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Thursday, May 17, 2001

—

THE HONOURABLE DAN HAYS
SPEAKER

CONTENTS

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THE SENATE

Thursday, May 17, 2001

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

Prayers.

SENATORS' STATEMENTS

MR. GULZAR CHEEMA

CONGRATULATIONS ON ELECTORAL VICTORY

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I rise today to congratulate a former colleague of mine for his election victory yesterday in the British Columbia riding of Surrey-Panorama Ridge. Gulzar Cheema was elected as part of the new Liberal government in that province, with a resounding 58 per cent of the vote. Gulzar is a doctor by profession.

This is not the first time Dr. Cheema has held elected office. He served as the opposition health care critic under my leadership in the Manitoba legislature. He was first elected in Manitoba in 1988 and again in 1990. In 1993, he and his family moved to British Columbia to be with other family members, most particularly his parents who had come over from India.

Dr. Cheema brings with him a sense of conviction and commitment, which will greatly benefit those he represents. The people in Surrey-Panorama Ridge have elected a person who will work tirelessly on their behalf and will stand by his values.

To quote Gulzar:

You can become a citizen of a country and then a public servant. That's a privilege. So I must honour the privilege by making the most of this opportunity.

I congratulate Gulzar, Premier-elect Gordon Campbell, and the rest of those who were elected yesterday. I wish them the very best of luck.

SHUTDOWN OF CAPE BRETON DEVELOPMENT CORPORATION

Hon. Lowell Murray: Honourable senators, yesterday, the government announced that the Prince coal mine in Cape Breton will close this fall. Another 440 Cape Bretoners will be unemployed. This is the end of coal mining under the federal Crown agency known as the Cape Breton Development Corporation.

Perhaps, as the government suggests, this was inevitable. Perhaps there was no alternative. Perhaps, but how would we know? Parliament has been kept in the dark.

Last June, we passed Bill C-11 to authorize the government to privatize Devco. At the Senate committee, we all had serious reservations about handing over to the cabinet the authority to dispose of this Crown corporation without any provision for parliamentary oversight, let alone approval. We stated in our report that we would review the terms of any sale. We intended to recall the minister for this purpose.

A curtain of silence and secrecy was then brought down on Devco. The public was informed that negotiations with one prospective buyer, then another, had failed. Then, yesterday, Mr. Goodale flew into Cape Breton for his photo-op to announce that the government was giving up. Still, not a word to Parliament, which in 1967, on the initiative of the Pearson government, created Devco.

Who is calling the government to account, to defend its actions and to outline its future intentions? Every time a mine closes, the government announces another top-up to an economic development fund. There are more direct ways of creating jobs and ensuring economic stability.

When the Mulroney government closed the Canadian Forces base in Summerside, Prince Edward Island, we put a GST centre there and an industrial park. We took similar steps in Chatham, New Brunswick, and other parts of the country.

The present government has it within its power to relocate federal agencies to Cape Breton. Two rookie Liberal MPs, elected last fall, will not call the government to account. They are silent in the interests of caucus solidarity.

As the last of the coal miners trudge out of the pits to an uncertain future, they do not even have the satisfaction of knowing that the government will have to answer to Parliament for what it has done.

Wherever you come from, honourable senators should know that the way in which this painful human experience is happening is directly related to the dysfunction of our parliamentary institutions. Having demonstrated yet again its contempt for Parliament, the government should not be surprised to find Canadians despairing of the institution.

Is there a committee of the Senate willing to take this on? I wonder.

[Translation]

OFFICIAL LANGUAGES

ISSUES FACING COMMISSIONER

Hon. Jean-Robert Gauthier: Honourable senators, Dyane Adam, the Commissioner of Official Languages, has asked the Quebec Superior Court to intervene in the court challenge by 19 municipalities of Quebec's Bill 171, which relates to their merger into a mega-city, "Montreal, one island, one city."

Honourable senators must be aware that, like her predecessors, the Commissioner of Official Languages is often called upon to appear in court to defend the rights of official-language minorities when they are being threatened. This is her role, her duty even.

Yesterday, Ms Adam and the Office of the Commissioner of Official Languages intervened in Toronto before an Ontario court in the Montfort case. As honourable senators are aware, this relates to the Ontario government's decision to close the only French-language teaching hospital in Ontario.

Ms Adam is also an intervener in Moncton, New Brunswick at this time, in connection with the delivery of French-language services by the municipality.

Quebec Premier Landry is scandalized at what he calls "Commissioner Adam's interference in an area of provincial jurisdiction."

He would like to put a wall, or a moat, around Quebec, around what he calls the Quebec nation. You are wrong, Mr. Landry. We know he is out to stir up trouble. He asks:

Do I send Quebec's Deputy Minister of Finance to interfere in Ontario's finances?

Really now, Mr. Landry! How about explaining to the French Canadians of Alberta and elsewhere why Quebec was opposed in the courts to French-only schools in Alberta?

Incidentally, it is not the federal government that is intervening in the municipal mergers, including in Montreal. It is an officer of Parliament, not of the government. The Commissioner of Official Languages is appointed by the Parliament of Canada. She is not a senior public servant, as Mr. Landry would have it. She is a language ombudsman with the mandate of defending official-language minority communities. Her mandate is to intervene when the linguistic duality of the country is threatened.

• (1340)

Just like she was justified in supporting the Montfort Hospital, Ms Adam is justified in defending the rights of Quebec's anglophone minority. It is the same thing when she must make Ontario's anglophone majority understand that it is unfair to close the only hospital in Ontario where French is the working

language. I should point out that Montfort Hospital provides services in both official languages to its patients.

Ms Adam is absolutely right to defend Quebec's anglophone minority. She must protect and preserve rights that have been held for over 134 years. This is what Canada is all about, Mr. Landry.

A former Premier of Quebec coined the following sentence:

Quebec must be as French as Ontario is English.

The only problem with this statement is that the provinces must respect the linguistic rights held by official-language minorities.

Talk about a double standard. Come on Mr. Landry! One country, Canada, and two official languages, no more, but no less.

[English]

PRO-DEMOCRACY MOVEMENT OF SOUTH KOREA

TWENTY-FIRST ANNIVERSARY

Hon. Lois M. Wilson: Honourable senators, tomorrow, May 18, marks the twenty-first anniversary of the pro-democracy movement in South Korea under the leadership of current President Kim Dae Jung. It continues to be a significant historic event for that country and for Canada's relationships with it.

After the division of the Korean Peninsula, the people of that country experienced a variety of regimes, including two brutal dictatorships. Over the years, university students took the lead in restoring democracy to their troubled country, many paying for it with their lives. On May 18, 1980, a massacre of students in the provincial city of Kwang-ju galvanized Korean citizens. The incredible agony and courage of students in those days turned the tide to eventually depose the dictatorships and establish a democratic regime.

Canadian parliamentarians have a special place in that history. In November 1980, current President Kim Dae Jung was in prison and under death sentence for being in the forefront of leadership of the pro-democracy movement. In the Canadian House of Commons, Bill Clarke, a sitting member from Vancouver, said:

I move that the House express its serious concern over the action of the military court in sentencing to death Kim Dae Jung, and that this House implore President Chun to use his ultimate executive power to secure the release of Mr. Kim.

The motion passed unanimously and after Canadian government intervention, Kim Dae Jung was released. The story has some parallels to that of Nelson Mandela.

Honourable senators, I speak to this matter today to illustrate the importance of international solidarity among parliamentarians of democratic countries. Supporting South Korea currently, and its Sunshine Policy toward the Democratic Peoples Republic of Korea, the Canadian government announced diplomatic relationships with the DPRK on February 6 this year. On the occasion of remembering the history of this troubled peninsula, we look for an exchange of parliamentarians with the DPRK at an early date. This would contribute greatly to the beginning of democracy in that so-called rogue state.

DISTINGUISHED VISITOR IN THE GALLERY

The Hon. the Speaker: Honourable senators, I wish to draw to your attention the presence in the gallery of a former senator, former Minister of Agriculture and former member of the House of Commons, the Honourable Eugene Whelan.

Hon. Senators: Hear, hear!

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, I should like to introduce the pages who are our guests from the House of Commons.

[*Translation*]

Richard Linley is studying political science at the University of Ottawa. He is a native of Stratford, Ontario.

[*English*]

Daniel McBryde is studying history in the Faculty of Arts at the University of Ottawa. Daniel is from Quebec City.

Amelia Fink of Regina, Saskatchewan, is pursuing her studies in the Faculty of Public Affairs and Management at Carleton University. Her major is European and Russian studies.

Welcome to you all.

Hon. Senators: Hear, hear!

[*Earlier*]

ROUTINE PROCEEDINGS

CHIEF ELECTORAL OFFICER

ANNUAL REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Chief Electoral Officer for the fiscal year ended March 31, 2001, pursuant to the Privacy Act.

[Senator Wilson]

PRIVILEGES, STANDING RULES AND ORDERS

BUDGET AND REQUEST FOR AUTHORITY TO TRAVEL—THIRD REPORT OF COMMITTEE PRESENTED

Hon. Jack Austin, Chair of the Standing Committee on Privileges, Standing Rules and Orders, presented the following report:

Thursday, May 17, 2001

The Standing Committee on Privileges, Standing Rules and Orders has the honour to present its

THIRD REPORT

Your Committee, which is authorised by the Senate, pursuant to Rule 86(1)(f), to propose amendments to the rules for consideration by the Senate, respectfully requests that it be empowered to adjourn from place to place within and outside Canada.

Pursuant to Section 2:07 of the Procedural Guidelines for the Financial Operations of Senate Committees, the Budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report of said Committee are appended to this report.

Respectfully submitted,

JACK AUSTIN, P.C.
Chair

(*For text of report, see today's Journals of the Senate, p. 591.*)

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

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

CUSTOMS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, May 17, 2001

The Standing Senate Committee on National Finance has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill S-23, An Act to amend the Customs Act and to make related amendments to other Acts, has, in obedience to the Order of Reference of Thursday, May 3, 2001, examined the said Bill and now reports the same with the following amendments:

1. *Page 6, Clause 11:* Add after line 32, the following:

“**11.2** (1) The Minister may designate an area as a customs controlled area for the purposes of this section and sections 11.3 to 11.5 and 99.2 and 99.3.

(2) The Minister may amend, cancel or reinstate at any time a designation made under this section.

11.3 No owner or operator of a facility where a customs controlled area is located shall grant or allow to be granted access to the customs controlled area to any person unless the person

(a) has been authorized by the Minister in accordance with regulations made under section 11.5; or

(b) is a prescribed person or a member of a prescribed class of persons.

11.4 (1) Subject to subsection (2), every person leaving a customs controlled area, other than for the purpose of boarding a flight with a destination outside Canada, shall

(a) present himself or herself in the prescribed manner to an officer and identify himself or herself;

(b) report in the prescribed manner and make *available* to the officer any goods that he or she has acquired through any means while in the customs controlled area; and

(c) answer truthfully any questions asked by an officer in the performance of his or her duties under this or any other Act of Parliament.

(2) Subsection (1) does not apply to

(a) persons who are required to present themselves under section 11 or report goods under section 12; or

(b) prescribed persons or members of prescribed classes of persons in prescribed circumstances.

11.5 The Governor in Council may make regulations

(a) respecting the authorization of persons under paragraph 11.3(a);

(b) prescribing persons or classes of persons who may be granted access under paragraph 11.3(b);

(c) respecting the circumstances in which an authorization under paragraph 11.3(a) may be amended, suspended, renewed, cancelled or reinstated;

(d) respecting the manner in which a person must present himself or herself under paragraph 11.4(1)(a) and report goods under paragraph 11.4(1)(b); and

(e) prescribing for the purposes of paragraph 11.4(2)(b) persons or classes of persons who are exempt from the requirements imposed by subsection 11.4(1) and the circumstances in which they are exempted.”.

2. *Page 8, clause 17:* Replace, in the French version, line 33 with the following:

“et qui doit faire la”.

3. *Page 34, clause 58:* Replace, in the French version,

a) lines 16 and 17 with the following:

“(13) Les renseignements qui ne peuvent être communiqués en raison du paragraphe (11) ne peuvent, à”;

(b) line 24 with the following:

“ve ou réglementaire ou la règle de pratique exigeant la communica-”; and

(c) line 28 with the following:

“à une disposition législative ou réglementaire ou la règle de pratique”.

4. *Page 44, clause 58:* Replace, in the French version, line 6 with the following:

“la décision de cette cour ou, en cas de”.

5. *Page 65, clause 59:* Replace lines 41 and 42 with the following:

“accordance with article RE 601 of the *Letter Post Regulations* of the Universal Postal”.

6. *Page 66, clause 60:* Replace, in the French version, line 12 with the following:

“(b)examiner les marchandises qu’elle a impor-”.

7. *Page 66, clause 60:* Add after line 16 the following:

99.2 (1) An officer may search any person leaving a customs controlled area, other than a prescribed person or a member of a prescribed class of persons who may be searched under subsection (2), if the officer suspects on reasonable grounds that the person has secreted on or about their person anything in respect of which this Act or the regulations have been or might be contravened, anything that would afford evidence with respect to a contravention of this Act or the regulations or any goods the importation or exportation of which is prohibited, controlled or regulated under this or any other Act of Parliament.

(2) An officer may, in accordance with the regulations, search any prescribed person or member of a prescribed class of persons leaving a customs controlled area.

(3) An officer who is about to search a person under this section shall, on the request of the person, immediately take that person before the senior officer at the place where the search is to be conducted.

(4) A senior officer before whom a person is taken by an officer shall, if the senior officer agrees with the officer that under subsection (1) or (2), as the case may be, the person may be searched, direct that the person be searched or, if the senior officer does not so agree, discharge the person.

(5) No person may be searched by an officer who is not of the same sex and, if there is no officer of the same sex at the place at which the search is to be conducted, an officer may authorize any suitable person of the same sex to conduct the search.

99.3 (1) An officer may, in accordance with the regulations and without individualized suspicion, conduct a non-intrusive examination of goods in the custody or possession of a person leaving a customs controlled area.

(2) An officer may examine any goods in the custody or possession of a person leaving a customs controlled area and open or cause to be opened any baggage, package or container and take samples of the goods in reasonable amounts, if the officer suspects on reasonable grounds that this Act or any other Act of Parliament administered or enforced by the officer or any regulations made under it have been or might be contravened in respect of the goods.

(3) An officer may, at any time, open or cause to be opened, inspect and detain any baggage, package or container found abandoned in a customs controlled area.

99.4 The Governor in Council may make regulations

(a) prescribing persons or classes of persons who may be searched under subsection 99.2(2);

(b) respecting, for the purposes of subsection 99.2(2), the circumstances and manner in which searches are to be conducted and the types of searches that may be conducted; and

(c) respecting, for the purposes of subsection 99.3(1), the manner in which examinations are to be conducted and the machines, instruments, devices or other apparatuses or classes of machines, instruments, devices or apparatuses that may be used to conduct examinations.”.

8. *Page 69, clause 61:* Replace, in the English version,

(a) lines 5 and 6 with the following:

“investigate an alleged offence under any Act of Parliament or of the legislature of a province subject to”;

(b) lines 10 and 11 with the following:

“respect of the alleged offence may be taken, if that official believes on reasonable grounds”;

(c) line 13 with the following:

“offence and will be used in the”;

(d) line 15 with the following:

“offence, solely for those purposes;” and

(e) lines 30 and 31 with the following:

“(ii) a person whom that official has reasonable grounds to believe may have committed an”.

