



# Debates of the Senate

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2nd SESSION

•

36th PARLIAMENT

•

VOLUME 138

•

NUMBER 66

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OFFICIAL REPORT  
(HANSARD)

**Wednesday, June 14, 2000**

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THE HONOURABLE GILDAS L. MOLGAT  
SPEAKER

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*Debates and Publications:* Chambers Building, Room 943, Tel. 996-0193

Published by the Senate

Available from Canada Communication Group — Publishing,  
Public Works and Government Services Canada, Ottawa K1A 0S9,

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



## THE SENATE

Wednesday, June 14, 2000

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

Prayers.

### SENATORS' STATEMENTS

#### ONTARIO

##### SUDBURY—GLOBAL AMBASSADOR PARTNERSHIP PROGRAM

**Hon. Marie-P. Poulin:** Honourable senators, today I should like to bring to the attention of the Senate a unique Canadian endeavour: A special partnership between a city, its development corporation, its three post-secondary institutions and seven individuals. This month, Sudbury, Ontario, has launched a program called the Global Ambassador Partnership Program.

[*Translation*]

Honourable senators, this program will make it possible to build up a network of people whose responsibilities involve them in contacts with other countries. Whether their area of endeavour is health, sports, labour relations, education, arts and entertainment or politics, to name but a few, this network of people will identify partnership opportunities for the entrepreneurs or institutions of Sudbury.

Second, the purpose of this program is to contribute to the diversification and economic progress of a region that is in the midst of transition. This human touch will be an addition to the new modes of communication which will enable Sudbury and all of the communities of northern Ontario to move closer to major centres, not just in Ontario and Canada, but throughout the world.

[*English*]

Honourable senators, this program's acronym is GAPP, the Global Ambassador Partnership Program. It reflects the fact that in Sudbury, as well as in northern Ontario, we have suffered because of the geographical gap between northern and southern Ontario, but we have always tried to develop other links.

Today, Sudbury is one of Canada's "smart communities," one of the most wired cities of our country. This program is adding an additional link, and I am honoured to serve officially as one of Sudbury's ambassadors, along with Mike Foligno, Head Coach, Hershey Bears; Leo Gerard, International Secretary, United Steelworkers of America; Gerry Manwell, Vice-President, Suncor Energy Inc.; Susan Hay, Global Television Network;

Joe Bowen, Sports Broadcaster; and Keith Phillips, Managing Director, Merrill Lynch & Co.

Honourable senators, the Internet GAPP Web site will provide the communication vehicle for the program between the possible partners, the ambassadors and the GAPP office. This could become a model for other communities.

Honourable senators, please join me in congratulating Sudbury for this initiative.

#### UNITED NATIONS

##### UNICEF REPORT RANKING COUNTRIES ACCORDING TO NUMBER OF CHILDREN LIVING IN POVERTY

**Hon. Erminie J. Cohen:** Honourable senators, this week a report released by the UNICEF Research Centre in Florence, Italy, revealed that Canada sits at the bottom of the rankings of child poverty in the world's richest nations. The report identifies Canada as seventeenth amongst 23 industrialized nations, with 15.5 per cent of our children considered poor.

Interestingly, the report challenged a prevalent assumption in Canada that large numbers of single-parent families mean more child poverty. However, Sweden, which was rated best, with 2.6 per cent of children considered poor, also had the highest share of children living with one parent — more than 20 per cent, in fact. In Canada, a little more than half of single parents live in poverty. The same proportion of children are being raised by single parents in Finland, but the poverty rate for children there is 4.3 per cent compared to our 15.5 per cent.

The executive directors of UNICEF Canada stated simply that if we could address the situation of poverty and single parent families, "we could have as much as a 30 per cent impact on the reduction of the number of children living in poverty." This would have a substantial impact in eradicating child poverty, something to which we as a nation should aspire.

Not surprisingly, the report found that those countries that invest more of their gross national product in social programs report lower levels of poverty. It also determined that we should examine other policy instruments that are effective in the Nordic countries. For example, they have policies that enable women to earn higher incomes and receive substantial maternity leave benefits. As well, universal daycare is a way of life. Canada, in developing its early childhood intervention programs, would be wise to study and learn from the successes of those forward-thinking nations.

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• (1340)

## ROUTINE PROCEEDINGS

### DEFENCE PRODUCTION ACT

#### BILL TO AMEND—FIRST READING

**Hon. Dan Hays (Deputy Leader of the Government)** presented Bill S-25, to amend the Defence Production Act.

Bill read first time.

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

On motion of Senator Hays, bill placed on the Orders of the Day for second reading two days hence.

### CANADIAN TOURISM COMMISSION BILL

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-5, to establish the Canadian Tourism Commission.

Bill read first time.

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

On motion of Senator Hays, bill placed on the Orders of the Day for second reading two days hence.

[Translation]

### SALES TAX AND EXCISE TAX AMENDMENTS BILL, 1999

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend the Excise Tax Act, a related Act, the Bankruptcy and Insolvency Act, the Budget Implementation Act, 1997, the Budget Implementation Act, 1998, the Budget Implementation Act, 1999, the Canada Pension Plan, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Act, the Income Tax Act, the Tax Court of Canada Act and the Unemployment Insurance Act.

Bill read first time.

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

On motion of Senator Hays, bill placed on the Orders of the Day for second reading two days hence.

[English]

### CRIMES AGAINST HUMANITY AND WAR CRIMES BILL

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-19, respecting genocide, crimes against humanity and war crimes and to implement the Rome Statute of the International Criminal Court, and to make consequential amendments to other Acts.

Bill read first time.

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

On motion of Senator Hays, bill placed on the Orders of the Day for second reading two days hence.

[Translation]

### CANADA NATIONAL PARKS BILL

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-27, respecting the national parks of Canada.

Bill read first time.

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

On motion of Senator Banks, bill placed on the Orders of the Day for second reading Monday next, June 19, 2000.

[English]

## QUESTION PERIOD

### CITIZENSHIP AND IMMIGRATION

#### DEPORTATION OF CITIZEN OF CHINA—EXECUTION FOR CRIMINAL ACTS UPON RETURN—REQUEST FOR INFORMATION ON HEARINGS

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, to the Leader of the Government in the Senate, today's *Edmonton Sun* reported that a Chinese man expelled from Canada after fleeing here, one Mr. Fang Yong, was executed by the Chinese government for the crime of embezzling money.

Citizenship and Immigration Minister Caplan was unapologetic and non-compassionate on hearing of the execution which followed her deportation order. She noted that it is the policy of the federal government to deport people fleeing execution back to their home countries.

Would the Leader of the Government in the Senate table in this house as soon as possible any and all documents with regard to the deportation hearings relating to this case so that honourable senators may further examine this policy of deporting people who will end up being executed?

**Hon. J. Bernard Boudreau (Leader of the Government):** I thank the honourable senator for raising this issue. One can only regret any occasion on which an individual is executed, and certainly that would be my personal feeling in this particular case.

Obviously, none of those documents are in my possession. I shall convey that request to the minister and relay her response to the honourable senator.

