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Tuesday, February 16, 1999

THE HONOURABLE GILDAS L. MOLGAT SPEAKER

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THE SENATE

Tuesday, February 16, 1999

The Senate met at 2:00 p.m., the Speaker in the Chair. Prayers.

VISITORS IN THE GALLERY

The Hon. the Speaker: Honourable senators, I should like to draw your attention to the presence in the gallery of a delegation of parliamentarians from the Republic of Estonia. It is led by Mr. Toomas Savi, President of the Riigikogu of the Republic of Estonia. Mr. Savi is accompanied by His Excellency Kalev Grigore Stoicesku, Ambassador of the Republic of Estonia to Canada.

On behalf of all honourable senators, I welcome you to the Senate of Canada.

SENATORS' STATEMENTS

CHINESE NEW YEAR

Hon. Vivienne Poy: Honourable senators, today is Chinese New Year, the most important festival in the Chinese calendar. It is the time when family and friends gather together and share food, pay respects to their ancestors and await the beginning of spring with new hope.

The tradition of families gathering together for New Year's Eve has its origin in an ancient legend about a beast called "nian." Once a year, the beast came from the sea devouring people and their animals. Families stayed together in their homes on New Year's Eve, feasting, drinking and praying that the beast would not get them. The next morning, they emerged from their homes congratulating each other on having survived the night with the words "gong hey." Because of the connection, the Chinese word for beast, "nian," has come to mean "year."

New Year is celebrated according to the Chinese lunar calendar. The traditional Chinese year has 354 days and 12 lunar months of 29 or 30 days each. Every two or three years, a 13th month is added to make the months correspond with the movements of the earth and the sun. Chinese New Year falls on a different day each year in relation to the Gregorian calendar, sometime between January 21 and February 19. Each year in the lunar calendar is named after one of the 12 animals of the Chinese zodiac. Today, the Year of the Rabbit begins.

The Chinese New Year festival and the succeeding days are a time for celebration. School children have a 10-day holiday, and university students have their spring break for up to six weeks. Exhibitions, flower fairs, lion dances, firecrackers and parades usher in the new year. Children and unmarried friends

are given "lai see" by those who are married. Those little red envelopes have money inside for good fortune.

Many traditional Chinese New Year foods are chosen because their names are phonetically close to good luck phrases. Eating these foods bestows their wishes on those who consume them. Dried oysters sound like "good business"; lotus seeds like "many sons"; while whole fish with heads and tails are cooked, symbolizing abundance.

•(1410)

Traditionally, Chinese decorate their homes and businesses with potted flowers as an important symbol of new growth and prosperity. As in Western homes with Christmas trees, trees of peach or cherry blossoms are cut and sold in New Year markets to be put in large vases. If they come into bloom on New Years Day, it means good fortune for the coming year. Peonies and narcissus are also highly favoured flowers at this time of year. In preparation for the New Year, families cook for weeks. Steamed and fried foods, as well as platters of tangerines, oranges and dried fruit, are served to guests.

Honourable senators, today more than one million Canadians share some Chinese ancestry. Chinese New Year is being celebrated by Chinese Canadians across this country and, indeed, around the world. In the Chinese zodiac, the rabbit represents prosperity, peace, and tranquility. I take this opportunity to wish you all a very happy, prosperous, and peaceful Chinese New Year.

Hon. Pat Carney: Honourable senators, today, in celebration of Chinese New Year, I pay tribute to the many Canadian citizens of Chinese descent, to their long and often difficult history in Canada, and to their many achievements and contributions to our country.

Senator Poy, in her excellent maiden speech, described how the first Chinese arrived in British North America in 1788 at Nootka Sound to build the small schooner, the *North West America*. Later, timbers from that ship were used to build the Spanish schooner *Saturnina*, after which my home of Saturna Island was named.

Since then, Canadians of Chinese descent can trace their family's arrival in Canada to three main periods. From the mid- to late 1800s, thousands of Chinese men arrived in Canada, initially to work in the Cariboo gold fields and then to build the Canadian Pacific Railway. This community of pioneers, while largely segregated from white society, met many of the needs of the growing frontier economy in such endeavours as market gardens, laundries, restaurants, coal mines, and West Coast canneries. On the historic O'Keefe ranch, established near Vernon in 1867, you can still visit the one-room shack reserved for the "Chinese cook."

A new wave of Chinese families came to Canada once the Chinese Exclusion Act of 1923 was repealed in 1947. This wave included women and children who had been denied the right to join their husbands, fathers, brothers, and sons who had immigrated to Canada. Also at this time, Canadians of Chinese descent finally won the right to vote and to work as professionals. Many became doctors and lawyers, accountants and politicians. In 1957, Douglas Jung, a Conservative, became the first Canadian of Chinese descent to be elected to Parliament, representing my former riding of Vancouver Centre.

In 1967, Canada adopted an immigration policy that grants citizenship on the basis of skills and education. This brought to Canada many highly educated professional Chinese from Hong Kong, Taiwan, Southeast Asia, and, increasingly, mainland China. On my recent return to China in November, 1998, for the first bilateral meeting of the Canada-China Legislative Association, I was intrigued by Canadian-educated children of these immigrants who have returned to China to work in business and commerce in cities like my birthplace of Shanghai.

Canadians of Chinese descent have changed the face of Canadian cities, integrating into our society and making it one of the most cosmopolitan in the world. They have reinforced and enriched many cherished Canadian values, including tolerance, thrift, family values, entrepreneurial spirit, and respect for culture. They now serve as university chancellors, leading scientific and medical researchers, world-famous musicians, award-winning authors, broadcasters, fashion designers, and respected political and community leaders.

Many Chinese-Canadian organizations and services enrich our communities. In Vancouver, for example, the Dr. Sun Yat-sen Classical Chinese Garden, the Chinese Cultural Centre, and SUCCESS (the United Chinese Community Enrichment Services Society) are helping new citizens integrate into the larger community and are bringing the richness of Chinese culture to the larger community. SUCCESS is celebrating its twenty-sixth anniversary with a gala this Friday, February 19, which will be attended by thousands of people in Vancouver.

Honourable senators, the important place of Chinese traditions, such as the dragon boat races, lion dances, and Chinese New Year, in our national calendar of events illustrates the many contributions that Canadians of Chinese descent have made to our sense of country. Chinese New Year, a delightful event that brightens our dark Canadian winters, is celebrated across the country in spectacular venues. I hope you will be able to participate in this year's festivities. I would wish every one a very happy and prosperous New Year in this Year of the Rabbit.

AGRICULTURE

1999 ROUND OF WORLD TRADE ORGANIZATION
NEGOTIATIONS—PRELIMINARY DOCUMENT ON FACT-FINDING
MISSIONS BY AGRICULTURE AND FORESTRY COMMITTEE

Hon. Dan Hays: Honourable senators, from January 25 to February 3, certain members of the Standing Senate Committee on Agriculture and Forestry travelled in Europe on a fact-finding

mission to learn more about our world in terms of something that will take place beginning in the fall of this year — the opening of a new World Trade Organization round, which will follow the Uruguay Round which we signed in 1994.

There is no time in the period allowed for Senators' Statements to deal in any detail with what we learned and what we saw as problems for the negotiators that Canada will instruct this fall in terms of doing a good job of furthering the interests of Canadian agriculture. The experience of Canadian agriculture since 1994 has been mixed. Clearly, trade has flourished, and in many areas Canada has been well served by the Uruguay Round; however, there are some serious questions as to how well we have been served in agriculture. It was the purpose of the committee to discover what they could about that important issue. I remind honourable senators that the committee has done extensive work in this area on fact-finding missions in the United States as well.

There is no procedure for tabling a preliminary document, but the committee has prepared such a document. I ask leave, honourable senators, to table that document in both official languages at this time. It does not fit under a precise heading on our Orders of the Day. I am told, having investigated this matter through the clerk, that I should ask for leave to do that now. I do so in the name of the Chairman, the Honourable Leonard Gustafson, as well as other members of the committee.

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

Hon. Senators: Agreed.

THE SENATE

RESPONDING TO ARTICLES IN THE PRESS

Hon. Donald H. Oliver: Honourable senators, the Senate of Canada is a valuable institution, and the current appointed members make an invaluable contribution to the democratic process, but both the institution and the senators are under constant attack. The most recent was this past weekend in a Jane Taber article in *The Ottawa Citizen* entitled "Senate Busters say campaign is catching on" that promoted the Gallaway-Nystrom campaign to gut the Senate.