9. *Page 78, clause 68:* Replace lines 11 to 14 with the following:

“section 110, cancel or reduce a penalty assessed under section 109.3 or an amount demanded under section 124 or refund an amount received under any of sections 117 to 119 within”.

10. *Pages 85 and 86, clause 77:* Replace lines 40 to 47 on page 85 and lines 1 to 9 on page 86 with the following:

“77. Section 141 of the Act is replaced by the following:

141. (1) The Commissioner, on application by a person whose interest in a conveyance detained under subsection 97.25(2) or in goods or a conveyance seized as forfeit under this Act has been determined under section 139 or ordered under section 139.1 or 140 to be unaffected by the seizure or detention, shall direct that

(a) in the case of goods or a conveyance the forfeiture of which has become final, the goods or conveyance, as the case may be, be given to the applicant; and

(b) in the case of a conveyance detained under subsection 97.25(2), the conveyance be given to the applicant.

(1.1) If goods or a conveyance that is to be given to the applicant has been sold or disposed of, an amount calculated on the basis of the interest of the applicant in the goods or conveyance at the time of the contravention or use, as determined under section 139 or ordered under section 139.1 or 140, shall be paid to the applicant.

(2) The total amount paid under subsection (1.1) in respect of goods or a conveyance shall, if the goods or conveyance was sold or otherwise disposed of under this Act, not exceed the proceeds of the sale or disposition, if any, less any costs incurred by Her Majesty in respect of the goods or conveyance, and, if there are no proceeds of disposition, no payment shall be made pursuant to subsection (1.1).”

11. *Pages 90, clause 88:* Replace line 34 with the following:

“taux déterminé, calculés sur les”.

Respectfully submitted,

LOWELL MURRAY
Chairman

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

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

STUDY OF CHIEF ELECTORAL OFFICER'S REPORT ON THE THIRTY-SEVENTH GENERAL ELECTION

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS
COMMITTEE TABLED

Hon. Lorna Milne: Honourable senators, I have the honour to table the fourth report of the Standing Senate Committee on Legal and Constitutional Affairs which deals with the Chief Electoral Officer's report for 2000 on the thirty-seventh general election held November 27, 2000.

JUDGES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lorna Milne, Chair of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 17, 2001

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill C-12, An Act to amend the Judges Act and to amend another Act in consequence, has, in obedience to the Order of Reference of May 9, 2001, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MILNE
Chair

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

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

[*Translation*]

IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

PRIVATE BILL—FIRST READING

Hon. Serge Joyal: Honourable senators, I have the honour to present Bill S-27, to authorize the Imperial Life Assurance Company of Canada to apply to be continued as a company under the laws of the Province of Quebec.

Bill read first time.

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

On motion of Senator Joyal, bill placed on the Orders of the Day for second reading on May 29, 2001.

CERTAS DIRECT INSURANCE COMPANY

PRIVATE BILL—FIRST READING

Hon. Serge Joyal: Honourable senators, I have the honour to present Bill S-28, to authorize Certas Direct Insurance Company to apply to be continued as a company under the laws of the Province of Quebec.

Bill read first time.

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

On motion of Senator Joyal, bill placed on the Orders of the Day for second reading on Tuesday, May 29, 2001.

[*English*]

• (1350)

QUESTION PERIOD

NATIONAL DEFENCE

REPLACEMENT OF SEA KING HELICOPTERS—POSSIBLE CHANGE TO
BASIC VEHICLE REQUIREMENTS—EFFECT ON
INVOLVEMENT OF EUROCOPTER

Hon. J. Michael Forrestall: Honourable senators, my question is directed to the Leader of the Government in the Senate. She will recall that yesterday I had asked specifically if the new basic vehicle requirement specification would be or had been changed to suit Eurocopter. I asked the question because I had heard Eurocopter was very concerned and, indeed, were claiming that the standards were too high.

I have reviewed the requirement specification for the basic vehicle, and the standards may have been lowered. Endurance or the length of time the helicopter must stay airborne has been changed from the Maritime helicopter requirement specification of two hours and 50 minutes, plus a 30-minute reserve, to two hours and 20 minutes, plus a 30-minute reserve.

If analysis indicates that this is a reduction, if the requirement has in fact been changed, might I ask if it was done to accommodate Eurocopter?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, Senator Forrestall has asked a very interesting question. It is also a very specific one. I thank him again for sending me a copy of the question earlier. I must say to the honourable senator that I do not know whether an ISA 15 standard or an ISA 20 standard are, in fact, two different terms or whether the timing would be changed accordingly.

However, as I indicated to the honourable senator yesterday, I will look into whether the specification has been changed. I will get that information for him as quickly as possible.

Senator Forrestall: Honourable senators, I have in my possession a chart from the 1999 statement of requirements for the Maritime helicopter. It states that two hours and 20 minutes for hot weather operations borders between high and moderate risk of failure. Maritime helicopter with limited endurance of two hours and 20 minutes would fail at its missions 50 per cent of the time. Why was this requirement lowered, if not for Eurocopter? There is no other reason that comes to mind or that I have been able to unearth for such a dramatic change.

Senator Carstairs: Honourable senators, Senator Forrestall in his original question, and I repeat his words, said, “standards may have been lowered.” What I have agreed to do this afternoon is to examine with staff and the Department of National Defence whether those specifications have indeed been lowered, and any reasons for such a lowering.

REPLACEMENT OF SEA KING HELICOPTERS—BRIEFING OF LEADER OF THE GOVERNMENT ON COMPETITION

Hon. J. Michael Forrestall: Honourable senators, could I conclude by asking whether the Leader of the Government in the Senate — and I know of her concern in this regard — will now take the initiative and ensure that the department give her a full and adequate briefing with respect to these matters?

Hon. Sharon Carstairs (Leader of the Government): Honourable senator, I had discussions with staff this morning. It was agreed that a contact call should be made to see if there is any updated information over what I had earlier been given.

[Senator Forrestall]

REPLACEMENT OF SEA KING HELICOPTERS—LOCATION OF EUROCOPTER BUSINESS OPERATIONS

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I rise on a supplementary question. The buying of helicopters is not an everyday occurrence. Listening to the series of questions raised by the Honourable Senator Forrestall, I was trying to understand some of the dimensions of these inquiries.

What are the politics of this matter? Where are Eurocopter’s bases of interest in Canada? Is it not true that Eurocopter and its family of companies is located in the area that is represented by the Deputy Prime Minister?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I do not have at my fingertips the location of Eurocopter. However, I can assure the honourable senator that decisions about the Maritime Helicopter Project are not based on whose constituency the particular company happens to be located in, even if that constituency is that of the Deputy Prime Minister.

Senator Forrestall: Want to bet?

Senator Kinsella: I thank the honourable senator for her answer. I know that the minister will be first to defend that principle.

• (1400)

REPLACEMENT OF SEA KING HELICOPTERS—POSSIBLE CHANGE TO BASIC VEHICLE REQUIREMENTS—EFFECT ON INVOLVEMENT OF EUROCOPTER

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, there appears to be a change in the statement of requirements put out through the bid process. There is a reduction in the standard in terms of endurance, how long these helicopters can stay in the air. In 1967, the Sea King that we are replacing had an endurance of some three hours. The endurance of these new helicopters, according to the statement of requirements, as I understand it, has been reduced to two hours and twenty minutes, which is less than what the Sea Kings were. This reduction seems to be occurring because Eurocopter cannot fly for three hours. Perhaps the minister could give us some assurance that the reduction in flying time is not being done to favour Eurocopter.

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, we have adjusted our “may” to a “has,” and that is unfortunate. Even Senator Forrestall in his question was very careful to stay “the standard may have changed.” We do not know if it has changed. I will try to get to the bottom of that, and I hope to have an answer by the time we are back after the break.

JUSTICE

OFFICIAL LANGUAGES—COURT ACTION BY COMMISSIONER INVOLVING QUEBEC BILL 171—INTERVENTION BY FEDERAL GOVERNMENT

Hon. Jean-Robert Gauthier: Honourable senators, my question is addressed to the Leader of the Government in the Senate. It concerns an issue I raised during Senators' Statements. The papers today inform us that there is a war between Ms Dyane Adam, the Official Languages Commissioner, and Mr. Bernard Landry, the Premier of Quebec, regarding Ms Adam's request to the courts in Quebec to be heard on this question of Bill 171. I wanted to ask the minister if she would inquire of the Minister of Justice whether the federal government will ask to intervene in this case before the courts so that we know exactly where we stand on this issue. The question is simple: Will the Minister of Justice take action to defend the constitutional rights of the English-speaking minority? Section 16.3 of our Charter of Rights and Freedoms is clear. Will the minister inquire of the Minister of Justice and bring to the house some information on the matter?

[Translation]

Hon. Sharon Carstairs (Leader of the Government): I thank the honourable senator for his question. The mandate of the Commissioner of Official Languages includes promoting French and English throughout Canadian society.

[English]

That has to be clear. The mandate of the Official Languages Commissioner is equally strong in the province of Quebec as it is in every other province and territory of this country.

As to the specifics of the question, I will put it to the Minister of Justice and try to get back to the honourable senator as quickly as possible.

FOREIGN AFFAIRS

UNITED STATES—MISSILE DEFENCE SYSTEM—AVAILABILITY OF BRIEFING PAPERS DESCRIBING PROPOSAL

Hon. Douglas Roche: Honourable senators, my question is directed to the Leader of the Government in the Senate.

As is well known, a U.S. team discussed with Canadian officials this week the proposed U.S. missile defence system, and the Canadian government is reserving its position pending further study.

Did the U.S. team leave any written material with the Canadian officials? If so, can the minister make that material available to the Senate so that senators can also study what is

being proposed in this matter of overarching importance in U.S.-Canada relations?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, we know that the meeting was held. We know that discussions took place. Whether paper was transferred from one side to the other, I have no knowledge. Whether that paper is confidential, I have no knowledge. However, I will inquire as to both aspects of that question.

Senator Roche: Honourable senators, I thank the minister for her undertaking to inquire. If there is material, I hope the documents will be released in the spirit to which the Prime Minister referred in the House of Commons on May 15, when he said that the briefings given by the Canadian officials following the meetings with the U.S. officials should be made available to parliamentarians as well as to the public, so there can be an informed debate in our country before the government takes this decision. I thank the minister and I ask her to come back to me on this point, if she would.

UNITED STATES—MISSILE DEFENCE SYSTEM—CONSULTATIONS WITH INTERNATIONAL ORGANIZATIONS AND OTHER COUNTRIES

Hon. Douglas Roche: Does the government plan to hold consultations with other countries that will be affected by the U.S. plans? I have in mind our NATO allies in Europe and also Russia and China. The views of all these countries are extremely important. Is Canada searching them out?

Hon. Sharon Carstairs (Leader of the Government): The Government of Canada has been clear. It wants to know the positions of other countries with respect to ballistic missile defence, which has been proposed in very preliminary form by the United States. We all have to bear in mind that it is, at the present time, in very preliminary form. Clearly, it is a good indication of our relationship with the United States that that kind of consultation is taking place at the beginning of the process and not down the road after decisions have been made by the United States and then brought to the table with Canada.

As to whether these discussions will take place, one can only assume that the only way the Canadian government would obtain the position of the other countries would be to engage in dialogue with them.

UNITED STATES—MISSILE DEFENCE SYSTEM— COST TO CANADA

Hon. Douglas Roche: The former U.S. National Security Adviser to the President, Samuel Berger, said on television that the U.S. missile defence proposal would likely cost U.S.\$100 billion. What would be the Canadian share of that astronomical amount? How can Canada consider putting any money into this scheme when we cannot even afford to supply our armed forces with the equipment that they need right now?

Hon. Sharon Carstairs (Leader of the Government): With the greatest of respect to the honourable senator, that is an extraordinarily premature question. First, the Americans have not decided they will even go this route. Certainly, no cost estimates have been developed, since they do not know which direction they particularly want to take.

Senator Kinsella: They have a new National Security Adviser.

Senator Carstairs: They have not asked for Canada's participation at the present time. To start talking about percentages and amounts of money is way down the line from today's discussion.

Senator Roche: Honourable senators, any proposal that has a potential to affect the Canadian taxpayer, as this one does, is certainly not premature to discussion in the early stages, and I want to respectfully offer that as a view for the Canadian government to take under consideration.

UNITED STATES—MISSILE DEFENCE SYSTEM—
CONSULTATION PROCESS

Hon. A. Raynell Andreychuk: Honourable senators, I am pleased with the answer that the Leader of the Government gave with respect to the consultations. Since we are not sure what the concept of missile defence is — there seem to be various theories — we have no idea what the costs will be. We have no understanding of what the implications may be to NATO and NORAD and our involvement there. Will these consultations be formalized in such a way that we can be assured that the Americans will regularly consult us? Will we set out an agenda of our concerns, as opposed to getting involved in the costs and concept, to ensure that, once they have the concept structured and some costs attached thereto, we are involved from the start, as the minister has said, in those things that matter to us? Is there a more formalized consultation process? Are we asking for that, if it is not in place?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, the honourable senator puts forward some interesting questions. She has, I think, encapsulated in her opening statement some of the fog in which we are all living at the present time.

• (1410)

She is correct when she asks: What is this ballistic missile defence system? I do not think any of us know, including, at the present moment, the Americans. They are not exactly sure what it means.

There are serious concerns for the implications not only to NORAD and NATO, but for the anti-ballistic missile treaty. What are the long-term financial implications?

The meetings that took place this week, from both the Canadian and the American perspectives, were preliminary in

nature. Both sides indicated that. They said it was a good beginning and that it was the start of a consultation process. President Bush has stated clearly and emphatically that he will consult extensively with allies. We want to be part of that discussion but, ultimately — and this is the point that must be borne in mind — any Canadian decision would only be taken after an analysis of the new global security framework into which the United States would fit the NMD system and a comprehensive review of the implications for Canada.

UNITED STATES—MISSILE DEFENCE SYSTEM—
ONGOING CONSULTATIONS

Hon. A. Raynell Andreychuk: Honourable senators, the dilemma is that if we wait until we receive all the answers from the Americans, it may be too late for our input. We have often been confronted with a “yes or no” situation. Has there be an attempt by the Canadian government to arrange with the Americans a formal, high-level consultation at every stage?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, with respect, I think that is what happened on Tuesday. That was the start.

This is not a “yes or no” situation. The Americans came to Canada saying, “These are some of the ideas we are thinking about and we would like your input.” That is what the Canadian government gave them. The meeting was extraordinarily premature in the entire process; I mean premature in the sense that nothing is formally on the table.

We will not be in a position, clearly, to make a “yes or no” decision. We will be in on this every step of the way.

CANADIAN BROADCASTING CORPORATION

POSSIBLE PARTNERSHIP WITH *TORONTO STAR*

Hon. Lowell Murray: Honourable senators, my question arises from news reports to the effect that the CBC is about to enter into a “partnership” with *The Toronto Star* daily newspaper. Does the government know anything about this? Has the government pronounced on it? Will the minister assure the Senate that, before any such partnership is entered into by our public broadcaster with any privately owned media company, the government and Parliament will have an opportunity to pronounce and approve, or otherwise?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I am surprised by the question because I was prepared for Senator Murray to ask me questions about Devco. Regarding the CBC and some potential partnership with *The Toronto Star*, he has caught me completely off guard. I have not heard anything about it. I will look into the matter on his behalf. I would hope that vigorous debate would take place before such a merger took place.