#### DEPORTATION OF CITIZENSHIP APPLICANTS FACING CAPITAL PUNISHMENT—GOVERNMENT POLICY

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, in light of Canada's opposition to capital punishment and its ratification of United Nations human rights instruments outlawing the practice of the death penalty, and given the articulate expression of opposition to capital punishment made in this chamber on many occasions by honourable senators on all sides, would the Leader of the Government in the Senate clarify his government's position on this issue and also indicate whether he supports the actions of his cabinet colleague Madam Caplan?

**Hon. J. Bernard Boudreau (Leader of the Government):** Honourable senators, I am not familiar with the details of the case. Obviously now that the honourable senator has raised it here in this chamber, I shall familiarize myself and be in a better position to respond in more detail to his inquiry.

I should reiterate, and this, I believe, is a view shared by most if not all honourable senators, that I very much regret that capital punishment was imposed in this particular case. I do not think I can go beyond that at this stage.

#### NATIONAL DEFENCE

##### YUGOSLAVIA—ROTATION OF PEACEKEEPING SOLDIERS HOME—PROBLEMS OF RETURN FLIGHT

**Hon. J. Michael Forrestall:** Honourable senators, my question is for the Leader of the Government in the Senate. He will recall that, some weeks ago, I asked about problems in bringing Canadian peacekeepers back home to Canada. At that

time, it was Canadians involved in the Kosovo area. Among other things, the aircraft in question had mechanical difficulties, and it took these peacekeepers three extra days to arrive back. It does not seem like much, but at the end of a peacekeeping mission, after six months, you do not want to sit around somewhere and not be going home. All you really want to do is get there.

Peacekeepers of CHALK 14 were supposed to return on Monday evening of this week to Petawawa from Kosovo. I am told that the aircraft that was supposed to bring them home from a very ugly peacekeeping mission was taken by the government for some other purpose, and that the charter sent to replace it broke down in Greece. I hope that they are home now, but they were still in Greece late last night. This is somewhat unacceptable, and to many of us it is totally unacceptable. It is certainly totally unacceptable to their wives, families and children.

• (1350)

Will the government assure us that some way will be found to bring peacekeepers home when their time is up and that arrangements will be made to meet system criteria?

**Hon. J. Bernard Boudreau (Leader of the Government):** Honourable senators, the honourable senator is quite correct, as he relates the elements of that situation.

The Canadian Armed Forces airbus, which was originally scheduled to redeploy 130 Armed Forces personnel back to Canada, was utilized to transport a rather significant delegation to the funeral for the leader of Syria. That decision was made with certain time constraints with respect to the funeral of the late Hafez Assad, and the rather large Canadian delegation that was being sent to that funeral.

A replacement aircraft was deployed but, as the honourable senator pointed out, there was a mechanical difficulty with that chartered aircraft. It was a privately chartered aircraft and, at the last minute, there was a mechanical difficulty that required the aircraft to return to the airport. A second replacement commercial aircraft was sent yesterday. As we speak, I am not aware of whether the forces are back in Canada, but I can certainly inquire.

Obviously, I agree that, after serving on a very arduous and, at times, dangerous mission, our peacekeepers were very anxious to get back to Canada. We want to return them to this country as quickly as possible. However, those are the circumstances surrounding the delay.

**Senator Forrestall:** Honourable senators, I wish the minister would address the most important part of the question, namely, will he ensure that those people who enter into contracts with the Department of National Defence and the Government of Canada for such purposes provide equipment that will arrive on time, leave on time, and arrive safely back here in Canada?

Honourable senators, I have a related military question. In light of the fact that time is running out and keeping in mind that the government's commitment to replace the entire Sea King fleet by 2005 is becoming more and more a pipe dream — I shall not mention the content of the pipe that I have in the back of my mind — will the government make an announcement on the Sea King replacement prior to the parliamentary summer break? The other place, as we know, is set to adjourn later today or some time tomorrow. Will we have an announcement before the House of Commons rises for the summer?

**Senator Boudreau:** I have no information to share with the honourable senator with respect to either the timing of any announcement, or whether it will be made before the House of Commons adjourns. I am afraid that I cannot enlighten him at all in that respect.

With regard to the replacement of aircraft and the chartering of private aircraft to bring our Canadian forces personnel home, of course, it is the object of government to ensure that these aircraft are suitable to perform the purpose for which they are chartered. Occasionally, however, these things can and do happen. Apparently, it did happen in this case and a replacement aircraft was obtained without delay.

I cannot guarantee that this will never happen again, but it is certainly the objective of the government to return our forces when they are scheduled to be home.

**Senator Forrestall:** This is now the second time that we have had serious delays, reports of mechanical failure, and so on. I am questioning both the fitness of those people who offer aircraft for charter to the Government of Canada for this particular role and whether or not the equipment that they are putting forward is reliable. I do not want to return to the issue of the Sea Kings. I shall leave that for the moment. We are here for another three or four weeks and, who knows. I am reminded of an old phrase, "It is looking a lot more like August than the end of June." I am running out of time myself, I am afraid.

## TRANSPORT

### CANCELLATION OF CANADIAN TRANSPORTATION AGENCY HEARINGS ON PORT OF HALIFAX LEASE DISPUTE WITH HALTERM LIMITED

**Hon. J. Michael Forrestall:** Can the minister tell us if he was consulted about the cancellation of the Canadian Transportation Agency hearings in the Port of Halifax lease dispute with Halterm Limited prior to the announced cancellation? Will the minister for Nova Scotia go to the Minister of Transport and request that the hearing be reconvened immediately so that this agreement can be settled?

**Hon. J. Bernard Boudreau (Leader of the Government):** Honourable senators, I wish to address the first part of the senator's question concerning the reliability of replacement aircraft. I am prepared to make inquiries of the minister with respect to this particular company, whether or not they have a record. I shall inquire as to whether or not this event that has occurred is an isolated incident for that company or whether that

company has a record of other similar incidents. I shall attempt to get that information and share it with all honourable senators.

Honourable senators, with respect to the CTA decision, the answer is yes. I was aware and consulted on the decision prior to its announcement. I communicated my views to the Minister of Transport in advance of the decision.

**Senator Forrestall:** Honourable senators, I would not want to ask the minister to disclose a confidence, but we might appreciate it if we could learn what that advice was and whether or not the minister is likely to rescind that directive and let the transportation agency resolve this problem.

Incidentally, I tend to agree. It is not for the Canadian Transportation Agency to resolve those kinds of domestic issues. The matter should have been sorted out among the parties themselves a long time ago. As someone said, however, it is always nice to see Liberals fighting amongst themselves.

**Senator Boudreau:** The honourable senator is making an assumption that I do not necessarily support. I am sure he does not expect me to reveal the nature of the conversations that took place in cabinet with respect to this decision. I can tell him, however, that as it stands now, I have no indication that the government intends to reverse that decision.

## ORDERS OF THE DAY

### MODERNIZATION OF BENEFITS AND OBLIGATIONS BILL

#### THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator P  pin, seconded by the Honourable Senator Callbeck, for the third reading of Bill C-23, to modernize the Statutes of Canada in relation to benefits and obligations.

**Hon. Anne C. Cools:** Honourable senators, I rise today to speak to third reading of Bill C-23. First, I should like to express my disappointment that the Senate committee, in its study of Bill C-23, did not take the opportunity to improve this bill. In my speech at second reading on May 9, 2000, I had stated that I believed that the bill was insufficient. At that time, I attempted to point out what I saw to be the major insufficiency. At that time, I had hoped, perhaps naively, that my concerns would find some favour with the Minister of Justice.