The article began by complaining that a Senate subcommittee of the Standing Committee on Agriculture and Forestry has taken nearly two years and spent \$173,000 of Canadian taxpayers' money to study boreal forests in Canada. Gallaway is quoted as saying that senators have a penchant for getting on a plane and leaving the country. Most of us do a little bit more than that. The Senate is not perfect, but it is not as bad as the raving two from the other place paint it.

My concern, honourable senators, is that this story, and so many others like it, is going virtually unchallenged. The Taber story contains many inaccurate statements. It should be defended, but in this place there is no will from the top for either a defensive strategy or any type of program for constructive change.

The majority of us who work hard to discharge our public duties are left stranded and abandoned by the leadership in the Senate, to be chewed away by the media vultures. If the leadership refuses to act, the Senate itself should take the initiative for renewal and internal reform.

However, perhaps there is a reason for the inaction and apparent apathy.

•(1420)

The Taber article made an interesting observation. It says that even the PMO has given its silent support to the Gallaway campaign to denigrate the Senate, that Gallaway was visited by a senior member of that office and encouraged to continue his campaign.

In the face of that possibility, what can our government leadership do? They certainly cannot act against the will of the Prime Minister. If the Prime Minister is desirous of damaging the Senate, what can his leadership do? It is he, after all, who appointed the Leader of the Government in the Senate, appointed the Speaker of the Senate, appointed the Deputy Leader of the Senate, appointed the government whip. Is it any wonder that we get only silence from the government benches in the Senate?

Honourable senators, we will continue to be criticized unjustly, smeared and held up to ridicule until the Senate itself decides to act. I urge all honourable senators to carefully consider their options. It is painfully obvious that we cannot expect much from the leadership opposite.

NUNAVUT

RESULTS OF FIRST ELECTION

Hon. Willie Adams: Honourable senators, I would like to put on the record the outcome of the elections held yesterday in Nunavut. We had 71 candidates for only 19 seats. To break it down between males and females, we had 11 females and 60 males running. One female was elected to the new Nunavut legislature to begin on April 1. Three natives ran and all were elected. We have nothing against any other Canadian citizen — it does not matter who you are as long as you are willing to work for Nunavut's future.

Honourable senators, I do not have time to give you all the names; therefore, I seek leave to put on the record in the Senate the details of the election. We look forward to hearing more about the newly elected legislators in Nunavut — all Liberals.

The Hon. the Speaker: Honourable senators, is leave granted to place the information that Senator Adams wishes on the record?

Hon. Senators: Agreed.

(For text of document, see Appendix, p. 2608.)

MOTHERS AGAINST DRUNK DRIVING

RECOMMENDATIONS TO HOUSE OF COMMONS JUSTICE AND HUMAN RIGHTS COMMITTEE

Hon. Marjory LeBreton: Honourable senators, this morning, MADD Canada — Mothers Against Drunk Drivers — appeared before the justice committee of the House of Commons. Drunk driving is the number one criminal cause of death and injury in Canada. As the President of MADD Canada, Susan McAskill, said during her appearance, "we want to see this 100-per-cent-preventable crime stopped."

Honourable senators, we must come to terms with this national tragedy. Our laws must be amended to ensure action. Why would any civilized society ignore this problem?

As many of you may know, I am on the national board of MADD Canada. It is a unique organization. None of us asked to be members; all of us wish our membership was not necessary, and all of us have as our goal the disbanding of MADD because there is no longer a need for such an organization.

In the submission made this morning, MADD made 11 recommendations. Senate time does not allow a detailed description of each but they include the following:

First, mobile digital breath test units should be allowed as an approved instrument for police. Second, allow the police to use passive alcohol sensors, which would significantly increase their ability to accurately detect drivers who have been drinking. Third, police should be authorized to demand a physical coordination test from any driver whom the officer reasonably suspects has any alcohol in his or her body.

Fourth, the limit should be increased from two-hours to three hours for demanding breathalyzer and ASD tests and to four hours in cases of impaired driving causing bodily harm and impaired driving causing death. This is very important, honourable senators. In serious crashes, police are busy securing the scene, dealing with spectators and ensuring that those who need immediate medical attention receive it. Two hours may elapse before an officer can turn his or her attention to the criminal investigation, and often this results in impaired drivers escaping criminal responsibility.

Fifth, we should expand the grounds under which police can demand a breathalyzer to all drivers involved in crashes that result in a fatality or personal injury. Sixth, there should be strict enforcement of the blood alcohol legal limit. While the national policy of MADD is to lower the blood alcohol limit to 0.05, we must first do everything possible to ensure that the present law with its level of 0.08 is enforced, which is not now the case.

Seventh, the Criminal Code should provide tiered penalties for driving with a blood alcohol level above 0.08; the higher the level, the heavier the sentence. Eighth, authorization should be given for mandatory assessment and, if warranted, treatment of offenders, in addition to the convictions and sentencing, should be based on user-pay. The curative discharge provisions in the Criminal Code should be repealed.

Ninth, we should amend the Criminal Code so that charges for impaired driving, driving with a blood alcohol level above 0.08, and failing to provide breath and blood samples, should be tried only in provincial court to prevent abuses and delays. Tenth, we should allow alcohol interlocks as a term of probation for drinking and driving offenders. Current technology is highly sophisticated and we should embrace this alcohol interlock technology which has proven effective in the United States and in Alberta in reducing the cycle of repeat impaired driving offenders.

Finally, Parliament should commit itself to undertaking a formal review of the federal drinking and driving legislation every 10 years to determine the law's efficiency in reducing drinking and driving and the deaths, injuries and social costs that it generates.

In closing, I cannot emphasize enough what is the national tragedy of drunk driving. This is not a social problem. These are criminal acts involving the deaths and injuries of thousands of innocent victims. You know the statistics: 4.5 Canadians killed and 125 Canadians injured daily.

My daughter and grandson were killed by a drunk driver on January 21, 1996, or 1,095 days ago. Since that time, another 5,044 Canadians have been killed and another 140,125 injured, and hundreds of thousands of Canadians have had their lives drastically altered and affected.

Honourable senators, the time to act is now.

ROUTINE PROCEEDINGS

INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Tuesday, February 16, 1999

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

TWENTIETH REPORT

Your Committee, to which was referred the Bill C-59, to amend the Insurance Companies Act has examined the said Bill in obedience to its Order of Reference dated Thursday, February 4, 1999, and now reports the same without amendment, but with the following observations:

1. The bill contained two parchment errors;

the Law Clerk was directed to correct these on behalf of the Senate by clerical action; and the subject-matter of the correction of parchment errors should be a subject of review by the Privileges, Standing Rules and Orders Committee.

- 2. Since members of the committee expressed concerns about the completeness and comprehensibility of the information that would be made available to policyholders by companies, the Chairman agreed to write a letter to the Superintendent of Financial Institutions requesting assurances that:
 - (a) information distributed to policyholders would be written in plain language;
 - (b) there would be full and complete disclosure of all relevant information required by policyholders in order for them to make an informed decision;
 - (c) the Superintendent of Financial Institutions would provided annually a report on the process of demutualization.

The committee expects an acceptable written reply from the Superintendent of Financial Institutions before the bill receives third reading.

Respectfully submitted,

MICHAEL KIRBY Chair

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

On motion of Senator Kirby, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

(1430)

COMPETITION ACT

BILL TO AMEND—MOTION TO CONCUR WITH MESSAGE FROM COMMONS—REPORT OF COMMITTEE

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

Tuesday, February 16, 1999

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

TWENTY-FIRST REPORT

Your Committee, to which was referred the motion of the Honourable Senator Graham, regarding certain amendments to Bill C-20, An Act to amend the Competition Act and to make consequential and related amendments to other acts, and the Message from the House of Commons on the same subject, dated February 5, 1999, has, in obedience to the Order of Reference dated February 11, 1999, examined the said motion and Message and now reports as follows:

The Committee recommends that the Senate concur in the amendments made by the House of Commons in the Message dated February 5, 1999.

Respectfully submitted,

MICHAEL KIRBY Chair

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

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

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTIETH REPORT OF COMMITTEE PRESENTED

Hon. Bill Rompkey, Chairman of the Standing Committee on Internal, Economy, Budgets and Administration, presented the following report:

Tuesday, February 16, 1999

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTIETH REPORT

Your Committee recommends the adoption of Supplementary Estimates (C) \$1,975,500 for fiscal year 1998-99. These funds are required for three purposes: i) to meet operational shortfalls in Committees and Parliamentary Associations; ii); to cover costs related to employee salaries and benefits; and iii) to replace outdated computer equipment.