CITIZENSHIP AND IMMIGRATION

SPECIAL VISA PRIVILEGES FOR MEMBERS OF PARLIAMENT AND SENATORS

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I am sure many of us read yesterday with interest a report in the media that the Minister of Immigration, Ms Caplan, had established a rule respecting members of Parliament being able to get two visas for people to visit Canada. The news item surrounded the Minister of Fisheries and Oceans having exercised his rights under that ministerial rule to vouch that a couple of visitors to Canada would return home. They did not return.

The rule also states that, if that situation occurs, the Member of Parliament will be punished by not getting a visa for someone he wishes to sponsor.

Does that rule also apply to members of this place? Do senators each have two visas that they could use for visitors? Would the imposition of this penalty that the Minister of Immigration is imposing on Mr. Dhaliwal apply to senators? I do not expect the minister to have answers to these questions today, but do we know how many senators have exercised that right under the Minister of Immigration's rule?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I am not sure if there is any formal rule or any formal process. All of us who have day-to-day dealings with members of Parliament know that up to 80 per cent of their constituency work in certain parts of this country deals with matters of immigration and visas. It occupies an incredible amount of their time and their energy. Such questions occasionally come my way, but certainly not as often as such issues go to the constituency offices of members of Parliament from my province of Manitoba. We do not have constituency offices, so we do not see the same impact.

The process has been that all members of Parliament — I underline "all" members of Parliament — no matter to what political party they belong, can approach the Minister of Immigration and she will do what she can if she is made aware of particular issues of hardship, such as funerals or celebratory occasions like weddings. The visa process can sometimes be facilitated in that respect.

There are 301 MPs and obviously only so many cases per year can be fast tracked in this particular issue. As to whether senators have the same privilege, I have not exercised it. Perhaps others have anecdotal evidence. I would assume that senators would be treated in exactly the same way as members of Parliament should they come forward with similar requests.

DELAYED ANSWER TO ORAL QUESTION

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, I have a delayed answer to

a question raised in the Senate by Senator Stratton on May 1, 2000, regarding the Prime Minister's Office and criteria for appointments.

PRIME MINISTER'S OFFICE

CRITERIA FOR APPOINTMENTS

(Response to question raised by Hon. Terry Stratton on May 1, 2001)

The Governor in Council appointments process has become more transparent and has been opened up significantly.

It is Government practice to advertise most full-time, fixed term positions in the Canada Gazette. Advertisements in newspapers and specialized magazines may also be used, depending on the nature of the job.

Since September 1993, 130 advertisements have appeared in the Canada Gazette. (A list of positions advertised since September 1993 is attached).

The notice of vacancy, the job description and the selection criteria are prepared in coordination with the organization where the vacancy exists. The job description and the selection criteria are available upon request.

Applicants' qualifications and experience are evaluated against the selection criteria developed for the position, and those candidates meeting the requirements of the position are interviewed.

This process has ensured that highly qualified and competent persons, determined on the basis of objective merit, are selected for appointment.

NOTICES OF VACANCIES

SEPTEMBER 18, 1993

1. Canada Labour Relations Board

Vice Chair

2. Canada Labour Relations Board

Member

3. Citizenship Commission

Citizenship Judges

4. Immigration and Refugee Board

Deputy Chairperson — Convention Refugee Determination Division

5. Immigration and Refugee Board

Assistant Deputy Chairpersons — Convention Refugee Determination Division

6. Immigration and Refugee Board

Members — Convention Refugee Determination Division and Immigration Appeal Division

7. Marine Atlantic

President and Chief Executive Officer

8. Office of the Correctional Investigator

Correctional Investigator

9. National Parole Board

Members - Ontario Region and Appeal Division

10. National Transportation Agency

Members — Pacific Region, Quebec Region and Ontario Region

11. Veterans Appeal Board

Additional Members

SEPTEMBER 25, 1993

12. Atomic Energy Control Board

President and Member

Canadian Grain Commission

Assistant Grain Commissioner — Quebec Region

14. Office of the Coordinator Status of Women Canada

Coordinator

OCTOBER 2, 1993

15. Canadian Pension Commission

Commissioners

16. National Parole Board

Member - Prairie Region

17. National Research Council

President

OCTOBER 23, 1993

18. Copyright Board

Vice Chairperson

NOVEMBER 13, 1993

19. Canadian Broadcasting Corporation

President and Chief Executive Officer

FEBRUARY 5, 1994

20. Canada Council

Director

FEBRUARY 19, 1994

21. National Transportation Agency

Member - Prairie Region

FEBRUARY 26, 1994

22. Canadian International Trade Tribunal

Vice-Chair

23. Canadian International Trade Tribunal

Member

MARCH 12, 1994

24. Social Sciences and Humanities Research Council

President

MARCH 19, 1994

25. National Round Table on the Economy and the Environment

Executive Director

MARCH 26, 1994

26. Library Of Parliament

Parliamentary Librarian

27. National Parole Board

Member - Atlantic Region

28. National Parole Board

Member - Pacific Region

APRIL 9, 1994

29. Canadian Radio-Television and Telecommunications Commission

Commissioner

APRIL 23, 1994**30. Canadian Film Development Corporation —
Telefilm Canada**

Executive Director

MAY 14, 1994**31. Atomic Energy of Canada**

President and Chief Executive Officer

MAY 21, 1994**32. National Parole Board**

Chairperson

AUGUST 13, 1994**33. Canadian Artists and Producers Professional
Relations Tribunal**

Vice-Chairperson

SEPTEMBER 10, 1994**34. Canadian Human Rights Commission**

Part-Time Members

SEPTEMBER 17, 1994**35. Copyright Board**

Members

36. National Energy Board

Vice-Chairperson and Member

OCTOBER 1, 1994**37. Canadian Grain Commission**

Assistant Grain Commissioners

OCTOBER 29, 1994**38. Immigration and Refugee Board**

Executive Director

NOVEMBER 12, 1994**39. National Film Board**

Government Film Commissioner and Chairperson

NOVEMBER 26 1994**40. British Columbia Treaty Commission**

Chief Commissioner

JANUARY 7 1995**41. National Parole Board**

Members

JANUARY 14 1995**42. Civil Aviation Tribunal**

Chairperson

JANUARY 21 1995**43. Canadian International Trade Tribunal**

Member

44. Canadian Race Relations Foundation

Executive Director

FEBRUARY 4 1995**45. Canadian Tourism Commission**

President

FEBRUARY 18 1995**46. National Energy Board**

Member

FEBRUARY 25 1995**47. National Parole Board**

Members — Quebec Region (Part-time and Full-time)

MARCH 11 1995**48. National Round Table on the Environment and the
Economy**

Executive Director

MARCH 18 1995**49. Transportation Safety Board of Canada (CTAISB)**

Member

MARCH 25 1995**50. Canadian Pension Commission**

Commissioners

APRIL 1, 1995**51. National Parole Board**

Members - Prairies Region (Part-Time and Full-Time)

APRIL 29, 1995**52. Natural Sciences and Engineering Research Council**

President

JUNE 17, 1995**53. Canada Labour Relations Board**

Members

JULY 22, 1995**54. Canadian Radio-Television and Telecommunications Commission**

Members

AUGUST 5, 1995**55. Cape Breton Development Corporation**

President and Chief Executive Officer

56. National Parole Board

Members — Atlantic Region (Part-time and Full-time)

SEPTEMBER 2, 1995**57. Canadian Grain Commission**

Commissioner

SEPTEMBER 23, 1995**58. Canadian Human Rights Commission**

Members

OCTOBER 7, 1995**59. Defense Construction**

President and Chairperson

NOVEMBER 25, 1995**60. National Parole Board**

Part-Time Members (Ontario and Quebec) (plus Erratum)

JANUARY 6, 1996**61. Public Service Staff Relations Board**

Vice-Chair

JANUARY 13, 1996**62. National Round Table on the Environment and the Economy**

Executive Director

JANUARY 20, 1996**63. Canada - Nova Scotia Offshore Petroleum Board**

Chairperson and Chief Executive Officer

FEBRUARY 24, 1996**64. Civil Aviation Tribunal**

Vice-Chairperson

MARCH 2, 1996 — MARCH 9, 1996**65. National Parole Board**

Part-Time Members (Prairies and Pacific) (plus Erratum)

APRIL 20, 1996**66. Canadian Grain Commission**

Commissioner

MAY 25, 1996**67. Canadian Centre for Occupational Health and Safety**

President and CEO

JUNE 15, 1996**68. Law Commission of Canada**

President

JULY 20, 1996**69. Competition Bureau (Industry Canada)**

Director of Investigation and Research

JULY 27, 1996**70. National Parole Board**

Executive Vice-Chairperson

SEPTEMBER 7, 1996**71. Competition Bureau (Industry Canada)**

Director of Investigation and Research (*reprinted*)

72. Canadian Transportation Accident Investigation and Safety Board

Member(s)

73. Canadian Museum of Nature

Director and Chief Executive Officer

SEPTEMBER 14, 1996**74. Law Commission of Canada**President (*reprinted*)**SEPTEMBER 28, 1996****75. Hazardous Materials Information Review Commission**

President and Chief Executive Officer

OCTOBER 12, 1996**76. Nunavut Territory**

Interim Commissioner of Nunavut

DECEMBER 14, 1996**77. International Development Research Centre**

President and Chief Executive Officer

78. Canadian Secretariat, North American Free Trade Agreement

Secretary

FEBRUARY 8, 1997**79. Farm Credit Corporation**

President and Chief Executive Officer

FEBRUARY 15, 1997**80. Competition Tribunal**

Full-time Lay-Member

FEBRUARY 22, 1997**81. National Parole Board**

Full-time and Part-Time Members (Pacific Region)

82. Social Sciences and Humanities Research Council

President and Chief Executive Officer

MAY 17, 1997**83. National Gallery of Canada**

Director

JUNE 7, 1997**84. National Gallery of Canada**Director (*reprinted*)**JUNE 14, 1997****85. National Parole Board**

Full-time and Part-Time Members (Prairie Region)

AUGUST 23, 1997**86. Immigration and Refugee Board**

Full-time and Part-Time Members (Montreal, Toronto, Calgary and Vancouver)

87. Veterans Review and Appeal Board

Full-time Members (Throughout Canada)

OCTOBER 4, 1997**88. National Parole Board**

Full-time and Part-time Members (Atlantic Region)

DECEMBER 13, 1997**89. National Parole Board**

Full-time and Part-Time Members (Ontario Region)

JANUARY 10, 1998**90. National Energy Board**

Chairperson

91. National Energy Board

Members

JANUARY 24, 1998**92. Public Service Staff Relations Board**

Deputy Chairpersons

JANUARY 31, 1998**93. Department of Fisheries and Oceans**

Commissioner for Aquaculture Development

MARCH 7, 1998**94. Royal Canadian Mounted Police External Review Committee**

Vice-Chairman (Part-time Position)

APRIL 4, 1998**95. National Parole Board**

Full-Time and Part-time Positions (Quebec Region)

APRIL 11, 1998**96. Canadian Radio-Television and Telecommunications Commission**

Members and Regional Members (Quebec; Manitoba, Saskatchewan; Alberta/Northwest Territories)

MAY 2, 1998**97. Canadian Grain Commission**

Assistant Commissioner

98. Immigration and Refugee Board

Members (Vancouver)

MAY 23, 1998**99. Department of Fisheries and Oceans**

Commissioner for Aquaculture Development

AUGUST 8, 1998**100. Canadian Human Rights Tribunal**

Vice-chairperson

101. Canada Industrial Relations Board

Vice-chairperson

AUGUST 22, 1998**102. Canada Pension Plan/Old Age Security Review Tribunal**

Commissioner

103. Canada Pension Plan/Old Age Security Review Tribunal

Deputy Commissioner

OCTOBER 17, 1998**104. Canadian Museum of Civilization**

Director

105. Copyright Board

Vice-Chairperson

106. Standards Council of Canada

Executive Director

MARCH 20, 1999**107. Copyright Board**

Vice-Chairperson Position and Member Position

APRIL 3, 1999**108. Military Police Complaints Commission**

Chairperson Position (Full-time) and Member Positions (Full or Part-time)

APRIL 24, 1999**109. National Energy Board**

Vice-Chairperson and Member

MAY 8, 1999**110. Canadian Forces Grievance Board**

Chairperson and Vice-Chairperson (Full-time Positions)

JUNE 26, 1999**111. Immigration and Refugee Board**

Chairperson

SEPTEMBER 11, 1999**112. Marine Atlantic INC.**

President and Chief Executive Officer

OCTOBER 30, 1999**113. National Parole Board**

Full-time and Part-time Members

DECEMBER 11, 1999**114. Canadian Institutes for Health Research**

President

JANUARY 8, 2000**115. Royal Canadian Mounted Police Public Complaints Commission**

Members — Part-time (Provincial, Territorial and -at-Large)

JANUARY 22, 2000**116. Canada Lands Company Limited**

President and Chief Executive Officer

FEBRUARY 12, 2000**117. Canadian Tourism Commission**

President and Chief Executive Officer

APRIL 1, 2000**118. National Parole Board**

Full-time and Part-time Members — Prairie Region

APRIL 8, 2000**119. Canadian Nuclear Safety Commission**

Full-time President and Part-time Members

MAY 13, 2000**120. Canada Mortgage and Housing Corporation**

President and Chief Executive Officer

JUNE 10, 2000**121. Canadian International Trade Tribunal**

Full-time Member

JULY 1, 2000**122. National Parole Board**

Full-time Chairperson/Member

JULY 15, 2000**123. Canada Science and Technology Museum Corporation**

Director (Full-time Position)

AUGUST 19, 2000**124. Old Port of Montréal Corporation Inc.**

President and Chief Executive Officer (Full-time Position)

DECEMBER 2, 2000**125. National Film Board**

Government Film Commissioner and Chairperson (Full-time Position)

126. Office of the Auditor General of Canada

Auditor General of Canada (Full-time Position)

JANUARY 20, 2001**127. Canadian Race Relations Foundation**

Executive Director (Full-time Position)

MARCH 31, 2001**128. Financial Consumer Agency of Canada**

Commissioner (Full-time Position)

APRIL 14, 2001**129. Telefilm Canada (Canadian Film Development Corporation)**

Executive Director (Full-time Position)

APRIL 21, 2001**130. Office of the Superintendent of Financial Institutions**

Superintendent (Full-time Position)

*[Translation]***ORDERS OF THE DAY****BUSINESS OF THE SENATE**

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, under the heading “Government Business,” we would like first to address Item No. 2, namely second reading of Bill C-26, and then continue with Items Nos. 3, 4, 5, and 1.

TOBACCO TAX AMENDMENTS BILL, 2001**SECOND READING—DEBATE ADJOURNED**

Hon. Sharon Carstairs (Leader of the Government) moved the second reading of Bill C-26, to amend the Customs Act, the Customs Tariff, the Excise Act, the Excise Tax Act and the Income Tax Act in respect of tobacco.

She said: Honourable senators, I am pleased to speak in the debate at second reading of Bill C-26, to amend the Customs Act, the Customs Tariff, the Excise Act, the Excise Tax Act and the Income Tax Act in respect of tobacco.

On April 5, the Minister of Finance, the Minister of Health and the Solicitor General announced a new comprehensive strategy aimed at improving the health of Canadians and reducing smoking, especially among young people.

[English]

• (1420)

The new strategy represents the most extensive tobacco control program in Canadian history. It includes increased spending on tobacco control programs as well as tobacco tax increases to discourage smoking. Under this strategy, tax increases are linked to a new tobacco tax structure designed to reduce the incentive to smuggle. Bill C-26 implements the tax measures in the new tobacco strategy.

