated in days and weeks, rather than months and years.

For a moment, after I read in the *National Post* that the Minister of National Defence was going to his cabinet colleagues and asking for \$700 million in funds for the Canadian Forces, I was somewhat relieved, but it was short-lived. The Canadian Forces need about \$500 million for the quality-of-life proposals that have been put forward, and these are of the utmost importance to the standards of our force personnel. In addition to this \$500 million for quality of life, \$170 million for an army

budget shortfall is required, and \$2.5 billion for the new maritime helicopter program, for a total of almost \$3 billion. Honourable senators, \$700 million does not \$3 billion make. Worse are the minister's comments reported on Tuesday that suggested the quality-of-life study get the funding, not the maritime helicopter program.

The Hon. the Speaker: Senator Forrestall, I regret to interrupt you, but your time has expired.

Honourable senators, is leave granted to allow the Honourable Senator Forrestall to continue?

Hon. Senators: Agreed.

Senator Forrestall: Honourable senators, it is time for the government to get down to business. The government must now ground the Labrador fleet or, at the very minimum, the four aircraft with engines that have not been replaced and upgraded. The options are the following: leasing, which is immediate; borrowing, which is virtually immediate; tasking the Sea Kings with search and rescue; or taking eight or ten of the British Navy's replacements on the production schedule and replacing them with ours. If that does not work because ours will be built in Italy and not the U.K., then some arrangement could be worked out to buy them off the Italian production line. Of all these options, for the time being, perhaps it is better that we put our hope and our faith in the government's indication from Senator Graham today that the government is now looking at leases.

Whatever the solution, we cannot wait any longer. It is not safe and I do not want the lives of many more of those men lost.

I, too, Senator Graham, have looked into the eyes of the families of these people, not just in the last few months, but for almost 40 years. I do not want to let them down here today either.

Hon. Brenda M. Robertson: Would the Honourable Senator Forrestall take a question?

Senator Forrestall: Certainly.

Senator Robertson: First, let me say that there are certain things one does not play politics with. One does not play politics with the poor; one does not play politics with health; and one does not play politics with anything that affects the safety of Canadian citizens.

Having said that, the honourable senator mentioned the possibility of leasing and that no one on the other side seems to be in any hurry. Does he have information that could tell us how long it would take to enter into a contractual arrangement for leasing the appropriate vehicles to keep the people on that dangerous water safe?

Senator Forrestall: Honourable senators, it would probably take 48 hours. We would lease an aircraft with an operational crew and place in that aircraft a trained, highly qualified and up-to-date SAR technical group. These are the actual search and rescue people, the men and women who jump out of aircraft to effect rescues and to render assistance and help. It would take, I would think, the length of time it takes to make two or three

phone calls a day to get planes ready for transit and a day or two to move them into position. We would be looking at 48 hours or 72 hours at the most.

Hon. Gerald J. Comeau: Honourable senators, I wish to join Senator Forrestall in his comments. My concern is known to you all. I brought this issue to the government's attention in this chamber on Wednesday, October 21, 1998. It was a reasonable request that the government provide reliable search and rescue helicopter service by the opening of the fishing season in western Nova Scotia. Indeed, for months the government knew the fishing season was coming. It also knows that fishers will continue to fish in harsh maritime winter conditions. It is their lot in life; that is what they do.

Honourable senators, it is not easy being a fisherperson and it is not easy in this economic climate in western Nova Scotia to make a living. This government closed CFB Cornwallis, despite the Prime Minister's 1993 election promise in writing, sent to every household in that region, that he would not close this base. As a matter of fact, he said, "Vote for me and I will keep the base open." He disregarded this promise but then chose to keep his promise to cancel the EH-101. The government then restricted ferry service to and from Yarmouth, a service which brought our products to market. It has taken billions of dollars out of our economy, an economically hard-pressed region and one based on the fishery, which happens to be in crisis in case some of us may have forgotten. Hence, it is important to the community that they be able to continue fishing and to do so with safety.

However, our fishermen need reliable search and rescue. On November 20, both Labradors at Greenwood were unavailable for rescue. One was unserviceable and one was on a training flight. On November 26, a Labrador caught fire and suffered damage on the ground at Greenwood. On November 27, a Labrador set down in Fredericton with engine problems. The lobster fishery started this past Monday, two days ago, and we know search and rescue missions are inevitable. It is a fact of life; it happens every year.

Greenwood has said that its Labradors will go up. Can we depend on them?