The present fiscal year has been unprecedented in terms of Committee work; the number of witnesses who have testified, the number of meetings that have been held and the number of hours committees have worked have far exceeded the five year average. At least 17 major Committee reports have already been made to the Senate during the year. These reports were:

By the Banking, Trade and Commerce Committee:

Pension Plan Investment Board: Getting It Right (April 1998);

Modified Proportionate Liability (September 1998);

Comparative Study of Financial Regulations Regime (October 1998);

The Governance Practices of Institutional Investors (November 1998);

A Blueprint for Change — Response to the Report of the Task Force on the Future of the Canadian Financial Services Sector (3 volumes) (December 1998).

By the Agriculture and Forestry Committee:

Bill C-4, Canadian Wheat Board (May 1998).

By the Fisheries Committee:

Privatization and Quota Licensing in Canada's Fisheries (December 1998).

By the Social Affairs, Science and Technology Committee:

The Federal Child Support Guidelines (June 1998);

Guarding History: A Study into the future, Funding and Independence of the Canadian War Museums (May 1998).

By the Foreign Affairs Committee:

Crisis in Asia: Implications for the Region, Canada and the World (December 1998).

By the Legal and Constitutional Affairs Committee:

Bill C-220, Profit from Crime (June 1998);

Bill C-37, Judges Act (October 1998);

Bill C-25, National Defence Act (November 1998);

Bill C-3, DNA Identification (December 1998).

By the Special Joint Committee on Child Custody and Access:

For the Sake of the Children (December 1998).

By the Special Committee on Security and Intelligence:

Final Report (January 1999).

By the Special Senate Committee on Transportation Safety and Security:

Interim Report (January 1999).

There are a number of other committee reports expected as well. These are:

By the Social Affairs, Science and Technology Committee:

- on the effects of globalization and technology on social cohesion in Canada;
- on the health care of Canadian veterans.

By the Aboriginal Peoples Committee:

- on Aboriginal self-government (interim report).

By the Transport and Communication Committee:

- on the impact of new technology on Canadian cultural policy.

By the Agriculture and Forestry Committee:

- on the status of the Boreal Forest;
- on the bovine growth hormone (rBST).

By the Banking, Trade and Commerce Committee:

- on equity financing.

Additional funds of \$600,000 are therefore requested to meet Committee expenses.

This Supplementary Estimate also includes an amount for the establishment of a Canada-China Legislative Association which was recommended by the Joint Interparliamentary Council and approved by the House of Commons. The Senate portion of the cost is \$27,500.

An amount of \$1,163,000 is also included to fund personnel-related expenses. On the advice of Treasury Board, the salary increases retroactive to April 1, 1998, were not included in the 1998-99 Main Estimates. In addition, because of the Department of Human Resources Development's new cost recovery policy, the Senate must reimburse the Department for its share of workers' compensation. The requested funding is also needed for severance pay.

The remaining \$185,000 will cover the costs of replacing computer equipment within the Senate administration. Such funds are required to maintain the institution's investment in information technology and infrastructure and continued compatibility with Parliament Hill programmes.

Respectfully submitted,

WILLIAM ROMPKEY Chairman

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

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

THIRTY-FIRST REPORT OF COMMITTEE PRESENTED

Hon. Bill Rompkey, Chairman of the Standing Committee on Internal, Economy, Budgets and Administration, presented the following report:

Tuesday, February 16, 1999

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTY-FIRST REPORT

Your Committee has examined and approved the Senate Estimates for the fiscal year 1999-2000 and recommends their adoption.

The Expenditure Plan 1999-2000 and a summary accompanies this report.

Respectfully submitted,

WILLIAM ROMPKEY Chairman

(For text of summary, see today's Journals of the Senate, Appendix, p. 1280.)

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

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

[Translation]

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, February 17, 1999, at 1:30 p.m.

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

Hon. Senators: Agreed.

Motion agreed to.

[English]

NATIONAL DEFENCE

DEBATE RESPECTING POSTING OF TROOPS OUTSIDE CANADA—NOTICE OF INQUIRY

Hon. J. Michael Forrestall: Honourable senators, I give notice that on Thursday next, February 18, 1999, I will call the attention of the Senate to the matter of public debate respecting the posting of Canadian Armed Forces personnel to Kosovo, in particular, but generally into zones of activity outside of Canada.

NUCLEAR WEAPONS

RESPONSE OF GOVERNMENT TO REQUESTS AND RECOMMENDATIONS—NOTICE OF INQUIRY

Hon. Douglas Roche: Honourable senators, I give notice that Thursday next, February 18, 1999, I will call the attention of the Senate to the urgency of the Government of Canada saying "no" to becoming involved in a U.S. missile-defence system; and the need for the Government of Canada to contribute to peace by implementing the 15 recommendations in the report of the Standing Committee on Foreign Affairs and International Trade, "Canada and the Nuclear Challenge: Reducing the Political Value of Nuclear Weapons for the Twenty-first Century."

BLACK HERITAGE MONTH

UNDERGROUND RAILROAD AND NAZREY AFRICAN METHODIST EPISCOPAL CHURCH IN AMHERSTBURG, ONTARIO—NOTICE OF INQUIRY

Hon. Eugene Whelan: Honourable senators, with leave of the Senate and notwithstanding rule 57(2), I give notice that tomorrow, Wednesday, February 17, 1999, I will call the attention of the Senate to the celebration of Canada's black heritage commemorations related to the Underground Railroad (UGRR), and particularly the national historic site the Nazrey African Methodist Episcopal Church in Amherstburg, Ontario, and its role.

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

Hon. Senators: Agreed.

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, I wish to introduce the page from the House of Commons who is on exchange with the Senate this week. Jeremy Weibe is studying in the Faculty of Arts at Carleton University. His major is in Canadian Studies. I might point out that Jeremy is from Winnipeg, Manitoba.

QUESTION PERIOD

MILLENNIUM SCHOLARSHIP FOUNDATION

ADMINISTRATION OF FUND—COMMENCEMENT OF ISSUING GRANTS—GOVERNMENT POSITION

Hon. Ethel Cochrane: Honourable senators, last Sunday, *The Ottawa Citizen* reported that there have been delays in setting up the foundation to administer the millennium scholarship fund, that no arrangements have yet been made for processing award applications, and that there may be delays beyond next January in sending out award money. These scholarship funds have already been delayed for two years for no good reason, when the government already has the money set aside.

Can the Leader of the Government give a guarantee to post-secondary students that the government will begin to send out scholarship money next January?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, the answer is in the affirmative, and I thank the honourable senator for her question. My understanding is that the board of directors of the Millennium Scholarship Foundation will be meeting later this week to discuss procedures. I look forward to receiving a report from that meeting, as do all honourable senators.

•(1440)

I hope we can report progress on the concerns raised by the Honourable Senator Cochrane.

Senator Cochrane: Honourable senators, could the Leader of the Government tell us what progress has been made in negotiating arrangements with the provinces for the administration of the scholarship fund?

Senator Graham: My understanding is that negotiations are ongoing with all of the provinces, including Quebec. I know that the provincial minister responsible in Quebec has expressed an interest in meeting with Minister Pettigrew. While Minister Pettigrew has not specifically been designated as the minister responsible for this particular file, I am sure that he would be willing to meet with the minister at any time. While there are ongoing discussions between the federal and provincial governments, I would emphasize that the Millennium Scholarship Foundation is at arm's length from the Government of Canada.

NATIONAL DEFENCE

SEARCH AND RESCUE HELICOPTER REPLACEMENT PROGRAM—PROBLEMS IN INCIDENT REPORTS ON SEA KING HELICOPTERS—ANNOUNCEMENT OF DECISION—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, my question to the Leader of the Government relates to the significant incident report which has been issued with respect to ignition problems with the 35-year-old Sea King helicopters.

There have been seven engine failures in a month, six on start-up and one on taxiing. Start-up is one thing, but an engine failure during taxiing or during any mobility of that piece of equipment is a very serious matter.

My question is: How long will Sea King crews, like the Labrador crews, be stuck with an unreliable and ageing aircraft before this government finds the wherewithal in its budget for new maritime helicopters?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I appreciate the fact that Senator Forrestall has used the term "start-up," because I should like to stress that the problem is a start-up problem. It has not affected airborne aircraft, and as such, we do not, at this time, foresee a need to ground the Sea King fleet.

I have been advised that a team at Shearwater is investigating the cause of the engine start-up problems and that appropriate steps are being taken to rectify the situation.