Before discussing these measures, I want to provide some background to this issue. As honourable senators will recall, Canada faced a serious tobacco smuggling problem in the early 1990s. Tax-free exports of Canadian cigarettes were being illegally re-entered into Canada and sold without payment of taxes. Organized criminal activities related to this smuggling problem were also increasing.

In response, the government introduced a national action plan to combat smuggling in 1994. The national action plan introduced a surtax on the profits of Canadian tobacco manufacturers and a tax on certain exports of tobacco products, reduced tobacco taxes and increased enforcement measures. The plan has been very effective in reducing the level of contraband activity and restoring the legitimate market for tobacco sales. To date, the government has been able to increase excise taxes on tobacco products five times since the strategy was put into place.

The new tobacco strategy builds on the action plan of 1994. It provides Canada with additional measures to deal with the many factors that contribute to smoking. Bill C-26 implements a new tobacco tax structure to further reduce the incentive to smuggle tobacco products back into our country and tobacco tax increases to advance the government's health objectives.

When announcing the new strategy, the Minister of Finance stated:

The government's anti-tobacco strategy will help improve the health of Canadians by discouraging smoking. By increasing taxes sharply, and introducing a new tax structure for tobacco, we are taking important steps now and positioning ourselves to take further steps as need be.

The new tobacco tax structure is designed to reduce the incentive to smuggle Canadian-produced tobacco products back into Canada from export markets, the main source of contraband in the past.

The main element of the new tax structure is the replacement of the current tax on exports of tobacco products with a new two-tiered excise tax on exports of Canadian-manufactured tobacco products effective April 6, 2001.

In 1994, several exemptions from the export tax were provided to ensure that Canadian tobacco manufacturers had access to legitimate export markets. For example, exports up to 3 per cent of a manufacturer's annual production were exempt from the tax.

[Senator Carstairs]

This threshold was reduced to 2.5 per cent of production in April of 1999. Under Bill C-26, the threshold is reduced further to 1.5 per cent of a manufacturer's annual production in the previous calendar year. This threshold represents the approximate level of exports required to meet the legitimate demands for Canadian tobacco products abroad, principally in the United States.

[Translation]

Under the new tax structure, all exports of Canadian tobacco products will be taxed. This will reduce the incentive to smuggle Canadian-produced tobacco products back into Canada from export markets. In addition, the new tax will be two-tiered. A tax of \$10 per carton will apply on exports up to the 1.5 per cent threshold. This tax will be reimbursed on presentation of proof of payment of foreign taxes. This will avoid double taxation of these products when they are sold on legitimate foreign markets.

[English]

Exports of Canadian tobacco products over the threshold will be subject to the current excise duty on tobacco products and a new excise tax that in total will amount to \$22 per carton of cigarettes. There will be no refunds of this second tier export tax. This measure will reduce the potential for smuggling and help set the stage for future tobacco tax increases.

The next element of the new tax structure concerns tobacco products sold at duty-free shops and ship's stores. At present, duty free shops are authorized to sell certain goods, including tobacco products, tax and duty-free. Tobacco products may also be sold free of taxes and duties when supplied as ship's stores. Ship's stores are provided for use by crew and passengers and sold to passengers through on-board duty-free shops on ships and aircraft with an international destination.

The government believes that all Canadian brands of tobacco products should be taxed regardless of where they are sold in order to meet our health objectives of reducing smoking. As a result, Canadian tobacco products delivered to duty-free shops and ship's stores, both at home and abroad, will now be taxed at a rate of \$10 per carton of cigarettes effective April 6, 2001.

Further, this bill amends the travellers' allowance to ensure that returning residents are no longer allowed to bring back tax and duty-free tobacco products. Effective October 1, 2001, a new duty of \$10 per carton of cigarettes will be imposed on these products when they are imported by returning residents. Until now, returning residents who have been out of the country for more than 48 hours have been able to bring back one carton of cigarettes tax and duty free as part of the travellers' allowance. To ensure that Canadian residents are not subject to double taxation upon returning to Canada with Canadian tobacco products on which a tax has already been paid, neither this duty nor regular excise duties and taxes will apply to tobacco products that bear a Canadian stamp signifying that excise duties and taxes have already been paid. This change to the travellers exemption will not apply to non-residents.

Honourable senators, allowing Canadians who travel to continue to have access to low-cost, tax-free tobacco, either through duty-free shops, ship's stores or under the travellers' exemption, would be inconsistent with the government's strategy of raising tobacco taxes domestically to achieve its health objective of reduced smoking. These new measures demonstrate just how serious the government is about reducing tobacco consumption.

Another key component of the new tobacco strategy involves tobacco tax increases. Through this bill, the federal government is raising tobacco tax rates jointly with the five provinces that matched its tobacco tax reductions in 1994 when the national action plan to combat smuggling was implemented. As of April 6, 2001, the combined federal-provincial tax increases by \$4 per carton of cigarettes sold in New Brunswick, Prince Edward Island, Nova Scotia, Ontario, and Quebec. This measure will restore federal excise tax rates to a uniform level of \$5.35 per carton on cigarettes for sale in Nova Scotia, New Brunswick and Prince Edward Island. This is equal to the current federal tax rate in the provinces that did not reduce taxes jointly with the federal government in 1994. After this tax increase, only Ontario and Quebec will have cigarette excise tax rates below the national rate.

Other measures in Bill C-26 include increased taxes on fine-cut tobacco and tobacco sticks sold across Canada and the elimination of the reduced rate of federal excise tax on fine-cut tobacco for sale in Ontario.

As I indicated earlier, honourable senators, this is the fifth increase in tobacco taxes since 1994. Federal revenues from tobacco products will grow by \$200 million annually as a result of these increases.

Another measure in this bill increases the surtax on the profits of tobacco manufacturers to 50 per cent from the current rate of 40 per cent effective April 6, 2001. This surtax was initially introduced in 1994 on a three-year temporary basis as part of the national action plan to combat smuggling. It was subsequently extended for three years in 1997 and made permanent on February 8, 2000. The surtax currently brings in approximately \$70 million annually, and will now raise an additional \$15 million each year.

• (1430)

Before concluding, I want to mention that the government is providing additional resources to help federal departments and agencies, like the RCMP and the Canada Customs and Revenue Agency, monitor and assess the effectiveness of the new tax measure in reducing smuggling.

[Translation]

These additional resources will cost \$15 million the first year and \$10 million a year after that.

Honourable senators, the provisions in this bill reaffirm the government's commitment to reducing tobacco consumption in Canada.

[English]

The new tobacco tax structure will help reduce smuggling, and the tobacco tax increases will help advance the government's health objectives to reduce smoking. This is particularly true in the important area of youth smoking. Teenagers are sensitive to price increases. Viewed in the light of the government's other harm-reduction initiatives, the increase in taxes on cigarettes complements the government's overall strategy to reduce youth smoking. I believe that the new strategy demonstrates the depth of the government's commitment to reducing tobacco use.

Endorsements of this new strategy from groups like the Canadian Cancer Society, the Heart and Stroke Foundation of Canada and the Alberta Tobacco Reduction Alliance serve to confirm that the government is on the right track to reducing smoking by Canadians, particularly young Canadians. I encourage honourable senators to give their full support to this bill.

Hon. Sheila Finestone: Honourable senators, I should like to pose a question to the Honourable Senator Carstairs.

The report was interesting. It sounds punitive to those who might be afflicted with this disease. Notwithstanding that, those are huge sums to the Consolidated Revenue Fund. Will all those new funds be dedicated to promotion and education particularly targeting our youth, or will some of it enrich the Consolidated Revenue Fund?

Senator Carstairs: I thank the honourable senator for her question. I think Senator Finestone was assuming that not all moneys would go into a tobacco reduction strategy, and she is accurate in that assumption. Not all moneys will go into such a strategy. Some of the moneys will be used, as I indicated in my speech, to prevent smuggling. This, of course, is why we developed the original plan in 1994, when smuggling in certain provinces became so horrendous that it was felt necessary at that time to reduce the taxes in order to eliminate the smuggling.

What has happened, I think somewhat to our benefit, is that taxes have gone up in many of the border American states, which now means that the advantage of smuggling is much less today than what existed in 1994.

Yes, some of the dollars will end up in general revenues. One would then hope that in terms of our overall health care strategy, those moneys would find their way back into health in order to support those who have this unfortunate addiction.

Hon. Wilbert J. Keon: Honourable senators, I, too, have a question for the Honourable Senator Carstairs.

I think Senator Carstairs will agree with me that our educational programs for smoking and for drug addiction have been very poor. In particular, educational programs targeted at young women who smoke have been very poor. I appreciate that there is no direct connection between this bill and a diversion of funds — the honourable senator already spoke to that — into educational programs.

Given the minister's influence in cabinet, would she try to influence cabinet, and her colleague the Minister of Health and the Prime Minister, into a momentous program of education? In the drug program, as well as in the tobacco program, instead of wasting funds on policing and legislation, we should be educating the public about this problem. The majority of young women who are smoking are highly intelligent. They are simply not getting educated the way they should be educated.

Would the honourable senator use her influence in cabinet to do something about that?

Senator Carstairs: The honourable senator, with his knowledge of disease, and in particular diseases of the heart, knows the dangers of smoking. It is a widely held view that smoking only affects the lungs. We all know, however, that smoking has an impact on a broad number of diseases, heart disease being one of them, and all of the cardiovascular problems as well.

There have been inadequate education programs, both in the schools and in the public domain. One of the problems is with respect to teenagers. The early to the late teenagers, who are most susceptible to the attractions of smoking, and young women, who are attracted by the fact that smoking may enhance their body image because it may keep them slimmer, need to be exposed to education. Unfortunately, they do not like that education to come from teachers, who they feel are lecturing to them. The experience has been that it is much better if that education comes via peers, who have had similar experiences or who can frankly give the message, "I don't want you, my friend, to die." That is a far more effective message to get out to the young people of this country.

I am pleased to say that, as a result of this policy, an additional \$480 million will be spent over five years to enhance programs like the ones the honourable senator and I have been discussing. I can assure Senator Keon that my voice at the cabinet table will be very loud on this issue.

On motion of Senator Kinsella, for Senator Nolin, debate adjourned.

INCOME TAX AMENDMENTS BILL, 2000

SECOND READING—DEBATE ADJOURNED

Hon. Tommy Banks moved the second reading of Bill C-22, to amend the Income Tax Act, the Income Tax Application

[Senator Keon]

Rules, certain Acts related to the Income Tax Act, the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another Act related to the Excise Tax Act.

He said: Honourable senators, it is my pleasure to present Bill C-22, the proposed Income Tax Amendments Act, 2000, for second reading today.

Tax relief continues to be a priority for this government. From day one of coming into office, the government has been firmly committed to enhancing fairness in the tax system. The measures in Bill C-22 are part of that ongoing commitment. The government's approach to changes in the tax system is based on four key principles.

The first principle is that our approach to tax reduction must be fair, beginning with those who most need the relief, that is, middle- and low-income earners, especially families with children. Second, we will focus initially on personal income tax, since that is where we are most out of line. Third, we will ensure that Canada has an internationally competitive business tax system. Fourth, we will not finance tax relief with borrowed money because that just means an inevitable return to higher taxes in the future.

As honourable senators know, the government has consistently moved to lessen the tax burden on Canadians. Once we were able to eliminate the deficit and start the debt on a downward path, we began to cut taxes for all Canadians. Bill C-22 is the biggest step forward to date in our tax-cutting effort.

The government promised Canadians in 1999 that it would set out a multi-year tax plan for further tax reduction. The 2000 budget delivered on that commitment by making the most important structural changes to the Canadian tax system in over a decade, with a special emphasis on the needs of families with children.

• (1440)

The 2000 budget set out a five-year \$58-billion tax relief plan that was further expanded to \$100 billion in last fall's economic statement and budget update, making this the largest tax cut in Canadian history. Bill C-22 implements the key elements of that five-year tax reduction plan, which will reduce the federal personal income tax paid by Canadians by 21 per cent on average. Families with children will receive an even larger tax cut, a reduction of about 27 per cent on average.

Honourable senators, the measures that are contained in this bill are all encompassing. Along with the broad-based tax reduction measures, the bill contains many additional changes to both the personal and business tax systems.

The technical amendments that died on the Order Paper as part of Bill C-43 in the last Parliament are also part of this bill. Some of the technical amendments are relieving in nature, some correct technical deficiencies in the act, and others tighten the administration of the tax system.

This is a very fat bill, as honourable senators all know, and I want to discuss today the highlights of it. To begin, I wish to point out the personal income tax changes.

The elements of the five-year tax reduction plan included in this bill reduce personal income taxes for all Canadians. They increase support for families with children. They take steps to promote entrepreneurship, economic growth and job creation in a way that gives Canada an advantage in the new economy.

With respect to personal income taxes, Bill C-22 provides for tax reductions at all income levels as of January 2001. Canadians will be able to earn more, income tax free, and more of their income will be taxed at lower rates.

Under the measures proposed in bill, the low- and middle-income tax rates fall to 16 per cent and to 22 per cent respectively. The top 29 per cent rate is reduced to 26 per cent for those incomes between \$61,000 and \$100,000. The top tax rate of 29 per cent stays in place only for those Canadians earning more than \$100,000. In addition, the 5 per cent deficit reduction surtax is eliminated as of January 2001.

Bill C-22 also proposes significant enhancements to the Canada Child Tax Benefit. These changes need to be in place, honourable senators, by July 1 of this year in order for Canadian children and Canadian families to receive the full advantage of them. As honourable senators know, the child tax benefit is a key element of federal assistance to families. It is an income-tested benefit, made up of the base benefit for low- and middle-income families and the National Child Benefit supplement for low-income families. This bill raises the maximum child tax benefit for the first child to \$2,372 as of July 1, 2001, well on the way to the five-year goal of \$2,500 per year by 2004. The maximum child tax benefit for the second child will increase to \$2,308 in July of 2004.

Honourable senators, it is imperative that these changes be in place by July 1 of this year if families and children are to receive the full benefits on time.

Several other changes to the personal income tax regime are specifically designed to provide tax relief to those who need it most. For example, the bill increases the amount on which the disability tax credit is calculated from \$4,293, as it is now, to \$6,000. It expands the list of relatives to whom the disability tax credit can be transferred so that it is consistent with the medical expense tax credit rules. It allows speech language pathologists to determine eligibility for the DTC with respect to speech

impairments. It increases the maximum child care expense deduction to \$10,000 from \$7,000 for children for whom the DTC could be claimed. It raises the amount on which the caregiver and infirm dependant credits are based to \$3,500.

When a principal place of residence is built for people who lack normal physical development or have severe and prolonged mobility impairments, this bill proposes that certain incremental costs will be allowed under the medical expense tax credit.

In addition, under this bill, up to \$3,000 in scholarship, fellowship and bursary income is tax-exempt where it is paid in connection with educational programs that qualify for educational tax credit. The present rate is \$500. That is a \$2,500 increase.

Further, self-employed individuals will now be able to deduct the employer portion of CPP or QPP contributions that they pay for their own coverage. The remaining portion will continue to be eligible for a personal tax credit at the lowest tax rate. This change ensures that self-employed individuals are not at a disadvantage by comparison with owner-operators. Self-employed individuals would be able to deduct the employer's share of their CPP or QPP payments.

I mentioned earlier that this bill also contains technical amendments, some of which were introduced in Bill C-43 in the last Parliament but never passed. The technical amendments are numerous. Examples of them include clarifying the tax treatment of certain resource expenditures. In a chain of corporations, a corporation is controlled by its immediate parent when that immediate parent is, itself, controlled by another corporation. The tax treatment of certain limited liability partnerships is also clarified in this bill.