• (1410)

Honourable senators, I must say that my concerns did not find favour with the minister, and I have concluded that, for me, favour with the Minister of Justice is an elusive goal. However, as the future unfolds — and as honourable senators here know, I am eternally optimistic — I shall continue to hope that one of these days, my point of view will find favour with the minister.

Honourable senators, I had also stated that I believed that Bill C-23 was poorly drawn and that it was drawn in a way to attract legal challenges, particularly in respect of the very important social institution of marriage. As honourable senators know, there is a clause in this Bill C-23, being clause 1.1, entitled "Interpretation," which reads as follows:

For greater certainty, the amendments made by this Act do not affect the meaning of the word "marriage", that is, the lawful union of one man and one woman to the exclusion of all others.

As honourable senators know, that definition of marriage was taken from the late nineteenth century case called *Hyde*. That clause made its way into the bill as the Minister of Justice responded to many concerns raised in the House of Commons in respect of the possible erosion of the institution of marriage.

Honourable senators will recall that I had said that not just that clause but the entire bill was so drawn as to attract legal challenges, and I am pleased to see that my concerns or fears were confirmed yesterday in debate when the Senate sponsor of the bill, Senator Pépin, essentially made such an admission to us. At page 1569 of yesterday's *Debates*, Senator Pépin said the following:

I agree with EGALE, who felt that the rule of interpretation exposes Bill C-23 to constitutional challenge. Before long — in fact, it is already happening — gays and lesbians will be asking why marriage is reserved only for heterosexual couples, and the courts will have to decide the matter.

Senator Pépin continued to recite the fact that other witnesses had made similar statements.

My answer to that, honourable senators, at the risk of being naive, is that I am of the opinion that marriage is such an important social institution that Parliament owes that institution its protection, and Parliament owes the maintenance of marriage by its legislative duty and powers.

Again at the risk of being naive, I sincerely believe that it is possible for a government and a minister of Justice, with all the lawyers at their disposal and with the largesse of the treasury, to have drafted a bill that satisfied social concerns in respect of the maintenance of marriage and that, at the same time, satisfied other social concerns in respect of granting to homosexual persons particular benefits and pensions. I do believe it is possible to draw such a bill adequately.

I should also point out that the Department of Justice officials, in their testimony before the committee, made a profound point, which is that benefits are always welcome but obligations are not always equally welcome, and that, in point of fact, the issue of homosexual persons and the obligations they wish to take on had not been sufficiently addressed or perhaps were not as clear.

If honourable senators will recall, in the particular case of *M. v. H.*, in which the Supreme Court ruled in respect to

section 29 of the Family Law Act of Ontario, what emerged very clearly is that at least 50 per cent of that unit — the case involved two women — did not believe that they had given or received spousal obligations and responsibilities. This particular question still has not been canvassed by Parliament and is still begging, to my mind, proper study. The question is: How many homosexual persons really want spouse-like or marriage-like obligations? Benefits are always welcome; obligations are a different matter.

Honourable senators, the question of marriage is one that is meaningful and of great importance to me because it is meaningful and of great importance to the entire community. I sincerely believe that it is our duty to look after that institution because it has been, for a few thousand years now, the primary social institution for procreation and the bringing forth of future generations. It is extremely important that it be protected. In the future, I shall have much to say in this place about the question of marriage.

Honourable senators, I should like to move very quickly to some of the issues that Senator Andreychuk raised yesterday, with respect to the somewhat surprising testimony before the committee on the question of the Cree-Naskapi Nations. Senator Andreychuk articulated yesterday — and I have no need to repeat it — the consistent and persistent neglect of our First Nations people. Again, I should hope and plead that the government look at that issue with greater care and greater attention so that the First Nations are properly consulted before a bill arrives for consideration in the Senate in what I should consider to be a virtually intact form. We heard some excellent testimony from the Cree-Naskapi representatives and, as one who knows very little about First Nations issues and First Nations questions, I was especially touched and impressed. I hope that this particular question will receive proper attention from the respective ministers.

Honourable senators, everyone is quick to talk about the protection of children. Parliament, through the doctrine of *parens patriae*, has a particular responsibility to look after children. The raising of children is an enormous responsibility. I think we are pretty unanimous in believing that any couple or any group of human beings who undertake to raise children are making a contribution to the future of humanity. The dictates of primitive morality have always upheld that the first duty of human beings is to continue the species. For that reason, marriage developed through quite-often tortuous, difficult routes into the institution that we have today. When people set out to raise children, society should accord them all the support it possibly can give.

• (1410)

Having said that, honourable senators, I wish to close by saying, again, that I was profoundly disappointed that the bill chose to employ the drafting techniques that it did and that it chose to employ the words "of a conjugal relationship." I would have been happier had the bill employed, for example, the technique that Mr. James Flaherty, the Attorney General of Ontario, employed in his bill.



I also wish to urge honourable senators to be mindful that these points are not mystical points, neither are they arcane points. In the long run, the question has to do with the acceptance of or the abdication of our responsibility.

Honourable senators, I have a difficult time with Parliament's consistent abdication of its responsibility. It is handing off the duty and the responsibility of making difficult social and public policy decisions to the courts. Parliament is the appropriate forum for the making of such decisions, and I eschew the abdication of our responsibility.

**Hon. Nicholas W. Taylor:** Honourable senators, some might think that the first cross-pollination effect of senators changing seats has taken place, but I assure you that I was standing for corrections on Bill C-23 back in May.

I, too, am disappointed for slightly different reasons than my seatmate. My particular beef is for couples who are not married and who are not homosexual partners. I was a little disappointed that this bill did not take the opportunity to rectify that situation.

Extending benefits and obligations to common-law partners regardless of their sexual orientation makes sense. In fact, continuing to exclude certain couples because of their sexual orientation would be a direct violation of Canada's rights and freedoms. We are just catching up with the courts in that regard. We are not moving ahead.

In addition, every member of the public service pays the same amount of money for his or her benefits. Thus, it would be unfair to have one policy for one group, such as a legally married group, and another for a second group, an unmarried group, based on the same contributions. Members of the second group, or the unmarried group, would be paying for benefits that they would not receive. They would be paying for benefits exclusively enjoyed by the first group, the married group. The bill fixes that inequality.

Hence, one might ask what my problem is. I have two problems. The first lies in the term "relationships of a conjugal nature" used to define common-law partners who have been living in such a relationship for one year or more. I believe the definition of conjugal relationship is shared shelter, sexual and personal behaviour, services, social activities, economic support and children, as well as society's perception of a couple.

In my opinion, that does not go far enough. For greater certainty, the amendments made by this bill do not affect the meaning of the word "marriage," which is positive. The addition put many minds to rest, but some confusion remains, as with an earlier bill, Bill C-78. The notion of a relationship of a conjugal nature on which to base a common-law partnership is undefined in the legislation.