Senator Forrestall: Honourable senators, as I understand it, under 10 flameouts a year is normal, but seven in one month is extraordinary.

As the minister knows, the Sea King's engine is the T-58 model, the same engine that has plagued the Labrador helicopter for some two or three years now. When will the Sea King fleet be re-engined, or is there any plan to re-engine that fleet?

Senator Graham: Senator Forrestall mentioned the figure seven with respect to the engine start-up problems. Senator Forrestall would know that start-up problems are not an uncommon occurrence in any aircraft. However, the government and the Department of National Defence are concerned that, over the past five weeks, six aircraft at 423 squadron have experienced difficulties.

The causes of the problem in four of the six aircraft have been identified and are being addressed. Questions remain as to the cause of the engine start-up problems in the two remaining helicopters. The possible causes are being investigated. As I have said on many occasions, the Canadian Forces will not fly unsafe aircraft.

With respect to the question of new engines, I would take that under advisement. As I have said on earlier occasions, the Minister of National Defence is discussing with his officials the appropriate process that will be followed with respect to the replacement of the Sea Kings.

SEARCH AND RESCUE HELICOPTER REPLACEMENT PROGRAM—MAINTENANCE PROGRAM OF SEA KING HELICOPTERS—CONTINGENCY PLAN IN EVENT OF GROUNDING—GOVERNMENT POSITION

Hon. J. Michael Forrestall: Honourable senators, I should like to put this question to the minister: With the Sea Kings doing virtually all of the search and rescue work in Canada, what backup or contingency plans does the government have in place, should the ministry decide that this equipment is simply not safe to fly and shall be grounded until such time as the cause of these flameouts and stalling is identified? What is the backup contingency plan? As of this afternoon, search and rescue capability in Canada is virtually non-existent.

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, as I have said on other occasions, the government has not ruled out leasing as an option. However, I wish to assure honourable senators that the Minister of National Defence, in conjunction with his departmental officials and members of the Armed Forces, are in the final stages of the development of a procurement strategy.

SOLICITOR GENERAL

COMMISSION OF INQUIRY INTO TREATMENT OF PROTESTORS AT APEC CONFERENCE BY RCMP—PROVISION OF FUNDS FOR DEFENCE OF STUDENTS—INFLUENCE OF QUESTIONS IN SENATE—GOVERNMENT POSITION

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, could the Leader of the Government in the Senate advise us whether or not the many questions and representations made in this chamber relative to the necessity of having funding provided by the government for the complainants who are involved in the APEC hearing had any influence on the decision by the government to now fund the complainants?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I do not believe the Senate can claim exclusive responsibility or credit for the decision that was made. However, I would assure Senator Kinsella and all honourable senators who participated in the vigorous debates that took place on earlier occasions with respect to this very important subject that I think it did have the desired effect.

NATIONAL DEFENCE

PARTICIPATION IN PROPOSED UNITED STATES BALLISTIC MISSILE DEFENCE INITIATIVE—GOVERNMENT POSITION

Hon. Douglas Roche: Honourable senators, two weeks ago I called the attention of the government leader in the Senate to the attempt by the United States to involve Canada in the development of a ballistic missile defence system.

Since then there has been a torrent of comment, not least from the governments of Russia and China, protesting this violation of the Anti-Ballistic Missile Treaty and warning that a missile defence system will result in a collapse of nuclear disarmament efforts.

Can the Leader of the Government tell us if the Government of Canada has yet been seized with the gravity of this issue and the need to deal with it now? If so, has the government informed the United States that Canada will not be a party to the destruction of nuclear disarmament efforts through this "son of Star Wars"?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, as I indicated previously to the Honourable Senator Roche, there have been ongoing discussions. The government is seized with the gravity of the situation.

When the suggestion is that talking, considering or dreaming about it is a violation of the treaty, the honourable senator may be right, though I am not convinced that is accurate. When I indicate that there is ongoing discussion or ongoing consideration, I do not believe that is in violation of the treaty. However, the Honourable Senator Roche raises an important point, and if there is any new information available that I can bring to the chamber, I shall be happy to do so.

Senator Roche: Honourable senators, the point that I am raising with the government leader is that the Government of Canada should be acting now, before any deployment procedure in the first years of the next century, when it will be too late for Canada to absent itself from this misplaced effort.

•(1450)

Would the Leader of the Government in the Senate not agree that a far more responsible step for the Government of Canada to take would be to adopt the 15 recommendations in the recent report on nuclear weapons of the Standing Committee on Foreign Affairs and International Trade, which centre on moving NATO to a position of less reliance on nuclear weapons?

Senator Graham: Honourable senators, I would be pleased to bring those recommendations to the attention of the Minister of Foreign Affairs and the Prime Minister.

THE SENATE

ARTICLE IN PRESS REGARDING ABOLITION— LACK OF RESPONSE BY PRIME MINISTER'S OFFICE— GOVERNMENT POSITION

Hon. Donald H. Oliver: Honourable senators, my question is directed to the Leader of the Government in the Senate. It relates to the Jane Taber article in *The Ottawa Citizen* on Saturday, February 13 entitled "Senate Busters say campaign is catching on"

In tracing the anti-Senate campaign of Gallaway and Nystrom, Taber said:

Even the PMO has given its silent support. Mr Gallaway was visited by a senior member of that office and encouraged to continue his campaign. There is a school of thought that Prime Minister Jean Chrétien may want to abolish the Senate as his legacy to improving the Canadian federation. And though Mr. Chrétien has only said that Mr. Gallaway has the right to seek the opinions of Canadians on the matter, there are subtle signs of approval.

Will the Leader of the Government tell us whether his government, led by the Prime Minister, is actively seeking the dissolution of the Senate as a way of improving the Canadian federation and, if not, why he remains so silent and takes no initiatives to defend the institution?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I do not know which of those questions my honourable friend wants me to answer first, but I would say a resounding "no" to most of what he has said.

When Senator Oliver participated earlier under Senators' Statements, I thought he may have been preaching for a call. I would remind him that he would have to join the Liberal Party

before he could sit on this side and take part in the leadership functions.

However, I take his concerns very seriously.

I read the article in *The Ottawa Citizen*. It was as inaccurate as some other articles that I have read by that writer. For example, the day before the announcement with respect to the Cape Breton Development Corporation, the same writer said that Devco had been sold to an American company. I was in Nova Scotia when I was notified of the story. I immediately issued a denial stating that no one had been authorized to negotiate the sale of Devco on behalf of the Government of Canada.

I am not aware that anyone from the Prime Minister's Office has visited Mr. Gallaway and supported what he is doing. It would be very interesting if, before making such allegations, Senator Oliver did some investigative journalism and questioned the author, Ms Taber, to learn the source of her information that someone from the Prime Minister's Office visited Mr. Gallaway's office.

While we are at it, it would be an interesting study for the Senate to compare Senate attendance records with voting attendance records in the other place, especially the records of those who are advocating the abolition of the Senate.

That article in question alleges that members of this place are less educated than members of the other place. Senators can do their own research on that. I do not think a university degree is the be-all and end-all, but if a university degree is a criterion, I think the percentage would be higher in the Senate than in the other place.

For the comfort of Senator Oliver, I want to assure honourable senators that I am not aware of any secret plot on the part of the Prime Minister or the Prime Minister's Office to abolish the Senate. I am sure that Senator Oliver will be here until he reaches the retirement age of 75. I am sure that he will continue to make an outstanding contribution to this chamber and to ask such important questions of the Leader of the Government in the Senate.

ELECTION OF LEADER OF THE GOVERNMENT BY PEERS— GOVERNMENT POSITION

Hon. Donald H. Oliver: Honourable senators, I have a supplementary for the Leader of the Government in the Senate. The leader is, of course, appointed by the Prime Minister and owes allegiance to the Prime Minister, whereas the Leader of the Opposition in the Senate is elected by his peers and is, accordingly, responsible to them and not to any party leader.

Will the Leader of the Government in the Senate recommend a similar system for himself?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, if that would lighten the burden of problems that I am currently carrying, I would be 100 per cent in favour of that process.

CAPE BRETON DEVELOPMENT CORPORATION

ANNOUNCEMENT OF PRIVATIZATION—ASKING PRICE FOR PRINCE COLLIERY—PROCESS OF SALE

Hon. Lowell Murray: Honourable senators, the leader's reference a moment ago to the Cape Breton Development Corporation has inspired me to rise and ask a question. In view of the announcement by the government that it intends to close the Phalen colliery and privatize the Prince mine, what is the government's asking price for the Prince colliery?