Honourable senators, all of these measures are designed to improve tax fairness in the operation of our tax system.

I will now discuss some of the changes to the business tax system.

As I said earlier, the government is committed to ensuring that Canada has an internationally competitive business tax system. Canada needs such a system in order to prosper in the new global economy. This is important because business tax rates have a significant impact on the level of business investment, on employment, productivity, and on wages and incomes.

The five-year tax reduction plan goes a long way towards reaching this goal. One of the ways it does so is through corporate tax reductions. Under Bill C-22, federal corporate income tax rates will drop to 21 per cent from 28 per cent for businesses in the highest-taxed sector, such as high-technology services, to make them more internationally competitive. These reductions begin to take effect as of January 1, 2001.

By 2005, the combined federal-provincial tax rate will drop from the current average of 47 per cent to 35 per cent, which is 5 percentage points lower than the United States. This will also put our businesses on a more competitive basis with respect to other G-7 countries.

Another element of the tax reduction plan allows tax deferred capital gains and rollovers of those capital gains for investments in shares of certain small and medium-sized active business corporations. The capital gains inclusion rate also drops to one-half, which will make our top federal-provincial tax rate on capital gains lower than the comparable United States' combined top rate.

Increasing the employee stock option deduction from one-third to one-half means that employees in Canada will be taxed more favourably on their stock option benefits than employees in the United States. We have heard much about that in the last months; we want to address that imbalance. In addition, Bill C-22 defers the taxation of certain stock option benefits and allows an additional deduction for certain stock options shares that are donated to charity.

Honourable senators, Bill C-22 also includes amendments that accommodate branches of foreign banks operating in Canada. As a result of Bank Act amendments in 1999, foreign banks are now allowed to establish specialized, commercially focussed branches in Canada. Previously, they could only operate under the aegis of Canadian incorporated subsidiaries. Bill C-22 ensures that a comparable tax system exists for both Canadian banks and foreign banks with branches operating in Canada.

Some of the other business tax measures include tax-deferred rollovers for shares received on certain foreign spin-offs, strengthened capitalization rules, and a phasing out over a three-year period of the special income tax regime for non-resident-owned investment corporations.

• (1450)

There will also be a temporary 15 per cent investment tax credit for grassroots mineral exploration; a revised corporate divisive reorganization set of rules; and an appropriate treatment of foreign exploration and development expenses in computing foreign tax credits.

Honourable senators, these are just a few examples of the extensive changes implemented in Bill C-22 in respect of the business income tax system. As with the personal tax changes, each measure is designed to improve tax fairness in the operation of our tax system. The technical amendments pertaining to the business tax system that were included in former Bill C-43, which died on the Order Paper before the last election, are also extensive.

I will give honourable senators a few important examples. It extends the additional capital tax on life insurance corporations

[Senator Banks]

until the end of 2000. It ensures that Canadian corporations holding shares of non-resident corporations through partnerships are not subject to double taxation. The bill also ensures that shares of one foreign corporation can now be exchanged on a tax-deferred basis for shares of another. Replacement property rules do not apply to shares of the capital stock of corporations. The definition of "investment tax credit" is clarified, as is the tax treatment of resource expenditures and the rules governing gifts of ecologically sensitive land.

There are three additional measures that I want to highlight today for honourable senators. They would change the rules governing the taxation of trusts and their beneficiaries. Many of the changes of these three measures bridge gaps in the existing income tax law. Bill C-22 addresses the tax treatment of property that is distributed from a Canadian trust to a non-resident beneficiary. It also introduces measures that deal with the tax treatment of bare, protective and similar trusts, as well as mutual fund trusts, health and welfare trusts and trusts governed by RRSPs and RRIFs. In addition, it includes new anti-avoidance measures designed to ensure that transfers of trusts cannot be used to inappropriately reduce tax.

Another part of Bill C-22 concerns the new taxpayer migration rules, which are also part of our ongoing commitment to greater fairness in the tax system. Since 1972, Canada has had special tax rules that apply when people give up Canadian residence, the basic element of which is a "deemed disposition" that treats emigrants as having disposed of property immediately before leaving. Bill C-22 clarifies that Canada retains the right to tax emigrants on gains that accrue during their stay in Canada. It also clarifies the effect of these new rules on various kinds of rights to future income. The bill allows returning former residents to generally "unwind" the tax effects of their departure, regardless of how long they were non-resident.

The final measure of Bill C-22 relates to the 1999 agreement between Canada and the United States concerning foreign periodicals, about which we have all heard a great deal. Since the 1960s, the Income Tax Act has precluded Canadian businesses from deducting advertising expenses, unless they were in a newspaper or periodical that is at least 75 per cent Canadian-owned and contains at least 80 per cent original Canadian content. As a result of the 1999 agreement between the United States and Canada, that rule no longer applies to advertisements in periodicals. Instead, advertising expenses in periodicals with at least 80 per cent original editorial content will be fully deductible, and those in other periodicals will be deductible at 50 per cent, regardless of the ownership of the newspaper or the periodical.

Canadian pension funds and other entities that own Canadian newspapers qualify as Canadian citizens under the ownership requirements of this bill. That has been valid since June 1996.

In summary, I want to remind honourable senators that for this government, fiscal responsibility is fundamental and that tax cuts are essential. At the same time, the government is committed to maintaining an effective, fair and technically valid tax system. Bill C-22 meets all of these requirements. Each measure in this bill adheres to one of the principles of tax fairness to which our government remains steadfastly committed.

Honourable senators, I encourage you to pass this bill after due deliberation and examination with alacrity, especially given that Canadian families and children need the increase that is contained in this bill, which can be made payable to them on July 1.

On motion of Senator Kinsella, for Senator Bolduc, debate adjourned.

[Translation]

BUDGET IMPLEMENTATION ACT, 1997 FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Yves Morin moved the second reading of Bill C-17, to amend the Budget Implementation Act, 1997 and the Financial Administration Act.

He said: Honourable senators, I am pleased to rise to speak at second reading stage of Bill C-17, to amend the Budget Implementation Act, 1997 and the Financial Administration Act.

The amendments to the Budget Implementation Act, 1997 relate to additional funding for the Canadian Foundation for Innovation to include research outside Canada and extension of its activities to 2010.

The amendments to the Financial Administration Act relate to the Canada Pension Plan Investment Board and the borrowing power of federal departments. I will begin by addressing the additional funding for the Canadian Foundation for Innovation, but first I will place this measure in context.

Academic research funding has always been, and continues to be, one of the federal government's foremost priorities. Elimination of the deficit has made it possible for the government to inaugurate several initiatives for funding university-based research: a very generous tax scheme for research; additional funding to the granting councils; creation of the Canadian Institute for Health Research, a truly innovative model for health research development; \$900 million in funding for the Canada Research Chairs Program, to establish 2,000 research chairs in Canadian universities; more funding to the centres of excellence; \$300 million to Genome Canada; and the creation of the Canadian Foundation for Innovation, one of the topics of this debate.

[English]

In addition, honourable senators, the government is committed to doubling the current investment in research and development

by the year 2010. That target was announced in the Speech from the Throne in January 2001.

During its mandate, the government plans to increase its investment in the granting councils; accelerate Canada's ability to commercialize research discoveries, and turn them into new products and services; and finally, pursue a global strategy for Canadian science and technology to put Canada at the forefront of international research.

These initiatives, including the proposal from the Speech from the Throne, confirm that funding for university research remains high on the government's list of funding priorities. The Minister of Finance reinforced this commitment last fall when he stated:

Over the past four years, this government has introduced an unprecedented series of strategic initiatives to rebuild the research infrastructure of our universities, in order to attract and retain the best minds, and to expand their opportunities here in Canada.

[Translation]

The Canada Foundation for Innovation is part of that series of strategic initiatives. In order to meet the infrastructure needs of universities and hospitals, the federal government announced in the 1997 budget the creation of the Canada Foundation for Innovation and gave it an initial budget of \$800 million to ensure the financial support needed to modernize the research infrastructure of universities, hospitals and research centres in the fields of health, the environment, the sciences and engineering.

• (1500)

The 1999 budget injected an additional \$200 million. Without these additional funds, the foundation's grants, distributed in the context of a peer review process, would have stopped during the year.

The budget for 2000 provided an additional \$900 million, while, as a result of last fall's Economic Statement and Budget Update, an additional \$500 million was injected into the foundation's grants.

[English]

Honourable senators, the foundation's success can be seen in the willingness of our universities, research hospitals, businesses, voluntary sectors, individuals and provincial governments to partner with it in order to enhance Canada's research infrastructure. In most cases, the foundation is able to provide up to 40 per cent of funding for research infrastructure projects. The foundation has funded projects in every part of our country, created opportunities and established new researchers. To date, it has supported 95 research organizations across Canada, including 65 universities, 18 colleges and 12 research hospitals. The provinces, for example, have strongly supported the participation of their research institutions in the foundation's program, either by contributing to the project or by establishing complementary funding programs of their own. Quebec and Ontario, for example, have created funds that match the foundation's awards.

Bill C-17 legislates an additional \$1.25 billion in 2000-01 for the Canada Foundation for Innovation and extends its activities to 2010. This injection of \$1.25 billion includes \$500 million from the October 2000 economic statement and budget update and a further \$750 million that was announced on March 6, 2001, by the Ministers of Finance and Industry.

The \$500 million announced last October will be invested in two ways: \$400 million dollars will go to support the operating costs of new awards, and \$100 million will help facilitate the participation of Canadian researchers in international research projects and facilities that offer significant research benefits to Canada.

The additional \$750 million announced in March will build on this funding by providing additional stability to our universities as they plan their future research priorities. Together, this increased funding will bring the total federal investment in the foundation to an amazing \$3.15 billion.

[Translation]

Honourable senators, Bill C-17 also amends the Financial Administration Act.

That act provides, among other things, for the financial administration of the Government of Canada, the establishment and maintenance of its accounts and the control of Crown corporations.

It also establishes the regulatory framework under which the government can borrow funds, and it ensures that Parliament authorizes the government, or its agents, to borrow funds.

The first amendment included in the bill concerns the Canada Pension Plan Investment Board, which was inadvertently removed from section 85(1) of the Financial Administration Act when the Canadian Wheat Board Act was amended, in 1998.

This oversight means that under the Financial Administration Act, the Canada Pension Plan Investment Board was subjected to the various provisions of Divisions I to IV of Part X of that act on the control of Crown corporations and was in a situation of conflict, since its mandate provides that it operates at arm's length from the government.

That situation was not created voluntarily, because when the act establishing the investment board was promulgated, the board had been exempted from the application of the various provisions of the Financial Administration Act dealing with the control of Crown corporations.

[English]

Bill C-17 reinstates the Canada Pension Plan Investment Board on the list of Crown corporations exempt from Divisions I

[Senator Morin]

to IV of Part X of the Financial Administration Act. This exemption protects the independence of the board while the Canada Pension Plan Investment Board legislation itself provides a strong accountability regime ensuring that a high standard of audit and reporting is followed. This change will be retroactive to December 1998 to ensure that the Canada Pension Plan Investment Board has always operated within the laws of Canada.

The second amendment reinforces the authority of Parliament over any borrowing by and on behalf of the Crown. It also strengthens the role of the Minister of Finance in ensuring the appropriate management of government indebtedness. This amendment provides for greater certainty that it is Parliament that must specifically authorize borrowings that are made on behalf of Canada.

Additionally, Bill C-17 ensures that all borrowings, and not just the borrowings of money, are covered under section 43 of the Financial Administration Act and are subject to the supervision of the Minister of Finance.

[Translation]

In closing, honourable senators, I must point out that the amendments to the Financial Administration Act are intended to improve its application.

I would also point out that this additional allocation to the Canadian Foundation for Innovation is implementing the commitment made by the government to double its present investment in research by the year 2010.

Last October, the Minister of Finance stated as follows:

Success in the new economy will not be determined by technology alone, but by creating an environment of excellence in which Canadians can take advantage of their talents, their skills and their ideas.

[English]

The Canada Foundation for Innovation is helping to create this environment for excellence. The foundation needs this increased funding so that it can continue to promote research in Canada and inspire new young Canadian researchers, which I am sure we all agree is an important investment in Canada's future.

Honourable senators, I urge you to give this legislation your full support.

On motion of Senator Kinsella, for Senator Bolduc, debate adjourned.

[Translation]

TOBACCO TAX AMENDMENTS BILL, 2001

SECOND READING

Leave having been given to revert to Item No. 2 under Government Business:

On the Order:

Resuming debate on the motion by the Hon. Senator Carstairs, P.C., seconded by the Hon. Senator Robichaud, P.C., for second reading of Bill C-26, to amend the Customs Act, the Customs Tariff, the Excise Act, the Excise Tax Act and the Income Tax Act in respect of tobacco.

Hon. Pierre Claude Nolin: Honourable senators, I thank you for having agreed to set aside the *Rules of the Senate* and allow me to speak to Bill C-26 at second reading stage.

The purpose of this bill deserves to be supported. The Senate's role in this issue cannot be ignored in light of the effective support this institution has repeatedly given to all measures aimed at slowing the spread of smoking, particularly among young people.

• (1510)

This bill concerns transactions surrounding the sale of tobacco products and the increase in the tax structure related as well to the sale of these products. All studies indicate that an increase in the price of tobacco has a direct effect on young Canadians by dissuading them from starting down the deadly road of smoking.

We must absolutely and together praise the government's decision to re-establish a tax structure intended to limit the spread of smoking. Until 1994, we had a serious problem with the reimportation into Canada of tobacco products originating here. Tobacco manufacturers, because of the tax structure on the export duties on tobacco products, sold tobacco to the U.S., which came back into Canada without being taxed. The product, stripped of all its original taxes, had a very attractive market value. We know the rest.

This bill aims at closing this valve and will enable us to ensure that tobacco products intended for export are properly taxed in order to prevent the reimportation into Canada of products that were originally meant for Canadian consumption.

There is one item I must mention, and we will hear government officials on this in committee. The bill provides for an increase in the rate of the surtax on Canadian tobacco manufacturers' profits. This surtax, which the government created in 1994, generates \$70 million annually. The government

wants to increase this surtax in Bill C-26 in order to bring in an additional \$15 million annually, approximately.

Honourable senators, I say "well done," if the \$70 million the surtax generates are properly spent and go to creating programs to reduce the harmful effects of smoking.

I, personally, do not think this is the case. It reminds me of certain speeches made in this House early in the debate on another measure to establish an independent foundation, funded totally independently by government funds, that would promote a program to reduce smoking among young Canadians, in fact. It will be interesting to see what becomes of the additional \$15 million.

Again, I say "well done," if the government is truly committed to spending a total of \$85 million annually to reduce tobacco consumption among Canadians. Honourable senators, I urge you to support this bill, so that it can be referred to a committee for consideration as quickly as possible.

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, could Senator Nolin explain whether there is a convergence between Bill S-15, which went through third reading this week, and the government bill now before us?

Senator Nolin: Honourable senators, the two bills pursue the same objectives, but they differ in the means used to achieve these objectives. Bill S-15 provides for the establishment of a foundation that would deal at arm's length with the government and whose funding would be totally independent.

Bill C-26 provides that, thanks to the surtax on tobacco products, an annual amount of \$185 million be put into the Consolidated Revenue Fund.