We shall report to the courts. The courts, I guess, will turn around and refer us to the legal enforcement authorities. We asked the government to stay out of our bedrooms when it came

to heterosexual or homosexual couples. We are now asking the nation to come back in to ascertain whether the couple is really a homosexual couple. After all, two brothers or an uncle and a nephew could be living together. I do not know how we would investigate that situation and how that would fit under conjugal relationships.

Even with this guidance from the courts, there are many different opinions about the exact meaning. We are left to wonder how many of those characteristics would be judged sufficient and who would decide if they were present. It appears that the sexual behaviour characteristic is important. That definition is perhaps the only one, with the exception of children, that really differentiates between college roommates who are good friends, for example, and this notion of a common-law partner.

I am sure everyone agrees that it is difficult for the government to establish whether sexual behaviour is part of a relationship, even if the government decides that this is something it really wants to do. This definition will, therefore, leave Bill C-23 wide open to abuse. Even adamant supporters of the bill have raised this concern to me and have admitted it poses a problem.

One solution that has worked in many other countries has been to refrain from policing relationships or deciding which relationships qualify for which benefits and for which reasons. These countries have established systems called registered domestic partnerships or reciprocal beneficiaries. Certain states in Australia have gone ahead with a system of this nature. Unmarried citizens may name one dependent to be the recipient of their benefits, much as we do with life insurance.

I know senators have heard the argument that such a system might be costly, but I do not think so. Nearly everyone who leaves this world, even if they do not leave a partner, leaves behind someone who will claim the pension. It may be a remote nephew, a relative or a grandson, but there is always some demand for that money. Extra costs to the state would be negligible, if any. I read a report by *London Life* about a year ago which stated that costs may increase by 2 per cent at the very outside.

Therefore, a gay couple could go ahead and name each other, if they wish, or a mother could name an unmarried son without the government intruding or attempting to rule on the exact nature of the relationship. If the mother were to name her unmarried son as her survivor, some needle-nose from the tax department could come in and say that it was not a conjugal relationship.

I find this option much more logical and feasible. From an administrative point of view, it is fair. The major problem in this bill is that despite including one minority group, it still excludes another minority group. It excludes ordinary Canadians who are just as deserving of benefits as any other group. It excludes those Canadians who are in a form of domestic organization other than marriage or a common-law relationship.

Honourable senators, this bill is said to modernize the statutes of Canada in relation to benefits and obligations. I say that it barely catches up to the 20th century. It is said to be a recognition of the current reality in Canada that important, committed relationships exist other than heterosexual couples. Yes, the bill goes part way but not all the way.

What about two brothers working and growing old together on the family farm, or the elderly woman being cared for by her daughter? Many of us know people in situations such as these because they never married or they were married and were faced with the death of their spouse. The current reality in Canada is that many caring, committed, dependent and interdependent relationships, other than couple relationships, are relationships of a conjugal nature.

Unlike the first step on the moon, which was one small step for man and a huge step for mankind, all I can say about this bill is that it is one small step.

**Hon. Marcel Prud'homme:** Honourable senators, I would ask permission to ask a question of our honourable friend Senator Taylor.

I attended some of the deliberations on the bill. I read almost everything that was said about this bill, and I made suggestions to some members of the committee.

The Minister of Justice “seems” to be instituting a committee to look into everything that Senator Taylor has just said as to the future steps that should be taken.

• (1420)

I know of some senators who have a dependency relationship with a daughter, a mother or a brother or sister. I do not want to get personal in naming names. Those of us who know almost everyone here know about this fact.

In France, they are facing a difficult debate between left-leaning and right-leaning politicians. It was a lady from the “right” who found a solution which she called “pact.” “Pact” means any two people who care for each other officially and publicly and wish to share benefits. This helped to deal with all the atrocities put forward in the debate by the many speakers who were adamantly opposed or adamantly in favour of the proposal.

Is the honourable senator satisfied that, at the moment, enough has been said by the government of the day that they will not only study but accelerate future steps that should be taken to have a harmonious society? I talked earlier about one street in the neighborhood of my sister, who passed away from cancer some months ago. I did not knock on every door but there were seven people who were directly touched and who could not extend benefits to each other, even though they were known by all of society as living and caring for each other.

In the Red Book, the government stated that it will look into this matter. I have said clearly in committee that there is an aura of unfairness around this issue. However, I do not want to oppose

this bill merely because it does not contain something which I think would make it complete, clear and fair.

I have listened to the speeches of the honourable senator. Is he personally satisfied that steps two and three will be taken by the government, or will they only be postponed? Are these just promises concerning a bill that is controversial in many circles? Is it only a promise that will never be fulfilled or is the honourable senator satisfied that the next step will be taken sooner rather than later?

**Senator Taylor:** Honourable senators, I shall be supporting the bill because it is a step in the right direction. Admittedly, we are moving at a rate of glacial slowness. I say that advisedly as a geologist.

In all fairness to the legal beagles who worked on this issue, in Canada we have property laws. Anything to do with couples which touches on property — and I shall check with some of my legal friends on this — is pretty well the exclusive prerogative of the provincial governments.

The situation is an intricate one and has to be worked out. A number of acts of Parliament will have to be changed. I do not think you can rely on government of any political stripe to move ahead unless you give them a kick every now and again. What we have to do this fall, and again in the spring, is move that agenda along and see if the public wants to move it along. My own feeling is that a large part of the public would like to see accomplished what I have been talking about.

We are happy that we have taken a small step, but we have half a dozen more to take. We shall have to talk to the provinces in the process.

I am satisfied that the problem is in the pot, so to speak. However, I do not know if the gas is turned up high enough to cook it yet, but it is in there and it has started. I am satisfied to that extent. Come this fall or next spring, I may have to show my dissatisfaction again.

**Senator Cools:** Honourable senators, perhaps Senator Taylor may have some other insights. There are so many strategies that could have been employed in developing this bill. I think the preferred strategy for most of us would have been the one that Senator Taylor raised. He spoke of the issue of dependency and mentioned all persons — brothers, sisters, mothers, all human beings. That was one strategy that could have been adopted. However, the minister chose not to adopt it, even after she told senators before another committee studying 1998's Bill C-37 some years ago that she was intending to go that route.

Another strategy put before her was also outlined by Senator Taylor. I refer to the strategy of framing legislation around the concept of domestic partnerships in relationships. The advantage of such a strategy is that the parties to the relationship have to indicate a commitment to a relationship. After all, that is what is required. Right now, the bill is wide open. How does one determine whether or not a relationship existed? There is no accommodation whatsoever in the bill for a homosexual couple to indicate very clearly that such a commitment was made.

[ Senator Taylor ]

The definition of marriage as outlined in *Hyde* is a very important point because it speaks to the voluntary commitment.

**The Hon. the Speaker *pro tempore*:** Senator Cools, I am sorry to interrupt, but Senator Taylor's 15-minute speaking time is now exhausted as a result of the questions posed by Senator Prud'homme and yourself.

**Senator Cools:** I have heard no objections.

**Hon. Dan Hays (Deputy Leader of the Government):** Honourable senators, I propose that we give leave to extend the time for 10 minutes.

**The Hon. the Speaker *pro tempore*:** Is it agreed, honourable senators, that we extend the time for a further 10 minutes?