Hon. B. Alasdair Graham (Leader of the Government): Honourable senators, I do not know of any asking price. I am sure that those responsible for such matters have the question under active consideration. Quite honestly, I do not know of any particular company that has expressed an interest in purchasing the assets of Devco. The process is just now beginning. The government would want to employ the appropriate financial advisers in this very important matter. Of course, the chairman and the board of directors of Devco would have a very important role to play. The Government of Canada, through the Minister of Finance, the Minister of Natural Resources and ultimately the Prime Minister, would have to adjudicate the entire process and determine what the sale figure might be.

Senator Murray: What is the process?

Senator Graham: The Minister of Natural Resources has consulted with the Chairman of the board of the Cape Breton Development Corporation. The process has not yet been put in place, but as soon as it is, I will bring that information to the attention of all honourable senators.

ORDERS OF THE DAY

QUESTION OF PRIVILEGE

SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, I am prepared to proceed with my ruling on the question of privilege raised by the Honourable Senator Kinsella. Before I do so, I want to explain why I took as long as I did to finalize my statement.

•(1500)

I had difficulty making this ruling due to the substance. I share in the indignation and sense of outrage that prompted Senator Kinsella to bring this issue to the attention of the Senate. We in this chamber, where 31 of our members are women, know the value of their contribution to public affairs. To see any of our parliamentary colleagues debased in the way in which Minister Copps has been is hard to accept. It is demeaning and offensive. Such depictions do nothing to contribute to the process of public debate. It is no more than salacious exploitation of the fact that the minister is a woman. However, my ruling must be in accordance with the *Rules of the Senate of Canada*.

My ruling, therefore, is: On Tuesday, February 2, at the conclusion of Orders of the Day, Senator Kinsella rose to speak on a question of privilege of which he had given notice earlier. The subject of the senator's question of privilege had to do with the current issue of *Hustler* magazine, alleged to contain some lewd and obscene references to the Minister of Canadian Heritage, the Honourable Sheila Copps. According to the senator, the intent of the magazine's publishers was to intimidate the minister, who is the sponsor of Bill C-55. This bill is currently being considered in the other place. The purpose of Bill C-55, as Senator Kinsella explained, is to make it illegal to solicit Canadian advertisers to place ads in split-run magazines, including, apparently, *Hustler* magazine. In presenting his case, Senator Kinsella cited some recent newspaper accounts as evidence that *Hustler* magazine opposes the objectives of this bill.

By raising this matter as a question of privilege rather than as a substantive motion that could be debated after notice, Senator Kinsella is seeking to have all other Senate business put aside so that it might be considered as a matter of the utmost importance. To achieve this, the senator has asked me, as Speaker, to recognize the *prima facie* merits of his question of privilege.

[Translation]

In presenting his case, Senator Kinsella did acknowledge that his question of privilege is somewhat unusual in that it involves a minister who is not a member of this chamber. The senator also admitted that, and I quote:

A careful reading of the *Rules of the Senate* speaks of the duty of every senator to preserve the privileges of the Senate and not necessarily the privileges of the other place.

Nonetheless, the senator expressed his conviction that the attack on the minister is really an attack on all parliamentarians. It is Senator Kinsella's contention that, unless Parliament takes steps to deal with this kind of attack, it could have a chilling effect on the process of debate that is at the very core of our parliamentary system. As Senator Kinsella put it, the work of Parliament should not be obstructed or influenced by the improper means utilized by *Hustler* magazine.

[English]

After some brief exchanges between Senator Kinsella and Senator Stewart, Senator Robertson intervened to recall a similar incident that had occurred several years ago. At that time, however, no question of privilege was raised.

The position taken by Senator Kinsella was then strongly endorsed and supported by Senator Cools. According to the senator, Parliament has been timid in recent years in the defence of its own privileges and the media have often taken advantage of this situation. Explaining that she was speaking from first-hand experience, Senator Cools stated that this technique to embarrass and shame politicians has often been used in the past. The attack on the minister, in the senator's judgment, was nothing less than a vulgar attempt to offend.

In the course of her remarks, Senator Cools also reiterated a point that had been stressed by Senator Kinsella. Both explained that the Speaker, in making a *prima facie* ruling, is not assessing the question of privilege itself. Rather, the role of the Speaker is limited to deciding whether there is sufficient evidence at first sight to give this issue priority of debate.

[Translation]

Senator Fraser then suggested that some consideration in this matter had to be given the right of freedom of speech and of the press. In her view, these constitutional guarantees which are fundamental to our free society mean that we, as parliamentarians, must accept the possible risk of exposure to cruel personal attack by the media. It is a price that must be paid, she said, in a society that professes to be free. The senator's comments were made after noting that Minister Copps has responded to the Hustler magazine insult with dignity and forbearance. This was also indirectly acknowledged by Senator Kinsella who had noted that the minister had taken no action to raise the matter as a question of privilege in the other place. Senator Fraser concluded by expressing some apprehension in establishing a precedent that might have the effect of granting to parliamentarians privileges beyond those enjoyed by ordinary citizens.

[English]

Finally, Senator Carstairs joined the debate. Like the others, the senator agreed that the article in the magazine was disgusting and degrading. As an attack on female politicians, the senator said, the magazine was particularly offensive. Senator Carstairs took note of the fact that Senator Kinsella had mainly focused on the question of whether it had offended the privileges of parliamentarians as a whole and not just the minister. The question that the Speaker had to address, Senator Carstairs said, was whether the privileges of Parliament had been so jeopardized that they must override any claims to freedom of speech or press. The senator concluded her remarks by citing two relevant references from the sixth edition of Beauchesne, including a citation about direct threats to influence the actions of parliamentarians.

Let me begin by thanking all the senators who expressed their views on this matter. As Speaker, I find it useful when there is a full discussion of the issues involved in any alleged question of privilege or point of order. It assists me in coming to an understanding of the specific elements of the particular question or point. This, in turn, provides me with the framework I need to reach a decision on the merits of each case.

While the focus of my ruling is not the actual publication of *Hustler* magazine and the lewd depiction of the Minister of Canadian Heritage, I will confess that I was disgusted by the article. Portraying Minister Copps in this loathsome fashion is, I believe, a degrading sexist assault on all female parliamentarians. I am certain that there is no one in this chamber who would doubt that this publication is indeed very objectionable. If it does in fact have any connection to the debate on Bill C-55, it need hardly be said that it is a despicable contribution to the process of public debate.

[Translation]

In presenting his case, Senator Kinsella made it clear that what he was seeking was an opportunity to bring the publishers of *Hustler* magazine before a parliamentary committee to have them explain, and I quote:

...why they chose to resort to these sexist tactics in their opposition to Bill C-55.

This is certainly an understandable request, given the facts that he presented. As Speaker, however, my task is to determine whether the question of privilege has sufficient merit *prima facie* to be accorded priority over all other business of the Senate.

To make this determination, I am obliged to consider the *Rules of the Senate* as well as any relevant precedents. Rule 43, which was adopted in its current form in 1991, lists certain criteria that must be met to be considered a valid question of privilege. The question must, for example, be raised at the first opportunity. Certainly with respect to this criterion, there is no doubt that Senator Kinsella raised the matter at the earliest possible opportunity he could, the very first day the Senate resumed its sitting following the holiday adjournment.

[English]

The second criterion is that a putative question of privilege must "be a matter directly concerning the privileges of the Senate, of any committee thereof, or any senator; ..."

With regard to this point, Senator Kinsella acknowledged that "a careful reading" of the rules would indicate that his question of privilege would not appear to meet this condition. It is conceded that the target of the magazine article, the Minister of Canadian Heritage, is not a member of this chamber. As well, no evidence was presented to indicate that the minister had been intimidated by the publication in any way. It was also noted that the minister has not sought to raise the matter in the other place as a question of privilege. Moreover, Senator Kinsella did not provide me with any precedent from Canada or any other jurisdiction where one House of Parliament considered a question of privilege that related directly to a member of the other house.

Senator Kinsella's argument for a question of privilege, however, was not limited to the attack on the minister. The senator went further to suggest that sordid publications of this kind could have an intimidating effect on other parliamentarians, including senators, who could be deeply offended and hurt by such a disgusting portrayal. I agree that, were this to happen, if it were ever claimed that senators felt that they were under some kind of direct threat that prevented them from discharging their parliamentary responsibilities, it could result in a serious question of privilege. However, with reference to this specific case, the senator provided no evidence to suggest that this had occurred.