The two bills propose measures that are conducive to making tobacco products less appealing, particularly for young people who do not have a lot of money. A pack of cigarettes is much more appealing if it costs \$2.50 instead of \$6.50. The two bills try to solve the same problem, but through the respective means of each authority.

[English]

Senator Kinsella: Honourable senators, with the explanation that there is a convergence with Bill C-26 and Bill S-15, and given that this bill was moved in the house by the honourable minister and seconded by our good friend Senator Taylor, we could therefore expect that the government, given government solidarity, would support Bill S-15 in the House of Commons.

Hon. Nicholas W. Taylor: If I may ask a question, just to follow Honourable Senator Nolin's line of reasoning, what does the honourable senator think will happen if this bill receives Royal Assent? The Senate has already passed Bill S-15. Is there any conflict in the senator's mind in trying to put the two bills out at the same time?

Senator Nolin: The answer is no. That answer is based on the amount of money available from Bill S-15 that will be invested to reduce smoking prevalence in the younger members of our population. Data from the United States shows that between \$10 and \$20 per Canadian per year must be spent to reduce smoking prevalence in the younger population.

The scheme in Bill S-15 is different. It is apart from the tobacco manufacturers' surtax, which will provide another \$15 million, hopefully to be spent on the main objective, which is to reduce smoking prevalence among the total population in Canada. The price of the product will increase, of course, and provide money to the public treasury. I am interested in seeing the price of cigarettes rise to a level that will not trigger black market activity. Reimportation into Canada of Canadian product will be almost impossible, as there will be a tax on exportation. There will be no interest in reimporting tobacco products into Canada. What is important is that the price will be higher. That will reduce the likelihood that younger Canadians will be interested in commencing to smoke tobacco.

Senator Taylor: Rather than adjourn the debate, honourable senators, I wish to speak for about five minutes. I wanted to speak on this matter the other day following Senator Kenny's speech, but he had given us such a huge bale of hay that I thought there was no use trying to feed the animals another bale. Today, things have settled down.

I was chairman of the Energy Committee at a time when we travelled across the country to hold hearings on the tobacco issue. The tobacco bill had been referred to the Energy Committee. We thought this was an economical way of killing two birds with one stone or, perhaps, stoning two birds with one sitting. The point is that we were to get across the country. There was no doubt in listening to the submissions made by the medical associations in Vancouver, Edmonton, Calgary, Toronto, Montreal, St. John's, Newfoundland and in Halifax, as we heard Senator Keon say earlier, that people felt quite strongly that Bill S-15 was good for three reasons.

• (1520)

First, it would raise the price of cigarettes, which this bill does as well. Second, there is a slight variation from Bill S-15 to this bill before us. Perhaps the committee destined to study the matter will be able to iron it out. Bill S-15 had a hands-off approach to the decision-making body. As a matter of fact, at the moment the Energy Committee is studying an arm's-length body which was set up to invest \$100 million into the sustainable development fund. The government has even appointed directors and started listening, which makes it an entirely different issue as to political correctness. The point of the matter is that governments often do set up arm's-length organizations to go after such issues.

Those who made presentations to us wanted an arm's-length organization. That is because, in 1994, I believe, we were

supposed to put up \$68 million. The idea was to increase the sum to \$100 million in three or four years for education. Unfortunately, it decreased to zero in three to four years because that money was used to balance the budget.

The third reason they argued, as Senator Nolin has pointed out, is that to be totally effective you have to spend about \$12 per capita, and perhaps as high as \$15 per capita. That amount was determined as a result of the testimony by Americans who appeared before the committee. They said that if you spend \$2 or \$3, nothing will happen. However, if you spend between \$12 and \$18 you are able to reduce smoking among youth anywhere from 25 to 28 per cent, down to as low as 9 or 12 per cent. This is a terrific cut. As a matter of fact, the representative from California pointed out to us that the savings to the Government of California were \$3 for every \$1 spent on education. Time and again we were warned that spending less than \$3 per capita, which this bill contemplates, was wasting money. In a speech the other day I said it was like putting 10 pounds of air in a tire that needs 38 pounds. In other words, you will be in just as much trouble as if you had not put any money into it at all. Perhaps air is an unfortunate example to use with a bunch of politicians. Nevertheless, it was an analogy I thought of at the time.

This bill has good intentions, but there are two things I do not like about it. First, it leaves the money that is raised from the sale of a drug that kills 30,000 to 40,000 people per year in Canada — a drug to which children younger than teenagers are addicted — in the hands of politicians. Perhaps I have spent too many years in opposition. However, that is one of the things about the bill that worries me. Perhaps we can get around that somehow. I hope we can.

The second item about this bill that worries me is the amount of money we are spending. What I am worried about is that after two or three years they will pull out the stats and say, "We have only cut smoking by teenagers from 25 per cent to 20 per cent, or not at all. There is no use putting any money in it." In other words, we could be worse off than where we are now.

Nevertheless, I will not stand in the way of the bill going to committee. I have not had a chance to speak to this bill before. Since the taxpayer paid a certain amount of my travelling expenses across the country as a member of the committee to listen to evidence on tobacco and the entire idea of youth and their use of tobacco, I certainly thought I had a responsibility to speak to it. Outside of making a formal report to the Senate, I chose to speak to the bill today in order to make a report on the findings.

The Hon. the Speaker *pro tempore*: Is the house ready for the question?

Hon. Senators: Agreed.

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

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 Robichaud, bill referred to Standing Senate Committee on Banking, Trade and Commerce.

CANADA SHIPPING BILL, 2001

SECOND READING—DEBATE ADJOURNED

Hon. Catherine Callbeck moved the second reading of Bill C-14, respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other Acts.

She said: Honourable senators, transportation has always played a vital role in our history, and it continues to do so today. The current act is, without exaggeration, antiquated. The act came into law in 1936 and was based on the 1896 British merchant shipping law.

The Canada Shipping Act is the principal piece of legislation governing personal safety and environmental protection in the marine sector. No one can deny the pressing need to review and to overhaul it.

Transportation Canada data indicates that, in 1999, the civil marine industry directly employed approximately 31,000 people and shipped a total of 334 million tonnes of cargo. The shipping industry moved imports and exports worth \$83 million in 1999. Despite this impressive record, Canada's shipping industry will find it increasingly difficult to compete internationally unless we implement transportation policies based on sound, modern legislation.

Honourable senators, Bill C-14 is the result of five years of work by the Department of Transport, in conjunction with the Department of Fisheries and Oceans, the Department of Industry and other affected parties. Numerous consultations on the bill have occurred during the process, including the release of a draft bill in June 1999.

The consultative process is an excellent example of cooperation between the government and marine communities. Everyone had a chance to participate in the review of this important legislation, from commercial shipping in supertankers to the recreational boating community. This bill establishes the legal framework that focuses on safety and the promotion of a healthy environment, both of which are high priorities for Canadians.

• (1530)

Honourable senators, the challenge is to maintain safety and protect the environment from the many threats while continuing to promote a strong and viable shipping industry.

The bill we have before us today is tangible proof of the government's leadership and our commitment to the marine sector.

The objectives of Bill C-14 are stated clearly in Part 1 of the bill. They are threefold: first, to protect the health, safety and well-being of individuals; second, to protect the marine environment; and, third, to encourage viable, effective and economical marine transportation and commerce.

To support these objectives, a complete reform of the Canada Shipping Act was undertaken. This reform had three goals: first, to simplify the legislation by replacing outdated terminology with plainer language, harmonizing it with other regimes and taking out excessively prescriptive details; second, to make it consistent with federal regulatory policies, reducing reliance on regulations and permitting alternative approaches such as compliance agreements, performance standards, and voluntary industry codes, which are much more consistent with today's regulatory practices; and, third, to contribute to the economic performance of the marine industry by reducing prescriptive elements and the administrative burden imposed by the current legislation. This reform gives the industry the assurance it needs to increase safety and business.

Let me outline some of the provisions of this bill.

Bill C-14 delineates the areas of responsibility between the two federal departments, Fisheries and Oceans, respecting pleasure craft, and Transport Canada, respecting non-pleasure craft.

The chief registrar of all commercial vessels is given the flexibility to divide the registry into parts, including a small vessel register. This flexibility allows the chief registrar to set requirements based on the class of vessels. For example, a vessel on the small vessel registry would not necessarily be required to undergo costly tonnage measurement, nor would there be provision to register a mortgage.

Bill C-14 clarifies the shipmaster's responsibility to ensure that the vessel is adequately staffed with properly qualified and trained personnel. Also clarified is the master's authority to maintain good order and discipline on-board a vessel.

In response to stakeholders' concerns, the right of seafarers to place a lien against a vessel for unpaid wages remains in this bill.

Part 4 of this bill is primarily concerned with safe design, construction, inspection and operation of vessels, all of which are the responsibility of the Minister of Transport. Those matters relating to the safe use of pleasure craft, including requirements for operator competency, licensing and safety equipment, rest with the Minister of Fisheries and Oceans and can be found in Part 10.

Bill C-14 allows Canada to fulfil its international obligations respecting various international conventions, such as safety of life at sea and the International Safety Management Code, by allowing the department to implement these instruments via regulation.

Commitment to marine safety and protection of the environment has been reinforced by Canada's commitment to port state control. This means that whoever comes into our ports can be inspected, no matter what flag they fly. More than 25 per cent of all vessels that dock at Canadian ports are inspected, with the focus being on ships with the greatest potential safety concerns.

I want to point out clause 227, which stipulates that vessels that contravene international conventions relating to safety and the environment can be denied access to Canadian waters.

Transport Canada and Fisheries and Oceans officials have worked closely with all interested parties to ensure that the proposed legislation's pollution-prevention provisions are modern and are consistent with other domestic and international standards. The departments have also worked together to ensure that the penalties for non-compliance are effected.

Part 8 clearly identifies the responsibility of the Department of Fisheries and Oceans to protect the marine environment from the discharge of a pollutant from a vessel or an oil-handling facility engaged in the loading or unloading of a vessel.

In cases where a pollution accident occurs, the Department of Fisheries and Oceans will take the lead to ensure an appropriate response. Fisheries and Oceans is also responsible for ensuring that oil-handling facilities have oil-spill prevention plans in place and that there is an arrangement for a response with a Coast Guard certified response organization to control the consequences.

The Minister of Transportation is responsible under Part 9 of the bill for the regulation of the discharge of pollutants from vessels. This part also includes the regulation-making authority for the safety equipment that must be on-board a vessel when it is carrying pollutants.

The legislation also provides sufficient deterrents to those who would be tempted to use Canadian waters as the dumping ground for their shipboard waste.

It is clear that industry supports the departments as they move toward a brand new Canada Shipping Act.

We have heard an outline on the provisions of this bill, the compelling reasons for it and its many strengths. We have heard about the consultative process that has made this legislation possible.

Honourable senators, even though industry for the most part is in favour of the proposed legislation, some will remain in

[Senator Callbeck]

opposition to the enforcement scheme. It is to this scheme that I would like to focus your attention.

Bill C-14 will establish a streamlined administrative enforcement scheme. It will use modern, cost-effective means to secure compliance with regulatory requirements. Transport Canada has listened to the stakeholders in respect to this enforcement scheme. Originally, the draft bill proposed an administrative penalty scheme that involved the use of assurances of compliance, tickets, administrative penalties and judicial sanctions. Some stakeholders thought that these sanctions were too strong. As a result, the bill before us makes greater use of the summary conviction process for offences, and it no longer has a ticketing scheme.

Honourable senators, the Department of Transport is committed to work with its partner agencies to ensure that the enforcement measures contained in this bill are applied consistently. This bill represents a conscious effort to hold all individuals who are responsible for non-compliance accountable for their actions, including corporate leaders. No one should be able to hide from personal responsibility behind the corporate screen.

The proposed system contained in this bill is fair. It provides for a more efficient, less costly alternative to the courts. It provides for an alternative to financial sanctions through the use of assurances of compliance.

This system is based on the successful program of administrative penalties developed in the Aeronautics Act, the Agriculture and Agri-food Administrative Monetary Penalties Act and the Competition Act.

In addition, the administrative system contains safeguards for those that become subject to enforcement measures. A fair and impartial review process by an independent adjudicator is also established under this bill.

The Bill C-14 enforcement scheme employs a graduated approach to non-compliance. This graduated approach provides the government with the flexibility needed to apply the most suitable enforcement response at a lower cost to all parties.

Honourable senators, I now turn to an aspect of the economic regulation of shipping and navigation, namely, the Shipping Conferences Exemption Act.

Amendments are found in Part 15 of Bill C-14. Honourable senators, Part 15 addresses an important aspect of transportation supporting the Canadian economy, the movement by ship of Canada's overseas containerized trade. A shipping conference is a group of ocean shipping lines acting collectively to set the rates and to offer services on specific trade routes. Shipping conferences are recognized throughout the world and contribute to reliable service and stable rates.

• (1540)

Many of Canada's trading partners, such as the United States, Europe, Australia and Japan, accommodate conferences through special legislation. Recently, they have reviewed their conference legislation and concluded that, while it should be retained, more competitive provisions can be accommodated.

The Shipping Conferences Exemption Act exempts shipping conferences from certain provisions of the Competition Act and sets the rules for their operations. Amendments are now required to keep Canada's shipping conference legislation in balance with Canada's major trading partners. The government must be mindful of the need for a balanced approach to conference legislation. Radical anti-conference measures are a departure from compatible, international rules and could result in unfavourable repercussions for Canadian industry and Canadian ports.

Honourable senators, the amendments will encourage a more competitive operating climate within shipping conferences, will provide adequate flexibility for shippers in dealing with conferences, and will streamline the administration of the act.

More specifically, during the review of the bill at the Standing Committee on Transportation and Government Operations and as a result of additional consultations with Canadian shippers, a motion to amend the clause of the bill on service contracts was adopted to clarify that the service contract shippers entered into with individual conference lines will not be subject to interference from the shipping conference.

Honourable senators, the amendments will result in Canadian legislation being comparable with the law in the United States. Shippers will benefit from the injection of greater competition into the practices of conferences, while conferences will continue to have a limited exemption under the Competition Act.

Honourable senators, politics is the art of the possible. We have practised that art, balancing the needs and concerns of Canadians with different interests, protecting the environment and those who work at sea. The result is an effective piece of legislation that will replace an act long overdue for renewal and give Canadians the modern, efficient framework we need for the 21st century. I urge honourable senators to support this legislation.

Hon. Nicholas W. Taylor: Honourable senators, I have a couple of questions. First, we are increasingly using dredges. In the past, dredges were used to clean out a harbour, but now they are being used on inland lakes in Canada, particularly in Western Canada where the water contains silt because of the farming patterns of the last two or three generations. Will dredges fall under the Ministry of Transport? If my honourable friend does not know, I can wait for a response. This is not critical.

Senator Callbeck: Dredges are not covered under this particular piece of legislation.

Senator Taylor: My second question references the hobby sailor. In the U.S., one cannot dump effluent from a boat's sewage tank; yet dumping is allowed in Canadian waters. In Western Europe, one cannot empty a sailing boat either, except maybe in the Mediterranean, in a few areas off Turkey, Egypt and Israel. Canada is one of the last countries where one can dump one's holding tank. Has that practice been changed at all?

Senator Callbeck: Yes. There are measures in this legislation to deal with that matter, making the rules more strict.

On motion of Senator DeWare, for Senator Forrestall, debate adjourned.

CANADA TRANSPORTATION ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Kirby, seconded by the Honourable Senator Mahovlich, for the second reading of Bill S-19, to amend the Canada Transportation Act.—(*Honourable Senator Poulin*).