**Hon. Senators:** Agreed.

**Senator Cools:** Honourable senators, I was in midstream on asking Senator Taylor for some clarifications. A very troubling element of this bill is that it seems to rely on what Senator Taylor called the entry of the state into the bedrooms of the nation. Our former leader Mr. Pierre Elliott Trudeau stated very strongly many years ago that the state does not belong in the bedrooms of the nation.

One of the concerns that has been raised, again and again, about this particular bill is that someone other than the two individuals themselves will have to make a determination as to whether a conjugal relationship existed. It would have been much better to see a formalized, voluntary agreement or statement made by the individuals themselves.

Does the honourable senator have any insight into why, in the face of these different choices, the minister rejected those strategies, one strategy being the economic dependency for all relationships and the other strategy being domestic partnerships, and opted for the particular option that is in Bill C-23?

**Senator Taylor:** No, I do not, although I must admit that the minister is part of our Alberta caucus and, occasionally, we exchange opinions.

The minister is quite aware of the problem. She did alter the bill somewhat when it went through the other place to strengthen the definition of marriage and marriage for children, which is very much the same as the old Christian philosophy dating from the year 600 or 800. I believe that it was decided at the Council of Trent that marriage was for children. That has been repeated some 1,200 years later, which is probably a good idea.

I think the Honourable Senator Cools is talking about how we shall determine whether a relationship between a homosexual couple is conjugal, which leaves an opening for the police state to look into the matter.

• (1430)

I believe the minister's approach to the problem was to talk to the provinces first and then come back. My approach would be to

put it out there until the provinces either agree or disagree. This is an issue in which the provinces must be involved because of the property rights associated with marriage and other types of unions or partnerships. I should like to have seen more leadership in that respect.

**Senator Cools:** Honourable senators, perhaps I should suggest to all concerned that Senator Taylor be the new minister of justice.

**Senator Taylor:** Man doth moveth here!

**The Hon. the Speaker:** If no other honourable senator wishes to speak, is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

**An Hon. Senator:** On division.

[Translation]

**Hon. Roch Bolduc:** Honourable senators, I request that my dissent regarding this bill be recorded in Hansard.

[English]

Motion agreed to and bill read third time and passed, on division.

## VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I should like to draw to your attention some distinguished visitors in our gallery from Bulgaria. They are members of the Bulgarian Parliament.

On behalf of all honourable senators, I wish you welcome here in the Senate of Canada. May your stay in Canada be a pleasant one.

## CAPE BRETON DEVELOPMENT CORPORATION DIVESTITURE AUTHORIZATION AND DISSOLUTION BILL

### SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Boudreau, P.C., seconded by the Honourable Senator Graham, P.C., for the second reading of Bill C-11, to authorize the divestiture of the assets of, and to dissolve, the Cape Breton Development Corporation, to amend the Cape Breton Development Corporation Act and to make consequential amendments to other Acts.

**Hon. John Buchanan:** Honourable senators, I shall try not to repeat much of what I said yesterday, but inevitably there may be a repeat of some of my comments. Since speaking yesterday, I have had some people mention to me that they thought some of the comments I made were incorrect, particularly with respect to a new coal mine in Cape Breton and the feasibility of such a coal mine.

Before getting into that, I want to repeat that the first issue before us is what will happen to the 900 miners who have been left in a hinterland — some of whom will be employed at the Prince colliery and others who will be on severance.

Honourable senators, let's talk for a minute about what the Government of Canada is proposing. The government is proposing to sell all of the assets of the Cape Breton Development Corporation and get out of the coal mining industry. I said yesterday that I have no problem with that proposal. It has been coming for many years, and we understand and appreciate the reasons. However, it seems incredible that at a time when unemployment is high in Cape Breton, we shall add to that unemployment when we should not be doing so.

It is important that all honourable senators understand the following, and I shall repeat what I said yesterday so that it is very clear. First, a considerable tonnage of coal that can be mined economically and feasibly remains in the ground in Cape Breton. Second, there are miners in Cape Breton ready, willing and able to continue work in a new coal mine. Third, the opportunity for a new coal mine in Cape Breton will probably be lost if the federal government goes ahead with its plan to sell all of its assets to an offshore company or to a company in the United States. One such company is located in Florida, and I do not think there are many coal mines in Florida.

Honourable senators, I have been told that the opportunity for a local company to develop a new mine in Cape Breton to supply the Nova Scotia Power Corporation is real. I have been told that regardless of whether the assets of Devco are sold to a company in the United States, this mine could go ahead.

That is just not correct, honourable senators. If we look at the opportunity available to a new owner of Devco's assets, we find some startling information. As I mentioned yesterday, the assets include Prince colliery, the Donkin mine site, the resource block, the railway and railway maintenance centre, the deep-water port, the coal preparation plant, the lifting and banking setter, and the central maintenance facility. All of those assets are included, plus the investment highlights of the long-term supply agreement for coal to the Nova Scotia Power Corporation.

Why is it that the government stresses in its bidding process the long-term supply agreement with Nova Scotia Power? The only possible way that would interest an owner from Florida is that they would be able to supply the requirements to the Nova Scotia Power Corporation with offshore coal, or coal from the United States or Colombia. If we read the agreement, it says that the new owner of the Cape Breton Development Corporation assets will need to come to an agreement regarding future contractual arrangements with Nova Scotia Power Inc. A letter of

intent profiles the requirements of the long-term agreement in existence now, plus new contractual relationships with Nova Scotia Power.

Honourable senators, why is the Government of Canada stipulating in a bidding proposal that one of the great assets that will be sold to a new investor, and probably an investor in the United States, is a special-purpose bulk terminal facility located in the large sheltered harbour of the Cape Breton Regional Municipality and owned and operated by the Cape Breton Development Corporation? Senator Boudreau, Senator Graham, Senator Murray and I know where it is located, and it is first class. The CBDC facility gives direct water access to customers and suppliers located in the Great Lakes Basin, the Eastern Seaboard, Europe and Asia. It was recently expanded to accommodate Panamax-size carriers with a capacity of 60,000 to 70,000 tonnes. The facility was recently upgraded, at a cost of \$1 million, to provide an importation capability. As such, the CBDC facility is ideally suited for the importation and delivery of the incremental coal requirements of Nova Scotia Power Inc., those being the requirements of Nova Scotia Power over and above what can be produced at Prince colliery. In the range of 2 million tonnes of coal will now be imported into Cape Breton to fulfil the requirements of the Nova Scotia Power Corporation.

• (1440)

It is not a bad deal for a company in Florida to not only buy the assets of the Cape Breton Development Corporation but to also get a long-term contract to supply coal to Nova Scotia Power. It is an exclusive deal. In addition, they will buy the port facilities through which they can bring the coal in, unload it, and deliver it to Lingan 1, 2, 3, 4, the Trenton power plant and the Point Aconi generating plant.

Yesterday, honourable senators, I mentioned the mines that were opened in Cape Breton in the late 1970s and early 1980s. I referred to Phalen, Lingan and Point Aconi. I meant to say Prince colliery. Point Aconi is where the generating plant is located.

You might say that that is available to Nova Scotia companies which will employ Cape Breton miners, who are certainly well equipped to mine coal. That is wrong. It is not available. The Government of Canada had ensured that it is not available to Nova Scotia companies or to Cape Breton miners.