A third criterion that needs to be taken into account is that the question of privilege must "be raised to seek a genuine remedy, which is in the Senate's power to provide, and for which no other parliamentary process is reasonably available."

Once the *prima facie* question of privilege is established, it is for the Senate to decide what corrective action should be taken. With respect to this case, however, there are other parliamentary procedures available to deal with this serious complaint. As I mentioned previously, Senator Kinsella expressed a desire to have the offending publishers appear before a committee to have them explain why they used such an offensive personal and sexist attack to express their opposition to a government bill. Senators will have an opportunity to consider this option if and when Bill C-55 comes to this chamber from the other place. Alternatively, a motion, after notice, can be proposed at any time to refer this issue to an appropriate committee for investigation.

The final criterion listed in rule 43 is that the question of privilege must "be raised to correct a grave and serious breach." I have already indicated that no substantive evidence was presented during discussion on the alleged question of privilege suggesting that any senators had been obstructed in the performance of their duties as a consequence of the repugnant *Hustler* publication.

Based on the criteria of rule 43, it is my assessment that, at first glance, the matter does not directly involve the Senate or a member of this house. It also appears to me that alternative parliamentary processes are available to address this complaint. I can see nothing to suggest that a grave and serious breach affecting the ability of senators to perform their duties has actually occurred. Accordingly, I rule that no *prima facie* case of privilege has been established.

NOTICE OF MOTION CONDEMNING HUSTLER MAGAZINE ARTICLE CONCERNING MINISTER OF CANADIAN HERITAGE

Leave having been given to revert to Notices of Motion:

Hon. Noël A. Kinsella (Acting Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, February 18, 1999, I will move:

That the Senate of Canada finds unacceptable and rejects the article and contest dealing with the member of Parliament as published in the February 1999 Canadian edition of *Hustler* magazine; and

That a message be sent to the House of Commons requesting that House to support the contents of the aforementioned motion.

MERCHANT NAVY WAR SERVICE RECOGNITION BILL

SECOND READING—DEBATE CONTINUED

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, this item stands in the name of the Honourable Senator Carstairs. With her permission, I should like to make a few comments on it.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, that is agreed.

Senator Kinsella: Honourable senators, I believe Bill S-19 has considerable merit. Any drafting difficulties that have been alluded to concerning this bill could be amended in committee.

The bill does something that has not been done before and which, indeed, needs to be done very soon, that is, to recognize Merchant Navy veterans for their wartime service.

Bill S-19, which Senator Forrestall has introduced, is, in our view, a most important initiative. We salute him for having brought it forward. Frankly, if passed, it would prevent any further discrimination from taking place. It would officially include Merchant Navy veterans in events such as Remembrance Day services.

If there is no objection from the other side, I move that the matter be referred to the Senate Subcommittee on Veterans Affairs so that we may proceed with it expeditiously.

On motion of Senator Carstairs, debate adjourned.

SECURITY AND INTELLIGENCE

CONSIDERATION OF REPORT OF SPECIAL COMMITTEE— DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Senate Committee on Security and Intelligence, deposited with the Clerk of the Senate on January 14, 1999.

Hon. William M. Kelly moved that the report be adopted.

He said: Honourable senators, as you know, this report was deposited with the Clerk of the Senate on January 14, 1999. It is the third report on this particular subject, and the third committee I have had the honour to chair.

I wish to take a few moments to talk about the committee itself. I am very proud of the work its members have done. It was a different committee. It was made up of individuals, certainly. Debate on almost every issue was endless. We crossed every "t" and dotted every "i." I did not keep track of the number of reports we drafted.

Some senators might know that I have been studying this subject for 15 of the 17 years I have been in this chamber. However, when I wanted to contribute some of the fruits of that labour, my deputy chairman, Senator Bryden, told me that

anything I said would be hearsay evidence and, as such, could not be considered by the committee. He told me that the only evidence that the committee could consider would be that from the mouths of the witnesses who appeared before the committee. I found that quite startling. I tried to urge Senator Bryden to concede that the Bible itself is hearsay to an extent — but that did not wash. However, I am not complaining. I tell you this only to emphasize that the committee went through quite strenuous activity in hearing all of our witnesses. The journey we undertook was a good journey, and the report benefited greatly from our work. I am proud of the result. By the way, Senator Bryden and I are still friends.

I am pleased with the impact that previous reports of our committees studying terrorism and public safety have had. I am optimistic that this report, which covers considerable ground, will have a similar impact. I am also pleased with how the report has been generally received. Media coverage to date has been universally positive. I think the media have done a good job of communicating the major issues the committee report raised.

I have been also gratified by the response of the security establishment, both government and private sectors, in their positive and supportive response to the committee report, and, of course, their assistance during the committee's deliberations.

I do not intend to cover the report in detail, but I do wish to highlight several areas of personal importance to me. I know many of the other committee members came at this process with different perspectives, priorities, and concerns, and it is certainly my hope that they will bring forward their individual views as well. There are four subject areas canvassed in the report that I would like to highlight.

Honourable senators, Canada went through a bad patch of terrorist attacks in the last half of the 1980s. The last 10 years, however, have been fairly quiet in terms of terrorist violence in Canada or, at least, that is the perception. Based on that perception, one might reasonably ask, and in fact the question was asked many times, sometimes in the early stages by committee members, why bother? Why have a Senate committee, or any committee for that matter, investigate terrorism and our defences against it? Why investigate a problem that does not exist? I wish to respond to that because this issue is obviously fundamental.

In the first place, there has been a marked reduction in terrorist incidents in this country, but we have not been immune from terrorism. The committee heard about a number of incidents in Canada. In one case, namely the stand-off at Oka, a policeman was killed. However, it is clear that there has been a substantial decrease over the past decade. We must remember that we live next door to the United States, which remains the priority target for a range of terrorist groups and rogue states. That is one of the reasons that virtually every terrorist group of note has a branch or representative in Canada. Canada itself is not a major target for terrorist attacks, but Canada is a venue of opportunity, a place where terrorists organize, plan, finance, and mount terrorist attacks elsewhere, particularly against the United States. We owe it to the United States and our other allies to be vigilant and effective and not a weak link in the international defences against terrorism.

In the second place, although there have not been many terrorist incidents in Canada over the past decade, Canadians abroad have been caught up in terrorism. In incidents detailed in the committee report, Canadians may not have been targets, but, all the same, they have been killed, injured, or kidnapped in terrorist actions. Canadians have certainly not been immune from the scourge of international terrorism.

In the third place, we must avoid becoming a soft target. As other nations strengthen their defences against terrorism, we must also. Otherwise, we risk being a target as a surrogate for those better defended.

Those three reasons are, in my view, sufficient justification for the committee and its review.

The attitude that it cannot happen here is typically Canadian but sorely out of tune with the facts and our duty to our neighbours and allies. I fear that the attitude that it cannot happen here persists not only among the public but also in some parts of the government.

There has also been a desire to realize the peace dividend by reducing military, security, and intelligence expenditures as a consequence of the disintegration of the Soviet Union. Complacency and the wish to realize the peace dividend have triggered major cutbacks in our security and intelligence community and less-than-optimal attention to some emerging security and intelligence issues.

Honourable senators, I understand the wish to realize the peace dividend. Nobel laureate Dr. Chaucer von Liderberg, on this very issue, said as part of a speech in Washington earlier this month that the very triumph of the democratic world's military technology, with guided missiles and dominance of battlefields, drives the agents of disorder to ever more subversive means of attack and inspires new scales of terrorism, great and small.

On the whole, I think our security community has done an excellent job in spite of the cutbacks in operating funds of over 40 per cent over the past decade. Most of those cutbacks have been borne by CSIS, the Canadian Security Intelligence Service.

I do not think I am an alarmist nor a pessimist, but I do worry about the ability of our security organizations to get ahead of some of the emerging security challenges that we face if these resource constraints persist. I have in mind, for example, the security challenges posed by strong encryption technologies, cyber-terrorism, global satellite communications, and, of course, the ever-present threat of nuclear, biological, or chemical weapons.

The second area canvassed in the committee report that I should like to address is our immigration procedures, specifically those that apply to refugee determination and enforcement. The two previous Senate committees on terrorism and public safety were critical of what I call our leaky refugee determination system. It would appear that since the first committee reported in 1987 the situation has not improved. In fact, it appears to have worsened.