Hon. Marie-P. Poulin: Honourable senators, I listened carefully to the speech of our colleague Senator Michael Kirby when he tabled Bill S-19. This bill would amend the Canada Transportation Act and, when implemented, would provide guidance on how the best interests of the air-travelling public could be served. Senator Kirby is to be lauded for bringing forward this measure. Bill S-19 would compel domestic and foreign air carriers to file information affecting the public interest, such as flight delays, mishandled baggage and over-sales.

Once enacted, this bill would provide information that could lead to improved service to air passengers who, as anyone in this chamber knows, have suffered undue inconvenience in their travel plans because of airline practices.

[*Translation*]

Honourable senators, we all care about the reliability of Canada's air transportation system. Bill S-19 seeks to improve services provided to passengers.

When a passenger chooses a flight to reach a destination, he or she expects, even if the weather does not co-operate, to leave on time from the planned point of departure. He or she also expects to arrive at the scheduled time and, finally, he or she expects to get there with his or her baggage. If the airline company does not meet these three expectations, the passenger pays a professional and/or a personal price, in addition to the airfare.

Honourable senators, under Bill S-19, all air carriers in our country would be required to file reports on matters affecting the public interest. It is essential to improve the reliability of services to passengers, at a time when new technology is helping to improve the effectiveness of all industries, and at a time when air transportation is becoming an essential mode of transportation in the context of globalization.

[English]

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

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 Robichaud, for Senator Kirby, bill referred to Standing Senate Committee on Transport and Communications.

[Translation]

THE SENATE

MOTION ON PROPOSED CHANGE TO RULE 90 AMENDED

On the Order:

Resuming debate on the motion of the Honourable Senator Gauthier, seconded by the Honourable Senator Fraser:

That the *Rules of the Senate* be amended, by adding after Rule 90, the following new Rule:

90.1 Within 90 days of the presentation of a report from a select committee, the government shall, upon the request of the committee, table a comprehensive response thereto.—(*Honourable Senator Lynch-Staunton*).

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I congratulate Senator Gauthier for having brought forward a motion asking the government to table a comprehensive response to committee reports, once they have been presented.

A careful reading of Senator Gauthier's motion, however, with his agreement, indicates that it might be improved with an amendment.

[Senator Poulin]

[English]

• (1550)

As the motion presently reads, although it is well-intentioned, I do not think it goes far enough. It says, "Within 90 days of the presentation of a report from a select committee, the government shall, upon the request of a committee..." I do not think that the committee itself should have the authority to ask the government to comment on a report the Senate has not voted on. I do not think the government would be very pleased to see that only a few senators would impose on it such a project of replying to a report that the Senate itself has not had a chance to debate and vote upon.

MOTION IN AMENDMENT

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I have discussed this with Senator Gauthier, and he has agreed that the following amendment would meet his objectives and would show the government the seriousness of the change in the rules that he is proposing.

I move, seconded by Senator Gauthier, that the motion be amended to read as follows:

Ninety days following the passage by the Senate of a select committee's report, the government shall table, at the Senate's request, a comprehensive response.

We are substituting "Senate" for "committee," and it is a report that the Senate has approved that would be the object of a referral to the government for a response.

I also think, out of courtesy to the Rules Committee, should this motion as amended be approved, that it should be referred to the Rules Committee for comment and suggestions if need be before it is incorporated into our rules.

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

[Translation]

Hon. Eymard G. Corbin: Does Senator Lynch-Staunton believe that this chamber may impose an obligation on the government?

Senator Lynch-Staunton: No, I do not. However, it is a request which, if approved by the Senate, the government would be ill-advised to refuse.

Hon. Jean-Robert Gauthier: Honourable senators, the inspiration for this motion came from my experience in the House of Commons. I have copied down almost word for word Standing Order 109 of the House of Commons. I will read it.

Within 150 days of the presentation of a report from a standing or special committee, the government shall, upon the request of the committee, table a comprehensive response thereto.

That is what the Standing Orders say. I have used this standing order, and I think it is useful. One thing we must not lose sight of is that the Senate does some wonderful, serious and productive work in committee. When a committee tables a report in the Senate, this report may be debated. I accept Senator Lynch-Staunton's proposed amendment. I would like the government, after 90 days or 150 days, to table a comprehensive response to the committee's report.

I neglected to raise a number of points yesterday when I opened the debate on this motion. I will do so when the committee considers the motion. I am aware of the problems which exist. Senator Lynch-Staunton's amendment broadens the scope of the request. The government must take this seriously and table a comprehensive response within 90 or 150 days.

When I say 90 or 150 days, some people may wonder whether these are calendar days or sessional days? I am speaking of calendar days.

In the event that Parliament is prorogued, would the government be, or feel, obliged to table a response? I think that it would, but we will discuss this in committee, and that is where we will give thought to amending the motion after serious debate. Basically, I think that this is an important issue. If we wish to enhance the value of the Senate's work, we must make that work known. The government must know that we have ideas, which are important to us.

This request is reasonable. It is entirely within the spirit of a bicameral Parliament. The Senate is an important chamber, and the government should be required to respond seriously to the requests of the Senate.

[English]

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I should like to recommend to the house a manner in which we might consider proceeding on this. If the question is put, the amendment of Senator Lynch-Staunton would be to amend the main motion. We could then not call the question on the main motion but allow a motion to be put forward to send the motion as amended to the Rules Committee.

[Translation]

Senator Corbin: Honourable senators, Senator Gauthier has said this measure was inspired by the rereading of the *Standing Orders of the House of Commons*. I want to reread my question to the Leader of the Government in the Senate on January 31 of this year, and I quote:

Honourable senators, I have a question for the Leader of the Government in the Senate. Surely, the leader will have fresh in her memory the work we did on the committee over which she presided, the five-year review on palliative care.

I introduced an amendment to the committee report in the last session of Parliament (that is the preceding Parliament). The amendment was adopted at the same time as the report, in which we called on the Minister of Health to react within six months to the committee's recommendations.

I will spare you the rest of the question. It was not the first time I had raised this matter in the Senate. I think that my honourable colleagues and Senators Gauthier and Lynch-Staunton have sufficient reason for wanting such a proposal to be incorporated into the *Rules of the Senate*.

• (1600)

The government's fate is not dependent on this chamber. If, following a unanimous and collective request from the Senate, the current government did not respond to the report that we are presenting in this chamber, it would do so at its own risk. I think this is what Senator Lynch-Staunton means.

Strictly speaking, the government probably does not have to respond to our reports. However, I know for a fact that Senate reports are carefully examined by government authorities, public officials and members of the general public who take an interest in these issues. It remains to be seen whether the Committee on Privileges, Standing Rules and Orders, to which we are referring this issue, will produce a report and require the government to respond to it. Personally, I doubt it. From a legal and constitutional point of view, I do not think that the government is required to respond, but I believe it will finally want to do so. It should have done so a long time ago.

This is a contradictory situation, because the Leader of the Government in the Senate, Senator Carstairs, was the Chair of the committee that reviewed palliative care. She is now responsible, at the Department of Health, for the whole palliative care issue.

The report was submitted in June. Six months have gone by and we have still not had a reaction from the department. We all know that it is ultimately the department, headed up by the minister, which will react to our reports.

I hope that not only will we have a response within a reasonable time to the Senate's decision in the last Parliament, but that the government will want to react to all of the Senate's reports. I approve of this initiative.

[English]

The Hon. the Speaker pro tempore: Is the house ready for the question on the motion in amendment?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: It is moved by Senator Lynch-Staunton, seconded by the Honourable Senator Gauthier, that the motion be amended to read as follows:

90.1 Ninety days following passage by the Senate of a select committee's report, the government shall table, at the Senate's request, a comprehensive response.

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

Hon. Senators: Agreed.

Motion in amendment agreed to.

REFERRED TO COMMITTEE

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, to my understanding, we are actually changing the rules. It should be indicated to the Rules Committee that we want it to study this matter. It is the responsibility of the Rules Committee to give us indications on what rule changes we should entertain. If we do it separately from the approach to the overall rules, we could get ourselves into a sticky situation.

Honourable senators, I move that the wording of the motion, as amended, be referred to the Standing Committee on Privileges, Standing Rules and Orders for consideration and for report at the earliest opportunity.

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

Hon. Senators: Agreed.

Motion agreed to.

DEFERRED MAINTENANCE COSTS IN CANADIAN POST-SECONDARY INSTITUTIONS

INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Moore calling the attention of the Senate to the emerging issue of deferred maintenance costs in Canada's post-secondary institutions.—(*Honourable Senator Andreychuk*).

Hon. A. Raynell Andreychuk: Honourable senators, I wish to add my words to this inquiry initiated by Senator Moore calling the attention of the Senate to the emerging issue of deferred maintenance costs in Canada's post-secondary institutions.

I have spoken in this chamber at length on at least three occasions as to the need to continue to reinforce our

post-secondary education in Canada. As senators will recall, it was sometime in 1995 that Senator Bonnell initiated an inquiry that we look into post-secondary education. At that time, it was difficult to get many of the parliamentarians in Canada, and other people in Canada, to focus on post-secondary education. The Senate again displayed that its committee work is extremely important because by the time we finished our study and filed it in December 1997, post-secondary education had caught the attention of many groups across Canada and, in fact, the government of the day.

I do not want to go over that report in any great detail, but I think it fundamentally touched the crisis that students faced in post-secondary education, as the costs had accelerated in a manner that had not been seen before. There was great concern by the Post-Secondary Education Committee that students were having difficulty continuing their post-secondary education and that the quality of education and the availability of education to our students was in general jeopardy.

At the same time, we brought to the attention of the government and other senators that research in Canada was behind and, due to cutbacks and other issues in Canada, post-secondary education was not getting attention. We, as a country, who prided ourselves as being exporters of innovation and service technology, were in fact falling behind other OECD countries and were not leading as we had in the past. There was considerable concern that research was being neglected. There was considerable concern that students were not being given the type of international education with which they could meet the demands of the global economy and the more globalized world.

Honourable senators, I am pleased to see that our report received the full endorsement of the Senate. It is too bad that the government did not reply in whole to our report. However, I do see an inkling that the government paid attention to it because from time to time we see initiatives. As we heard earlier today, an innovation fund is being set up to deal with some of the research and technology crises that we are facing.

My concern is that we continue to deal with post-secondary education on an ad hoc basis. I believe it is time that the government approached the issues and the problems facing post-secondary education in a more systematic way. Therefore, I am very pleased that Senator Moore called attention to the deferred maintenance costs of Canada's post-secondary institutions. It seems to me that when the cutbacks came, the first things that was put on the back burner were repairs to institutions and purchases for our libraries that were absolutely necessary.

As a committee, honourable senators, we travelled across Canada. We were still being told by some government officials that there were still some efficiencies that could be made in the institutions and that there was sufficient money to attend to the ongoing operating costs.

• (1610)

However, I think the committee was convinced by the well documented presentations of university administrators and student organizations such as CAUT and AUCC that all efficiencies had been attacked and that the crisis was beyond that point. We were told that unless there was a systematic study and an injection of funds into post-secondary education, post-secondary education would no longer exist in the way that we enjoyed it.

I should like to refer to our December 1997 report at page 17. I will not go through the statistics because it is important that those who will be following this issue go back to our report and to the supporting material, of which there was much.

At that time, the committee unanimously said that universities and colleges across Canada have responded to the dwindling commitment of government resources in a number of ways. They have become more efficient and have eliminated a lot of waste from their operations. The operating costs of universities in the 1980s, for example, fell by 15 per cent on a per student basis. Since then, however, operating costs per student have risen, influenced by the costs of increasing salaries for a maturing professoriate and of early retirement packages to reduced faculty complements.

Post-secondary institutions have also responded to declining government support by postponing capital projects and by reducing the replacement and repair of facilities as well as routine maintenance to the bare minimum. The net result has been the undeniable rundown of the physical infrastructure of universities and colleges.

The intellectual infrastructure has suffered as well in constant dollars per student. By 1993, library expenditures had fallen by 20 per cent from their peak in the early 1970s. Therefore, the special committee recommended that the federal government begin negotiations with the provinces on a joint program to arrest the accelerating deterioration of the fiscal infrastructure and of libraries, colleges and universities, that the institutions be asked to maintain an up-to-date list of their overdue maintenance and renovation needs, and that the two levels of government commit funds to these projects at the earliest possibility.

Honourable senators, the Canadian Association of University Business Offices has continued to document the shortfall. In fact, the report of the Canadian Association of University Teachers, to which Senator Moore referred, is another example. The evidence is clear that the infrastructure is in need of repair. The moneys that have been allotted have been used to stem the decline, but they have not met the needs of the universities.

Some universities are concerned that the money that is being injected through these programs and through the initiatives that we heard about in the innovation fund are going for new research

facilities, new technologies and new innovative centres. While we commend the government for providing money to put us on the cutting edge of new technologies, the universities need sustaining money. Money going to applied research is not sufficient. Money is needed to sustain the university base and to sustain basic research.

We do not want to be in a position of having some highly technical specialities while having lost the *raison d'être* of universities, which is to build minds and capacities in our young people to enable them to meet the challenges of the future.

The approach of most universities to education is to expand minds one student at a time. To do that, a liberal education has been the hallmark of the Canadian system, and that must be reinforced. We cannot say that only computer science is important. We must ensure that all the other humanities and all the basic programs are also sustained. I do not believe that there has been a systematic study of university funding to ensure a balance between applied research and basic research and to ensure that new technologies are weighed against traditional, basic programs. We must consider the type of students attending particular institutions and their ability.

When we did our study some years ago, we noted that literacy was a problem in the university system and that we needed to reinforce programs for incoming students. We recognized the fact that many Aboriginal peoples in the West were entering our university systems. It is imperative that they be given opportunities. However, some university practices and procedures did not fit them very well. Therefore, we needed to review some of the basic entrance requirements and funding requirements for these students.

I want to emphasize that increasing funding in innovative areas is fine, but it must be done across the spectrum of universities. We must consider how that can be done.

I know that in Saskatchewan some moneys returned from the federal government to the provincial government did not translate immediately into funds in the hands of the universities. We must ensure that the governments work cooperatively to sustain universities.

At page 59 of the report to which I referred earlier we said that overall Canada's post-secondary education network is adjusting remarkably to the rapid changes with inadequate resources. This process is not tidy, but chaotic and stressful, and it is being driven up more by grass roots than by top-down forces. I wish to underscore that point in supporting this inquiry. Good minds across Canada have found ways to sustain universities. However, is this good enough in this century if we want to be competitive and produce students who can meet the challenges? Although we need a grass roots-up approach, we also need to take a top-down systematic look at this issue.

In 1997, we did not conclude that there was a crisis yet in our post-secondary system, but we did find that there were good reasons for concern and action. I believe that the crisis has now arrived. Statistics show that our attempts to redress this problem have not been successful in any corner of Canada.

I noted that in two Throne Speeches the government addressed post-secondary education, innovation and research, but at that time talked about centres of excellence and partnering to see how industry could collaborate with universities and governments to meet the needs of the 21st century. The difficulty at that time was that the corporate money was tied to federal government money.

• (1620)

This almost precluded a province such as Saskatchewan, which has a very small corporate base from which to draw. Naturally, those funds seemed to go to what, in the government's terms, were the centres of excellence: Toronto, Montreal, perhaps Vancouver, Calgary and Halifax.

We pointed out in our report that there should be a different definition of centres of excellence. Universities across this country have brought to each one of their communities a centre of excellence.