Honourable senators, I shall read to you a proposal dated May 17, 2000, put forward by the Cape Breton Miners' Development Co-operative Limited. Some very knowledgeable Scotians are involved, including Aubrey Rogers, a chartered accountant well-known to Senator Boudreau; Dougie Burns, a well-known Cape Breton contractor, excavator and businessman; Jim Gogan, retired former president and CEO of the Empire group of companies, one of the very successful organizations in Atlantic Canada; and Steve Farrell, a mining engineer extraordinaire, something no one in this Senate can challenge. In particular, none of Senator Boudreau, Senator Graham nor Senator Murray would challenge that fact. They and I all know very well the history of mining and the people involved.

Why do these very competent businessmen, engineers and consultants not have the opportunity that will now be given to an American company to import coal into Cape Breton?

The first page of the introduction to this proposal reads:

The Cape Breton Miners' Development Co-operative Limited was formed in 1998.

The Co-op believes there is a long term viable future for coal mining in Cape Breton and that the Co-op has an important role to play to ensure coal mining's success in Cape Breton.

This is being said by great Nova Scotian businessmen who know the mining industry.

The Co-op presented a bid for all of DEVCO's assets but were turned down —

— that is, turned down by the Government of Canada —

— because the Co-op did not have management.

I challenge members on the other side, including my two Cape Breton colleagues, to say that the people I just mentioned do not have good management skills.

**Hon. B. Alasdair Graham:** May I ask a question for clarification?

**Senator Buchanan:** Certainly.

**Senator Graham:** The honourable senator is correct that he has an in-depth knowledge of coal mining in Nova Scotia. He just said that the aforementioned group was turned down by the Government of Canada. Though I believe Senator Buchanan to be absolutely correct in his description of the group, he should clarify that their bid was turned down by Nesbitt Burns, the agent hired by the Cape Breton Development Corporation, which is a Crown corporation operating at arm's length from the Government of Canada. It is Nesbitt Burns that did not include on the short list the group that Senator Buchanan mentioned. I say that simply for purposes of clarification.

**Senator Buchanan:** For purposes of clarification, Senator Graham is partially correct. However, is he saying that Nesbitt Burns, on its own, turned down a group of Nova Scotians that, I think he will admit, has great business expertise and competence, not only in business and consulting but also in mining and engineering? Let us be frank. Senator Graham and I know why they were turned down. They were turned down because the Government of Canada decided that it does not want Nova Scotians involved in coal mining again. The government prefers to turn it over to someone in the United States or elsewhere who will leave us alone and never bother us again. That is why the bid was turned down, and Senator Graham knows that is why it was turned down.

**The Hon. the Speaker *pro tempore*:** I regret to interrupt the Honourable Senator Buchanan, but his allotted time has expired.

**Hon. Dan Hays (Deputy Leader of the Government):** Honourable senators, I suggest that we agree to extend Senator Buchanan's time by 10 minutes.

**The Hon. the Speaker *pro tempore*:** Is leave granted, honourable senators, to extend the time allotted to Senator Buchanan by 10 minutes?

**Hon. Senators:** Agreed.

**Senator Buchanan:** Honourable senators, Donkin Resources Limited is an integral part of the Cape Breton Miners' Development Co-operative Limited. This proposal was not something they put together on the spur of the moment. If it had, I may not have given it much credence. However, Donkin Resources has been involved in this project since 1997. The Donkin mine has a large coal reserve and an experienced workforce. No one on that side would deny that the miners of Cape Breton are experienced. It is a coal mining community and it has local markets. There is an exclusive market for coal in Nova Scotia, and primarily in Cape Breton with its five generating plants.

The co-op's project was verified by SNC Lavalin, Kilborn Engineering, CBCL Limited, and Grant Thornton on the financial side. These are not small local groups put together by Steve Farrell, Jimmy Gogan, Aubrey Rogers and Dougie Burns. They and I have talked to consultants such as Bill Shaw of Antigonish, one of the better known geologists in Nova Scotia, and other world-class consultants.

• (1450)

What is involved here? Approximately 1.2 million tons of coal can be mined from this reserve. It will now be given away to an American company which will never develop it because as brokers they can sell their own coal to Nova Scotia Power, and the Cape Breton miners will be unemployed.

The capital cost is \$143 million spread over 20 years, and that money would be recovered by the sale of coal to the Nova Scotia Power Corporation. The cash flow requirement is \$70 million. Someone said to me last night, "There is the rub. They will want the federal government to give them \$70 million." No, not at all. They have already had verification that the \$70 million can be raised privately. Does that surprise the government? No, it does not, because you already knew that.

The government also knows that they will not be able to get \$70 million from banking institutions unless they have the contract with Nova Scotia Power Corporation as security, and that is not available to them. I have already shown honourable senators, in the call from Nesbitt Burns, that that is part of the deal for the American group. That group will get the contract and leave all of our native Cape Bretonners and Nova Scotians out in the cold, so to speak. The local group will not have the opportunity to raise the money because they would not have the security of the Nova Scotia Power Corporation contract.

What do they need? First, the investors will not put money into an old Devco regime. That is taken for granted. However, they will put the money into a new company called Donkin Resources Limited which will also be part of the Cape Breton Miners' Development Co-operative. They will need a modern labour agreement, which they have already indicated they will be able to receive.

Will they be able to market the coal? Absolutely. The Nova Scotia market is 3 million tons of coal. Where will they sell it? To the Nova Scotia Power Corporation. The Prince mine will provide 1.2 million tonnes. Nova Scotia strip mines will provide approximately 400,000. Therefore, there is an available market for the new coal mine of 1.4 million tonnes. In addition to that, they can also look forward to expanding by another 1 million tonnes to compete in spot export markets. That is not an absolute requirement, but it is a big plus for them.

Yes, I have been on the phone, and I have had a few people from Cape Breton in my office. I had a call from an individual who said, "Listen, you are beating a dead horse here because all the generating plants in Cape Breton will be powered by natural gas. You know, Buchanan, you are the one who should agree, because you shoved and pushed and signed agreements all through the 1980s for natural gas to come to shore in Nova Scotia."

That is true, but natural gas will not be economical for the power corporation. Here is a chart showing price estimates for natural gas and Donkin coal in Nova Scotia. I can show this to senators who are interested later. Based on Canadian dollars per million BTUs, the chart indicates very clearly that natural gas is over \$4 and that Donkin coal is a steady \$2. This chart was made before the recent increases in the cost of natural gas. The power corporation has already said they will not be converting all those big generating plants built in the 1970s and 1980s to natural gas. The cost would be incredible. Coal still provides the best economics for them. It is all here.

They can increase the generating capacity of Nova Scotia Power by 20 per cent, if need be, with this new coal supply. If my dear friend Elizabeth May reads this, which she will, she knows that our generating plant at Point Aconi reduces SO<sub>2</sub> by 90 per cent. It is not just me saying this; it is right here in the Nesbitt Burns report on the Point Aconi Generating Plant.

Here is another interesting point. Donkin coal and Prince coal working together will reduce greenhouse gases in Nova Scotia. It is right here. All the charts are right here. That is about all I shall say.