The Labrador has an availability rate of less than 50 per cent. *The Chronicle-Herald* reported Monday that there were 11 ships, two fixed-wing aircraft, one Sea King helicopter and one BO-105 helicopter available for search and rescue. We know that the 11 ships are good and stable platforms for rescue, provided they are in a position to intervene in a timely fashion, but the seas are often too rough. The sea, in times of rescue, is not very accommodating. The two fixed-wing aircraft can spot fishers in distress and drop a life raft, but they cannot rescue. The BO-105 was a political quick fix search and rescue helicopter put in place by a former minister of fisheries and is not a search and rescue helicopter.

Let me read what was indicated by Coast Guard officials in a *Globe and Mail* article.

Coast Guard officials finally agreed to put a hoist aboard the Eurocopter "as a token move to appease the local desire" for search-and-rescue capability.

The experts noted that the chopper — with a crew of one pilot and a search-and-rescue technician — is a poor aircraft for either search and rescue or fisheries surveillance. Lacking night-vision equipment, it is restricted to daylight and good weather, and it has a limited range and no radar.

•(1530)

The North Atlantic rarely has good weather in November and December. Rescues rarely happen in good weather. The only reliable search and rescue asset is the one Sea King. The Sea King has an availability rate of under 50 per cent as well. They are only slightly better than the Labradors.

What are the fishers of western Nova Scotia supposed to do for reliable search and rescue? They have one dedicated Sea King to make rescues for more than 17,000 small vessels and their crews. Who is this government trying to kid? It is obvious that if this were a search and rescue problem in back-bench, voter-rich, Liberal Ontario, there would be a dedicated reliable search and rescue system available. There are not as many votes at stake in western Nova Scotia. Tragically, there may soon be even fewer voters due to the irresponsible manner in which this government provides search and rescue service.

This government is playing games and fiddling while everything around it burns. It is operating over 90 CF-18s when its own white paper said that no more than 48 to 60 of those aircraft should be in operation. If they had placed those extra CF-18s in storage, we would have about \$300 million now for leases or outright purchases of EH-101s off the assembly line. The CF-18s serve their purpose but we do not need 90 of them flying.

This government is flying 90 CF-18s, six of which are in Italy, at a cost to the taxpayer of over \$193 million per year of which we see very little benefit. On the other hand, the government chooses to spend \$23 million per year to maintain 12 ancient Labradors that go directly to protecting the Canadian taxpayer. These helicopters involve a Canadian program that provides jobs in various regions of the country, yet we choose to spend money in Italy. Where are the government's priorities? It sold seven Canadian air force helicopters suitable for search and rescue to the Royal Netherlands Air Force for \$16 million. They could be flying search and rescue missions for Canada right now, but instead they are flying over Holland.

This government has options, and they have been declared time and again. Passing primary search and rescue to the Sea Kings was one option. They could get EH-46Es or EH-47s from the United States tomorrow — as quick as that. They could go to any major company to get temporary replacements. They could show leadership and buy EH-101s from the United Kingdom, which has them ready for acceptance right now.

It has been more than one month since I last asked this government to act on this matter but they have done nothing. Now my friends and neighbours in my region involved in the fishery are at risk because of this government's inaction.

Get on with it. Make a decision and, for heaven's sake, stick with it. Establish an interim search and rescue capability now and get on with initiating the maritime helicopter program to replace the Sea King. It is time to assume your responsibility. Do not wait any longer. Do it now.

Hon. Eric Arthur Berntson: Honourable senators, this inquiry has been brought before us by our colleagues from the Atlantic region who understand something of the concern in the minds of people both within and outside the military in that region. It is an issue that deserves more than cursory discussion. It is an issue that deserves debate and ultimately resolution.

Honourable senators probably noticed that I did not rush to my feet. I was hoping that at least one senator opposite would rise to defend the government's position in all of this, and particularly a senator from Atlantic Canada.

Senator Lynch-Staunton: They are strangely quiet.

Senator Robertson: They should be embarrassed.

Senator Berntson: I was hoping that someone would get up and defend the government's position or perhaps even find some merit in the position put forth by my colleagues on this side. Unfortunately, that has not happened.

I give all members the benefit of the doubt. Perhaps, given a little time and some quiet reflection, they will come back in the next day or two and offer something to this debate. It is a very important debate and one that is causing a great deal of concern even beyond Atlantic Canada.

This is a national tragedy. If it were not so serious, it would be a national comedy. It is a joke that we have one helicopter on the West Coast and one helicopter on the East Coast that "may" be ready to go out on a search and rescue mission. This is a joke. It is appalling.

In any event, I give members opposite the benefit of the doubt. I will give them an opportunity to review what has been said. I will come back another day and add my contribution to this debate. I hope members opposite will find a position, whether in defence of the government or in defence of my colleagues here.

On motion of Senator Berntson, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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