The problem in a nutshell, at the risk of oversimplification, is that Canada has become a favourite destination for refugees, both legitimate and otherwise. Refugee claimants, of course, avoid the off-shore vetting process that applies to virtually every other category of entrants under our Immigration Act. Even at that, the vast majority of refugees who come to Canada come with no documentation whatsoever. That means it is nearly impossible to check their origins, any criminal histories, and whether they constitute a threat to Canada due to past or present terrorist affiliations or activities.

The second problem is that a substantial number of these refugee claimants go underground either in Canada or after crossing the border illegally to enter the United States. As we explained in the report, some 6,000 people have arrived in Canada, claimed refugee status, and then disappeared. They may be in Canada. They may have gone home or to another country. The point is that we do not know, and our system is such that we are apparently unable to track refugee claimants so we do know where they are and to report those who should not be here.

I should point out, as does our report, that many of the refugees have paid large sums of money to organized crime gangs to be smuggled into Canada. The charge they pay is as much as \$45,000 American per head. One can reasonably infer, therefore, that these are, in the main, economic refugees, not the political refugees our laws and the international treaties and conventions to which we are a party were designed to accommodate.

I can tell you from some conversations I have had that few issues are as much of an irritant to our American neighbours or as frustrating to the Canadian and United States law enforcement and security communities as is the issue of illegal migration from Canada. I am not suggesting that every refugee who enters Canada or every refugee who goes underground in Canada is a security threat — far from it. However, I am suggesting that a few criminals and terrorists find our refugee system convenient to their ends and thus a few security threats do swim in our refugee stream.

The weakness of our defences appear to be administrative rather than legislative. Whether due to resource constraints or some other factors, we do not seem to have the administrative wherewithal to stop the abuses. It seems to me the solution to that is relatively simple, though perhaps a little more expensive: to speed up the evaluation process.

It is also a source of long-standing frustration to me that we seem unable to engage in an effective debate about our refugee determination system and controls. It seems that political correctness and the fear of being branded racist or anti-immigration discourages such a debate. This is the case regardless of which party is in power. I was personally disappointed that the Progressive Conservative government dian on more to encourage the debate than any other government has in recent times. Our concerns over the refugee determination process and controls are not about race and immigration. They are certainly not about closing our doors to bona fide refugees. Our concerns are about ensuring, as best we can, that our refugee system does not make Canada a soft target for criminals and

terrorists and that Canadians and those who live under our protection are not unreasonably exposed to threats.

The third subject area from the committee report that I should like to address relates to cyber-terrorism, also known as information warfare or information operations and their associated acronyms. At its essence, cyber-terrorism is manipulation or destruction of data or the destruction or tampering with critical infrastructures. Cyber-terrorism is a new threat. Ten years ago, it barely appeared on the list of likely security threats; yet today even a small group of technically sophisticated people, using commercially available equipment, can do major damage to our computer, telecommunications, power, water and emergency systems. This is not sci-fi speculation or alarmist. The committee heard the results of mock cyber-terrorist attacks conducted within the Canadian government to test vulnerabilities.

•(1530)

The United States Department of Defence recently conducted an exercise called "Eligible Receiver" and concluded that relatively unsophisticated cyber penetrations could have a devastating effect. One of the participants in exercise "Eligible Receiver" concluded that cyberspace is the next battlefield for terrorists, organized crime, drug cartels and rogue space.

Because of our sophisticated information technology infrastructure, our open society and our laws, Canada has been characterized by some as a "hacker haven." In fact, some major cyber attacks aimed at other countries have originated in Canada. For example, a Sudbury man was found guilty of several accounts of hacking into United States government computers. The group that claimed credit for disabling a communications satellite of the People's Republic of China is based in Canada.

It has always been my objective in studying such matters that Canada can be prepared for the threats it faces, rather than simply reacting to events, so that our ability to prevent or respond to terrorism develops at least as quickly as the terrorist's arsenal of weapons and tactics.

In my view, cyber-terrorism is such a field, a field we where we owe it to our citizens and our allies to do everything we reasonably can to ensure that Canada is not used as a cyber-terrorism base. It is also a field where the horse is not yet out of the barn, where we still have a window of opportunity to get ahead of this sort of threat.

Doing so, of course, raises complexities and issues, the most significant of which is the position the Government of Canada eventually takes on encryption of electronic communications of stored data. On the one hand, strong encryption can be an effective bulwark against cyber-terrorism; on the other hand, strong encryption also provides criminals and terrorists with the means to shroud their transactions and communications from lawful interception and monitoring.

Honourable senators, the final subject area I should like to address relates to a review of our security and intelligence community and its organization.

In my view, Canada's review system is underdeveloped in terms of its effective review mechanisms for the entire security and intelligence sector. It is particularly underdeveloped in terms of review by or accountability to Parliament. As detailed in our report, the federal government security and intelligence community accounts for expenditures in the range of \$500 million annually. It consists of 10 core organizations and a complex of interdepartmental committees and international agreements. Our security and intelligence community and the policies and procedures that govern it are critical to national security and have an important impact on our relations with other states.

Some of our security intelligence organizations exercise extraordinary invasive powers, yet, as many in this chamber will know, only one security organization — CSIS — has a statutory review body, namely, SIRC, the Security and Intelligence Review Committee. There is no other statutory review body for the rest of the community. Only SIRC has a mandate to report to Parliament.

Most of the organizations within the security community have no dedicated broad-scope review body whatsoever, and I think this is a serious issue. I think that every part of the federal security and intelligence community should be subject to a review body. Furthermore, it is imperative that there be effective accountability to, and a review by, Parliament.

When one renders away all the red herrings, the essential case against this proposition is that some of the functions of government are so sensitive that they must be conducted beyond the effective purview of Parliament. I, for one, do not accept that argument.

I recall that essentially the same case was made by the government in the 1970s and early 1980s for Crown corporations, namely, that Crown corporations' commercial and competitive operations demanded that they and their officers be excused from accountability to Parliament. That case rapidly disintegrated in the face of a number of scandals that beset the Crown corporations' sector during that period and ultimately resulted in a fundamental shift of the relationship between Crown corporations and the government on one hand, and Parliament on the other hand.

That is precisely my point. I do not propose enhanced parliamentary review of the security and intelligence community because I suspect wrongdoing or incompetence.

The Hon. the Speaker: I regret to interrupt the Honourable Senator Kelly, but I would point out that his 15-minute time period has elapsed.

Senator Kelly: I would request leave to complete my remarks.

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

Hon. Senators: Agreed.

Senator Kelly: Thank you, honourable senators, for your patience.

I was very impressed by the professionalism, integrity and evident competence of the representatives of the security and intelligence community who appeared before our committee.

Over the past 15 years, transparency and accountability have improved markedly in the security sector. I remember from the first Committee on Terrorism and Public Safety that the communications security establishment was not allowed to appear before the committee even *in camera*. I remember witnesses from the Security Intelligence Review Committee and the Canadian Security Intelligence Service itself appearing and stubbornly refusing to answer questions. I remember testimony from some officials that was evasive and some which, subsequently, turned out to be misleading.

We saw none of that this time; quite the contrary. The CSE appeared before the committee three times. Witnesses from the Security Intelligence Review Committee and CSIS were open and helpful. The Canadian Security Intelligence Service bent over backwards to be helpful, not only appearing before the committee numerous times but also providing private briefings.

I doubt there is anyone who would dispute that this increased transparency has helped the security intelligence community. There is nothing to fear from increased transparency.

I believe now is the time to set up an effective mechanism for review, namely a Senate committee, as proposed in the committee report. I think the review mechanism should be put in place now rather than in response to a crisis or a scandal. I think it is important to be proactive. I suggest a Senate committee only because you could count on greater continuity. I say, with a little hesitation, that you could also count on considerably less partisanship. I do not believe a review committee should ever be enticed into being used as means to embarrass a sitting government or a sitting minister or to detract from a current issue. Security is far too neutral a situation and has no partisanship overtones at all.

Honourable senators, in winding up, the ground has been thoroughly covered in the report. The witnesses who appeared before the committee were open and helpful. I feel every confidence that our recommendations will be carefully reviewed. In the last couple of days I have been assured that the office of the Solicitor General, taking the lead, will be reviewing, clause by clause, our recommendations and conclusions. The government does intend to make a final announcement on its judgment of this committee report.

On motion of Senator Bryden, debate adjourned.

STATE OF FINANCIAL SYSTEM

CONSIDERATION OF INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON STUDY—DEBATE ADJOURNED

The Senate proceeded to consideration of the sixteenth report of the Standing Senate Committee on Banking, Trade and Commerce entitled: "The Governance Practices of Institutional Investors," tabled in the Senate on November 19, 1998.