I just want to read something to you. Remember that we are talking about the lives of 1,000 men and their families in Cape Breton, Senator Boudreau and Senator Graham. I have no doubt that the honourable senators have been getting these letters. I have one of them here. This is to all members of the Senate, care of myself:

It is with great urgency I am writing this letter. This is, without a doubt, the most important issue to fall upon Cape Breton in years. I am referring to Bill C-11. The bill must be

stopped now. The original Devco Act assured some stability in Cape Breton, especially in section 17(4)(b)...

I referred to that section yesterday, which says that the federal government must do everything reasonable and possible to avert unemployment in the coal mining areas of Cape Breton when coal mines close.

It is difficult to determine the actions of Ottawa and their attitude toward islanders.

How do you change the rules midstream without consulting the stakeholders?

Ottawa is relinquishing all responsibility to laws they themselves implemented and voted on in 1967.

I think that if the Honourable Allan J. MacEachen were here, he would certainly agree with what is in this letter. However, he is not here, so Senator Boudreau, Senator Graham, Senator Murray and I will have to fight the good fight ourselves. The letter goes on:

They took their ideas to Cape Breton and people signed on...

Now it seems that, after giving the best working years of their lives, they have been discarded at the whim of Ottawa with a mere stroke of the pen.

**The Hon. the Speaker *pro tempore*:** Order. Senator Buchanan, I am sorry, but your speaking time has expired.

**Senator Buchanan:** May I finish this last paragraph?

**The Hon. the Speaker *pro tempore*:** Yes.

**Senator Buchanan:** Thank you. The letter continues:

Since the 1967 Devco Act, 7800 people received retirement benefits. There are 904 people left, most of whom have well over 20 years accumulated service. Shouldn't we fall under the same legislation?

My wife and I are near approaching 50 years of age. I have 23 years with Devco. How can I convey to you how fearful we are at the prospect of having to start from scratch?

Like most people, we have mortgages and bills. We pay for university and have accepted the sad fact that our children will probably exercise their brain power off the island.

Dear Senator Buchanan, hope for Cape Breton is waning at a rapid speed. Desperation forces me to implore you to please read this letter into the record and intercede on behalf of islanders.

It is signed by Donald MacKay, 4 Fortune Street, Scotchtown, Cape Breton Island.

Honourable senators, people like Mr. MacKay and the others are not looking for severance. They want jobs. However, if the jobs do not come to them, they want the severance, and then they want the opportunity to go and look for jobs. The jobs are there in Cape Breton if you would only listen to what the miners are saying and what the Cape Breton co-op group is saying, along with Donkin Resources.

**Hon. J. Bernard Boudreau (Leader of the Government):** I wonder if I might have leave to extend time for one short question.

**The Hon. the Speaker *pro tempore*:** Is leave granted to extend time for one short question?

**Hon. Senators:** Agreed.

**The Hon. the Speaker *pro tempore*:** And one short answer.

**Senator Boudreau:** Once the honourable senator hears the question, I am sure his answer will be just as brief.

• (1500)

The issues the honourable senator raises are interesting and perhaps might be addressed very productively in committee, but, if it were discovered that the Donkin Resources proposal should move ahead, would it not be necessary to pass this bill first? In fact, if this bill were not passed, it would be legally impossible for that proposal to proceed.

**Senator Buchanan:** I disagree 100 per cent with that, honourable senators. What the government is asking us to do here is to buy a pig in a poke. They are saying, "Oh, yes, pass this bill, get it out of the way, and then we shall look after Cape Bretonners." That is a lot of nonsense, and the honourable senator knows it. Let us clear up these unknown quantities now. Why not take a leap of faith and support Cape Breton businessmen, Nova Scotia businessmen, Nova Scotia mining engineers and Cape Breton miners? That is what must be done.

**Hon. Lowell Murray:** Honourable senators, I understand the leadership on both sides have decided that they would prefer at this point to proceed with another bill. That is fine. I, therefore, will propose the adjournment of the debate on this bill and speak tomorrow.

On motion of Senator Murray, debate adjourned.

# INCOME TAX ACT EXCISE TAX ACT BUDGET IMPLEMENTATION ACT, 1999

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Poulin, seconded by the Honourable Senator Mahovlich, for the second reading of Bill C-25, to amend

the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999.

**Hon. J. Trevor Eyton:** Honourable senators, while for a time it was looking like I would not have this opportunity because of the Cape Breton discussion, I am pleased to respond to Bill C-25 on behalf of the official opposition. Most of the measures in this bill date from the February 1999 budget, some 16 months ago. Once again, this April, Canadians were asked to file their tax returns and remit taxes on the basis of tax changes that were not yet law. Why does it take so long to bring tax changes before Parliament? I suppose one reason is that our tax code is getting so complicated, even the government's drafters cannot figure it out.

This bill does provide some welcome tax relief, albeit modest, but neither Bill C-25 nor the February, 2000 budget will provide the significant tax relief needed to make Canada a truly competitive place in which to invest and to make a living.

Honourable senators, the government tells us that, even with an \$8-billion surplus last year, it cannot afford more meaningful tax cuts now. Remember, honourable senators, that surplus was achieved in spite of demonstrable waste in HRDC and otherwise. That was handily overwhelmed by projected record revenues amounting to some \$165 billion, \$48 billion over its annual revenues when the government took office in 1993.

Honourable senators, the plain truth is that we cannot afford to continue to have tax rates that are among the highest in the OECD. How can we compete on an even footing when our corporate tax rates continue to be the second highest in the industrialized world, and will be for at least another five years?

On the personal tax side, we also have a promise of significant tax cuts, but not just yet. Canadians will continue to face personal tax levels that are out of line with those of our major competitors. How can we expect to keep our best and brightest here in Canada when they can readily add tens of thousands of dollars to their take-home pay just by leaving the country? How can we expect head offices to stay in Canada when our personal tax system makes it more costly to recruit and retain managerial and professional talent?

Honourable senators, a few weeks ago, there was a very short-lived rumour that Microsoft might move its head office to British Columbia, presumably to escape a court-ordered breakup. There is a fat chance of that ever happening, for the obvious reason that the take-home pay of Microsoft's management team would take such a significant hit that Microsoft would have to pay its people considerably more for them to achieve the same after-tax income.

Honourable senators, high taxes is one of the main reasons so few of the world's largest corporations choose to locate their head offices in Canada. Do you want to know why so little research and development is done in Canada, or why Canada is seen as a great place to build a branch plant but not a great place to locate your head office? Take a close look at our Income Tax Act and you will have much of your answer.

Today, more than two out of every five dollars we Canadians earn comes from exports. Trade is our bread and butter. To compete in this global, knowledge-based economy, we must have a competitive tax system that rewards risk.

Honourable senators, beyond measures from the 1999 budget, this bill also sets out tax rules for those who receive shares as a result of mutual life insurance companies going public. This particular aspect of Bill C-25 shows why we need to rid ourselves of capital gains taxes. For those who may be unfamiliar with the subject, a mutual life insurance company is one that is owned by its policyholders. These companies are now demutualizing, which basically means they are now to be publicly held by shareholders who were formerly its policyholders. As part of this process, existing shareholders are being given shares they can hold or sell in the marketplace.

Without Bill C-25, these policyholders would have had to include right away the value of shares they received as income, even though it is a paper transaction and they in reality are no better off. However, wait one moment! The government may look generous by allowing them to hold off paying capital gains taxes until the shares are sold, but Ottawa will still get its piece of the action, only not right away.

Honourable senators, most of these new shareholders have never held anything riskier than a GIC or a whole life policy or, if they are in the market, it is through an RRSP mutual fund. Capital gains taxes are unknown to them. They are in for a shock when they sell their shares because they will get an education about capital gains taxes that will cause them to think twice before buying shares in other companies. In short, they will have a first-hand lesson on how capital gains taxes destroy the incentive to invest.

Of course, some of these new shareholders have been warned about the capital gains tax and are holding off selling their shares. These shareholders are getting a first-hand lesson on what is known as the “lock-in” effect. That occurs when there are more productive or more suitable investments available but because selling shares generates a certain sure tax cost, they do not sell. The result is that more productive or more suitable investments are not made because the existing investments are locked in by the tax system. The irony is that the federal government is the big loser, as the tax revenues that might have come from greater levels of employment and profits arising from new investments simply will not materialize.

Honourable senators, tax policy should work to ensure that more productive investments do get made, and that means a competitive tax system that rewards risk and does not discourage productive new investments.

As for Bill C-25, it is a small, positive step that I shall support, while at the same time wishing it was earlier in its implementation and more generous in its provisions.

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

[ Senator Eyton ]

**Hon. Senators:** Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

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

• (1510)

## SIR WILFRID LAURIER DAY BILL

SECOND READING—DEBATE ADJOURNED

**Hon. John Lynch-Staunton (Leader of the Opposition)** moved the second reading of Bill S-23, respecting Sir Wilfrid Laurier Day.

He said: Honourable senators, the purpose of Bill S-23 is similar to that of Senator Grimard's who asks in his bill that January 11 be declared Sir John A. Macdonald Day.

Bill S-23 is to give recognition to a Canadian prime minister whose political leanings, while the opposite of Sir John's, were secondary to the total dedication which he shared with his country's first prime minister to maintain and solidify the unity of Canada.

The two bills should not be evaluated with partisan arguments — does it really matter today that Macdonald was a Conservative and Laurier a Liberal — but on their achievements, for it is no exaggeration to say that without their leadership and deep commitment to nation-building, Canada would not be the country it is today. In their book, *Prime Ministers*, J.L. Granatstein and Norman Hillmer write the following:

Laurier's great ambition was “to consolidate Confederation, and to bring our people long-estranged from each other, gradually to become a nation. This is the supreme issue. Everything else is subordinate to that idea.”

So end Laurier's own words. The book continues:

Canada has to be made strong enough, economically and politically, to have a life apart from Mother Britain. Sir John A. Macdonald's work of nation-building must be completed as a matter of urgency, before it all fell away. The challenge was to establish a consensus of moderate French and English opinion for sane national programs of the middle ground. The extremists could crusade on their own.

In her book, *Sir Wilfrid Laurier*, subtitled *The Great Conciliator*, Barbara Robertson quotes from a speech given in Saint John during the 1911 election campaign in which Sir Laurier said:



I am branded in Quebec as a traitor to the French and in Ontario as a traitor to the English. In Quebec I am branded as a jingo and in Ontario as a separatist. In Quebec I am attacked as an imperialist and in Ontario as an anti-imperialist. I am neither. I am a Canadian. Canada has been the inspiration of my life. I have had before me a pillar of fire by night and a pillar of cloud by day a policy of true Canadianism, of moderation, of conciliation.

[Translation]

It is entirely fitting that Canada give special recognition to two prime ministers whose efforts made Canada what it is today.

Without them — Laurier was a great builder in the tradition of Macdonald — Canada would perhaps not enjoy the reputation for excellence of which it can be justly proud.

Laurier made fierce enemies, both in Quebec and in Ontario, with his steadfast refusal to give in to the demands of extremists in the two provinces. In the end, this attitude of conciliation and compromise, coupled with the wearing effect of 15 years in power on his government, cost him the 1911 election. He lost power but remained true to his principles.

As part of the national program to recognize the grave sites of all prime ministers buried in Canada, a ceremony will soon be held at the grave site of Sir Wilfrid Laurier in Notre Dame Cemetery in Ottawa.

The Department of Canadian Heritage deserves our congratulations and gratitude for this policy of respect, which also fulfils the objective of informing Canadians about the contributions made by those who shaped their country's history.

The bill before us, like Senator Grimard's, is another form of recognizing two great men, whose devotion to Canada's development, in a spirit of unity and respect for all its inhabitants, throughout the land, should be a model for anyone who agrees to serve his country.

On motion of Senator Hays, debate adjourned.

[English]

## COMMITTEE OF SELECTION

### SEVENTH REPORT ADOPTED

Leave having been given to proceed to Reports of Committees, Order No. 7:

The Senate proceeded to consideration of the seventh report of the Committee of Selection (membership of Special Committee on Illegal Drugs) presented in the Senate on June 13, 2000.—(*Honourable Senator Mercier*).

**Hon. Léonce Mercier:** Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

## ONTARIO

### REGIONAL RESTRUCTURING LEGISLATION— REFUSAL TO DECLARE OTTAWA OFFICIALLY BILINGUAL—INQUIRY—ORDER STANDS

On the Order:

Resuming debate on the inquiry of the Honourable Senator Poulin calling the attention of the Senate to the decision of the Ontario Government not to adopt a recommendation to declare the proposed restructured City of Ottawa a bilingual region.—(*Honourable Senator Carstairs*).

**Hon. Dan Hays (Deputy Leader of the Government):** Honourable senators, this is a motion standing in the name of the Honourable Senator Carstairs. I know she wishes to speak to it, but it is at day 14. Senator Carstairs is occupied on parliamentary business and is unable to be here today or tomorrow. Thus, to ensure that she has an opportunity to speak to this inquiry, I request that the time provided for addressing it be extended by going back to day one.

**The Hon. the Speaker *pro tempore*:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

Order stands.

## SUDAN

### INQUIRY—ORDER STANDS

On the Order:

Resuming debate on the inquiry of the Honourable Senator Wilson calling the attention of the Senate to the situation in the Sudan.—(*Honourable Senator Andreychuk*).

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, this inquiry is also at its fourteenth day. We are all aware of the important leadership work that Senator Wilson has been doing on behalf of Canada with reference to problems in the Sudan. Indeed, I think in the next few days Senator Wilson will be off on another mission dealing with the Sudan. I know that my colleague Senator Andreychuk wishes to address this matter and has been preparing her notes. If we could return this item to day one, it would be appreciated.

**The Hon. the Speaker *pro tempore*:** Honourable senators, is it agreed?

**Hon. Senators:** Agreed.

Order stands.

**CANADIAN BROADCASTING CORPORATION**

INQUIRY—ORDER STANDS

On the Order:

Resuming debate on the inquiry of the Honourable Senator Poulin calling the attention of the Senate to the

Canadian Broadcasting Corporation.—(*Honourable Senator Bolduc*).

**Hon. Roch Bolduc:** Honourable senators, this order stands in my name, although I shall not be speaking to it. I believe Senator Callbeck would like to speak to it. May I ask that it be stood in her name?

**The Hon. the Speaker *pro tempore*:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

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