Hon. W. David Angus: Honourable senators, the interim report of the Standing Senate Committee on Banking, Trade and Commerce entitled "The Governance Practices of Institutional Investors" was tabled on November 19, 1998, by Senator Tkachuk in the absence of the committee chairman, Senator Kirby. There has, as yet, been no discussion in this house on this report. However, I know that Senator Oliver plans a detailed discourse early in March when we return from the break.

Today, honourable senators, I simply wish to say a few brief words on the subject of the report which I commend to all honourable senators.

This report grew out of a study undertaken by the Standing Senate Committee on Banking, Trade and Commerce during 1996 on corporate governance of publicly traded companies in Canada related to the recommendations of the Dey committee, of the Toronto Stock Exchange, and the various guidelines which were in the process of being implemented. Our study at that time related to whether or not, from another perspective, they were effective.

(1540)

We conducted a substantial study. One of the things that came out during that study on the corporate governance of publicly traded companies, was that there was a major lacuna on the boards and in the management process of institutional investors, such as private and public pension funds, as well as mutual funds and the like. We had substantial recommendations from learned sources that we conduct a fact-finding study into the corporate governance of institutional investors. The theme of the study was: Who is monitoring the monitors? Who is watching the watchdogs?

It became a rather revealing study. Indeed, a fair amount of fear was expressed by those running private pension funds and some of those running public pension funds. During the course of our study, independently and in the private sector, a number of substantial changes were introduced and put into effect, both by industry and in some parts of government, including a set of best practices for the governance of pension funds by the Pension Investment Association of Canada; a set of best practices by the Office of the Superintendent of Financial Institutions; and a set of best practices by another association.

It was quite apparent that there was a fear that legislation and strict rules would be introduced to govern the way these individuals were handling pools of private capital meant for the use of the clearly defined beneficiaries of these funds.

The Banking Committee heard from some 25 groups and individuals from November 18, 1997 to June 18, 1998, including practitioners, corporate CEOs, pension plan managers, mutual fund operators, labour unions and regulators. The result was this 88-page report, which contains 11 excellent recommendations.

Honourable senators, given that this is the government's budget day in the other place, I thought it might be appropriate

and timely to highlight one of those recommendations. Recommendation No. 11 states:

The government should begin the process of phasing out the Foreign Property Rule in the near term by increasing the 20 per cent limit to 30 per cent through annual increments of 2 per cent.

Cogent reasoning behind the strong support for this recommendation may be found at pages 77-81 of the report in question.

Also, honourable senators, there is a motion presently outstanding in this chamber on the same subject. I refer to item No. 45 on the Order Paper for today.

Finally, I would refer to an article which appeared on the commentary page of yesterday's *National Post*, under the esteemed byline of one Honourable Senator Michael Arthur Meighen. The headline read: "Why won't Martin fix that perverse RRSP policy?" I hope he can hear me in the next room, honourable senators. The article goes on to state, "Foreign content limit is robbing Canadians of retirement money." Imagine! The first paragraph of this brilliantly written article states:

Eight million Canadians have much to lose if Paul Martin does not take action in this week's federal budget. I say eight million because that many Canadians either belong to an employer pension plan or rely on RRSPs, or even on the Canada Pension Plan for much of their retirement savings. That many Canadians are each day made poorer by Mr. Martin's determination to restrict the rate of return they may expect on those same savings.

The seventh paragraph states:

For the rich and sophisticated, the current restriction has become illusory since both individuals and pension plans with significant resources can bypass the limit through strategic investment decisions, derivatives, and index-linked products. But the 20 per cent rule performs magnificently in keeping the little guy down.

Honourable senators, I will conclude by quoting from the second paragraph, which states:

Although the Finance Minister wants —

— or so he says —

— Canadians to take more responsibility for their retirement savings, he continues to impose an antiquated rule restricting to 20 per cent the amount of foreign property Canadians may hold in their registered retirement savings and pension plans. This rule imposes a real monetary cost on Canadians, and runs counter to both good common sense —

- what Tories believe
 - and good public policy —
- in which we all believe.

On motion of Senator Oliver, debate adjourned.

PRIVACY COMMISSIONER

CONSIDERATION IN COMMITTEE OF THE WHOLE— ORDER STANDS

On the Order:

The Senate in Committee of the Whole on the Report of the Privacy Commissioner for the period ended March 31, 1998, tabled in the Senate on September 29, 1998.

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, I would ask to stand this item. The Privacy Commissioner will be here at 3:30 on Thursday afternoon.

Order stands.

STATE OF FINANCIAL SYSTEM

BANKING, TRADE AND COMMERCE COMMITTEE
AUTHORIZED TO EXTEND DATE OF FINAL REPORT ON STUDY

Hon. Michael Kirby, pursuant to notice of February 3, 1998, moved:

That, notwithstanding the motion adopted by the Senate on Thursday, December 10, 1998, the Standing Senate Committee on Banking, Trade and Commerce be authorized to extend the date for the presentation of its final report on the state of the financial system in Canada from February 28, 1999 to December 31, 1999; and

That, notwithstanding usual practices, if the Senate is not sitting when the report is completed, the Committee be authorized to deposit it with the Clerk of the Senate, and that the said report shall thereupon be deemed to have been tabled in the Chamber.

He said: Honourable senators, I apologize for not being here when this motion was raised on December 10. For many years, the Standing Senate Committee on Banking, Trade and Commerce has had what I would call a standard motion that it annually asks the Senate to adopt, which deals with allowing the committee to undertake any set of issues that deal with the governance and the operation of the financial system in Canada. Since, from the beginning of the year, we never know exactly what set of issues we will be dealing with, historically we have asked for relatively general terms of reference. The motion that I put down in December was intended to cover that eventuality in 1999.

The two particular issues on the agenda of the committee presently are studies as opposed to bills. One is a study on the equity financing of small business. This was brought about by the fact that, in hearings on other subjects the committee has held over the past several years, including last summer, in relation to the extension of the Small Business Loans Act, which was approved in this chamber in December, many of the witnesses argued that what is needed is a government program aimed at equity financing and not debt financing. The question is how one would develop such a program. The committee is beginning to study that question.

We are also considering a question that is arising in the minds of commentators now that the Euro has been created — that is the implications, advantages and disadvantages to Canada of moving towards the adoption, ultimately, of the American dollar. In other words, there has been some suggestion that a common North American currency be created.

Honourable senators, I reiterate that these have been the terms of reference of the committee for several years, and I would seek the Senate's approval to extend them again for this year.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Sharon Carstairs (Deputy Leader of the Government): Honourable senators, before I move the adjournment motion, I want to thank honourable senators for their cooperation in order that all senators can attend the budget speech at four o'clock in the other place.

The Senate adjourned until Wednesday, February 17, 1999, at 1:30 p.m.

APPENDIX

The following members were elected to the Legislative Assembly of Nunavut:

Akulliq Riding (Pelly Bay and Repulse Bay): Ovide Alakannuark

Amittuq Riding (Igloolik and Hall Beach): Enoki Irqittuq

Arviat Riding (Arviat): Keven O'Brian (re-elected)

Baker Lake Riding (Baker Lake): Glenn McLean

Cambridge Bay Riding (Cambridge Bay): Kelvin Ng (re-elected)

Hudson Bay Riding (Sanikiluaq): Peter Kattuk

Iqaluit Centre Riding (Iqaluit): Hunter Tootoo

Iqaluit East Riding (Iqaluit): Ed Picco (re-elected)

Iqaluit West Riding (Iqaluit): Paul Okalik

Kugluktuk Riding (Kugluktuk): Donald Havioyak Nanulik Riding (Coral Harbour and Chesterfield Inlet): James Arvaluk

Nattilik Riding (Pelly Bay and Gjoa Haven): Uriash Puqiqnak

Pangnirtung Riding (Pangnirtung): Peter Kilabuk

Quttiktuq Riding (Grise Fiord, Resolute Bay, Arctic Bay and Nanisivik): Levi Barnabus (re-elected)

Rankin Inlet North Riding (Rankin Inlet): Jack Anawak

Rankin Inlet South Riding (Rankin Inlet and Whale Cove): Manitok Thompson (re-elected)

South Baffin Riding (Kimmirut and Cape Dorset): Olayuk Akesuk

Tunnuniq Riding (Pond Inlet): Jobie Nutarak

Uqqummiut Riding (Clyde River and Broughton Island): David Iqaqrialu

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