I think of Walter Scott, the first premier of Saskatchewan — and I might note he was a Liberal — and his foresight to locate a university in Saskatchewan in 1911. The voice from Central Canada was to scoff at him, to say it was premature and unnecessary. However, the foresight to put a university in Saskatchewan targeted to agriculture created and sustained the viability of our communities. Many researchers who began in Saskatchewan were world renowned and have moved on to some of the best universities around the world. Centres of excellence should exist in each one of our communities.

I see the same kind of intellectual curiosity and capability in the student and professorial bodies of our smaller universities.

The Hon. the Speaker *pro tempore*: Honourable Senator Andreychuk, your speaking time has expired. Are you seeking leave to continue?

Senator Andreychuk: Yes, I would request leave to continue. I am nearly at the end.

The Hon. the Speaker *pro tempore*: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Andreychuk: I make the point seriously that all universities systematically look to the government for support and reject the idea that there is a need to reinforce the major centres at the expense of the smaller ones.

Honourable senators, universities bring vibrancy to our smaller centres in the fine arts, education and the intellectual base. This

[Senator Andreychuk]

improves the quality of life of the citizens in these centres and is probably more important than even in our larger centres.

I can use the example of the Saskatchewan Indian Federated College. This institution is not based in one of our major centres. However, the fact that there is a First Nations university controlled by the Aboriginal peoples in Regina has brought a wealth of education to the Aboriginal community, has promoted understanding between the Aboriginal and non-Aboriginal communities, and has gone a long way toward bringing these communities in Saskatchewan together. It is a world-class Aboriginal institution that has become a model in South America, Central America and elsewhere. I should like to underscore that.

I also wanted to make a final point. All of us must take some time to understand what our universities mean to the lives of those of us who live in Canada. Universities promote intellectual debate and intellectual curiosity. If I can use our Senate committees as an example, when we study a topic, we try very hard to ensure that we hear from witnesses across Canada. Inevitably, a wealth of information and knowledge comes from university professors, research students and Ph.D. graduates from across this country. When our reports are framed, they speak to all of Canada from all of Canada. That process could not take place if we did not have a viable university base.

I have wandered a bit from the topic. I am sure Senator Moore will forgive me, but I wanted to associate myself in this inquiry with his call to study what he calls the emerging issue and what I call a longstanding issue. Many senators have spoken to this issue. I hope that we can do something to call attention to a more systematic way of addressing the long-term viability of our universities.

On motion of Senator Gauthier, debate adjourned.

AGRICULTURE ISSUES

INQUIRY—DEBATE ADJOURNED

Hon. Jim Tunney rose pursuant to notice of May 15, 2001:

That he will call the attention of the Senate to Canadian agricultural issues, specifically grain, dairy and hemp.

He said: Honourable senators, thank you very much. You might consider holding your applause until you know whether you are disappointed or not with my maiden speech.

I am a fourth generation farmer. I cannot tell honourable senators how privileged I feel at this time and in this presentation to commit to making every effort toward the well-being and the future prosperity of agriculture.

I am always asked the question: Do I own Tunney's Pasture? The answer is, no, I do not.

Senator Graham: Not yet.

Senator Tunney: It is a fact, however, that my great-uncle did own it, starting in the year 1838. He was a lumber baron there for many years.

Honourable senators, food is the most important commodity in the world and our very existence depends upon it. That is why our farmers play such a pivotal role in putting food on the tables of the world, and, in doing so, bringing true value to the Canadian economy.

We are, however, faced with the reality that there are fast becoming so many problems that fewer people know how to grow environmentally friendly food or know how to grow it under our extreme and diverse conditions, as compared to many other countries.

With the current economic hardships encountered today by the grain and oilseed producers across the country, both the federal and provincial governments are faced with the daunting task of designing assistance programs that are both meaningful and trade-neutral.

Statistics released by the Urban Renaissance Institute, a division of the Toronto-based environmental watchdog Energy Probe, indicate a grim scenario. From 1990 to 1999, the federal and provincial governments contributed \$3.55 in subsidies for every \$1 earned by Canadian farmers.

Support and protection for farmers in developing countries now exceeds \$360 billion. In 1999, American wheat producers received 46 per cent of their gross revenue from subsidies. The EU accounted for 58 per cent and Canada came in at 11 per cent.

In Canada, we generate approximately \$95 billion a year and employ roughly 1.9 million people. We have reached the \$23-billion trade level. Agriculture and agri-food make up 25 per cent of our trade surplus. Only 10 per cent of our total disposable income goes to buy groceries. In the U.S., it is 10.4 per cent; in Australia, it is as high as 14.1 per cent.

• (1630)

This morning, the Standing Senate Committee on Agriculture and Forestry heard a witness from Stettler, Alberta. He made two dramatic statements. First, he said that a waitress in a hotel or a restaurant receives a gratuity that exceeds the total amount that a farmer receives for all the produce that the customer ate after having ordered it from the menu. Second, he told us about a neighbour of his who is a fourth generation farmer. The farm has been in his family since 1906, but the next generation will probably be dispossessed unless prices turn around.

Another matter that bothers me to no end is that producers are the only people anywhere in the food chain who are price takers and not price determiners. They take the price for their food, for their produce. The transporters set their rates. The processors

have their margin. The distributors and the retailers know how much they need to turn a bottom line.

In a recent presentation to the Standing Senate Committee on Agriculture and Forestry, Mr. Ken Ritter, Chairman of the Canadian Wheat Board, stated that:

...when it comes to world agricultural trade issues, the most important factor to fairer trade is a level international playing field. Export and domestic subsidies continue to distort world grain production, subsequently depressing world prices.

I share his view. I believe that the WTO is and should be our vehicle to lead to freer and fairer trade.

Honourable senators, the Canadian Wheat Board operates on behalf of farmers when selling their grain, which is why in 1998, after much criticism, the Wheat Board had farmers in 10 districts across Western Canada elected to represent them. They, along with five government appointed directors, now comprise the board of directors. Their aim is to keep in tune with the farmers' needs, and they are held accountable for the subsequent actions. They are hoping to be participants at the upcoming international trade talks in November in Doha, Qatar. I believe it would be an excellent forum for the Wheat Board members, our Canadian representatives and our Canadian farmers to participate in these discussions.

Honourable senators, we are faced with increasing challenges in production and trade. Grain and oilseed producers across Canada are experiencing extreme difficulties. The ability to share our view on the role of Canada's trade and trade policy, in particular trade of grain and the WTO regulation of same, would be, in my opinion, most valuable.

While greater pressures are being applied for supply and demand, more and more we are seeing an excessive use of fertilizers and pesticides. This can and does leave the soil continually exhausted. Extensive studies have been conducted on the short- and long-term results of these effects.

As reported by Dr. Robert Sopuck, Director of Policy for the Delta Waterfowl Foundation, they are trying to encourage farmers to work their best land and set some of the less valuable land aside for conservation. Undoubtedly, this would promote biodiversity and improve water quality.

We must also take into account that even though Canada has enjoyed a worldwide and consistently high reputation for quality and safety of wheat and barley, the industry is encountering increased risks and pressure related to the safety of food. Some examples include tests for fusarium, which is a head blight in wheat, as well as ergot and mycotoxins, to name only a few. We are also faced with an extremely complex issue of biotechnology and, more specifically, the introduction of GMOs, or genetically modified organisms. There are currently non-transgenic varieties of wheat or barley registered for commercial production either in Canada or elsewhere.

My copy of *The Western Producer* came to my office early this morning. In it was a report that GMO-infected grain is now being intermixed with the non-GMO grain. Everyone knows that the European buyers will not accept it after it is tested. This is a very serious problem. I see this as a problem of multinational corporations. The one which is most upfront with this issue controls not only the chemical industry but the seed industry as well. They have a monopoly in those areas. Unless there is some kind of governmental control, they will get us into all kinds of trouble.

A recent article in *The Western Producer* indicated that Monsanto Canada has discovered a gene in one of its GMO canola crops that should not be there. It was found in Quest canola, marketed by the Saskatchewan Wheat Pool and Agricore, which has already been sold to approximately 3,000 farmers. I happen to know that they have been scrambling to try to recover that canola before the farmers plant it in the ground. The latest report this morning says that they have had some success in recovering it. According to Monsanto spokesperson Trish Jordan, the gene was never intended to be in varieties for farmers.

Honourable senators, I want to turn to another commodity, one that is of prime interest to agriculture and Canadians. I refer to hemp. The issue is of extreme interest to agriculture. It is an industry that holds great promise. However, in my view, it is an industry that does not have a federally regulated long-term plan, nor does it receive government assistance. Legislation that would bring in orderly regulations while offering an adequate processing and marketing plan would also help. We must also be looking to garner a more secure — not only Canadian — worldwide market for this most versatile commodity.

Much time and effort has been expended in discussing the industry, but not in the development of long-term government-approved programs aimed at the producers and their specific needs and requirements. We must go beyond looking solely at the timing and the planting of seeds. We must look at what is being done to produce the hemp once it is ready for market. Many producers have barns filled with bales of rolled fibre and tonnes of high-quality seed unsold simply because of an improper marketing strategy.

Friends of mine, Gord and Cathy Wilson of Campbell's Cross, Ontario, who are in our gallery today, have 500 bales of hemp in perfectly good condition. It is a valuable commodity, if handled properly. They have grown this crop over the course of two years. They have had to stop growing because they cannot accumulate year-after-year production with no hope or no possibility of buyers or an industry that will further manufacture this crop.

[Senator Tunney]

• (1640)

They have been faced with the matter of applying for and purchasing a permit from the federal Department of Agriculture and yet another one from Health Canada. Before they ever decide that they can grow the crop, they must cross a couple of hurdles. Not only must they do that the first year they want to grow hemp, they must do the very same thing the next year as if they were brand new growers.

Honourable senators, the inability to receive proper and timely licensing is a major factor. There must be a simpler way for this process to be accomplished, rather than having individual licence requirements for both the purchase of seeds and the growing of the crop. The rigorous enforcement mechanisms built into the regulatory framework are, for the most part, a hindrance and are certainly a deterrent to many growers or potential growers.

In conclusion, I referred in my opening statement to the development of agricultural processing and marketing plans. I will say much more about this issue in the days to come.

Honourable senators, I am a dairy farmer, as you probably have heard.

The Hon. the Speaker: Before you go on, Senator Tunney, I regret to inform you that your speaking time has expired. Are you asking for leave to continue?

Senator Tunney: Yes, I would be pleased to do so.

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

Hon. Senators: Agreed.

Senator Tunney: Thank you, honourable senators.

Canada has the most effective and competitive program for dairy and poultry production of any country in the world. It is called supply management, and it works to the benefit of all, from producers to consumers. Producers are assured of a fair price for the product only if they are producing a highly efficient and a very safe product. I assure honourable senators that all players are the beneficiaries of the work and the foresight of a former Minister of Agriculture and a former member of the Canadian Senate. His name is the Honourable Eugene Whelan, and he is in our gallery today.

Hon. Senators: Hear, hear!

Senator Tunney: Honourable senators, the idea of Canadian supply management is a valid marketing system. It is, in my opinion, imperative that the federal government seek international recognition. It is equally important that the round of negotiations recognize that the supply management programs do in fact meet the objectives of the WTO in the provision of a stable and profitable dairy industry. Our dairy farmers continue to play a significant role in Canadian agriculture and contribute tremendously to our balance of payments.

The message is being delivered that governments must support the existing supply policy. Supply management, while meeting the objectives of the WTO, provides a stable, comprehensive and competitive industry. Many people wrongly think that supply management is a licence for the producers to print money. It is not so, and at another time I should like to go into that matter. It is true that if one buys a basket of dairy products in the U.S. today, one pays more for that basket than the identical products purchased here at one of our supermarkets.

Honourable senators, I have had the good fortune to work as a volunteer in the dairy industry in Russia and Ukraine for several years. It is an experience that most Canadians would not have. The rewards are in seeing how a small effort can make such a large difference and dramatically increase the production of milk, even in a period of six weeks to two months. I have been there seven times doing this work.

This result comes about by the treatment of infection, mostly mastitis, by the improvement of feeding practices and by the improvement of their milking technique. They do not know that putting a milker on a cow and leaving it on for 12 to 14 minutes has a deleterious effect on the cow, and that it causes the mastitis. The cow is giving four to six pounds of milk, and 20 to 30 seconds after the milker goes onto the cow, the cow is milked out. Our Canadian cows are giving an average of 80 pounds of milk a day, and the milkers can do that in three to four minutes.

Russian and Ukrainian milking equipment is of 1930s vintage and must be replaced. Canada could play a large part in helping to develop agricultural infrastructure. If agriculture in Ukraine and Russia could be improved and if their economies could be brought up to some semblance of prosperity, Canada could be the beneficiary of 50 years of trade with two of the very best trading partners in the world.

There are 200 million people in Russian and Ukraine, and they live in total and abject poverty. After working with these wonderful people, I dare to predict a great future for them.

Hon. Senators: Hear, hear!

Hon. Marie-P. Poulin: Would our honourable colleague, Senator Tunney, accept a few questions?

Senator Tunney: Yes, I would be happy to do so. I just hope that I know the answers.

Senator Poulin: Honourable senators, I wish to compliment Senator Tunney for an excellent presentation to this chamber. Few issues can be of more direct interest to Canadians than our ability to provide top-quality foodstuff at reasonable prices.

The senator touched on many important topics, and I should like to hear from him on what appears to be a contradiction. There is an apparent excessive use of fertilizers, while at the same time fertilizer cost is escalating rapidly. In other words,

would high cost not lead to diminished usage? What are the alternatives, Senator Tunney?

Senator Tunney: I thank the honourable senator for the question.

Honourable senators, this was a subject of discussion at our Agriculture Committee meeting this morning. We were told, and it was not a surprise to me, that because of the very high cost of natural gas, of which the fertilizer industry is a very large user, the cost of nitrogen fertilizer has increased by 300 per cent since last August. What does a farmer do when faced with that kind of a cost in addition to the almost tripled cost of fuel for his machinery and the need to get as much production from his land as possible?

• (1650)

If the value of his wheat, his corn, his canola, his soy increased at the same rate as his input costs, he would probably say there was no problem. The problem really is this: What happens to our markets when we have to add another 100 per cent to the wheat that we want to ship overseas to our world customers? This is the real dilemma.

I wish that the farmers in the Prairies and elsewhere, of course, had the same bottom line as the gas and the oil companies. I am afraid not.

Senator Poulin: The honourable senator's speech also reported on the situation in the dairy industry. I should like to acknowledge his expertise in this area. While there has been great success in the supply management of dairy products, I wonder, though, how this relates to the fact that supply management works when imports are controlled in an era of free trade. What mechanisms exist to rationalize the two?

Senator Tunney: This is another conundrum for many of the people with whom I interact. In trade, Canada has always had a foreign market for skim milk powder. We never did sacrifice price to effect those sales because the demand was there from Iran, Iraq, Saudi Arabia and the many African countries and Mexico. Mexico was, for a long time, the largest buyer of Canadian skim milk powder. Our powder went on the market because it was absolutely proven to be the purest in the world. When I say that, I am referring to the absence of any antibiotics in that milk powder.

Many people do not pay much attention to the fact that Canada and the U.S. have always had a good trading relationship in dairy products — not fluid milk, of course; it is a perishable product. Canada makes 108 different varieties of cheese. The U.S. produces a much smaller variety of cheeses, but they make a much larger volume. Canada and the U.S. have had a trade agreement with quotas on the import and the export of dairy products for years and years. Usually, both countries fill those quotas.

There was never a problem until the U.S. tried to exceed the quota. They started doing that, believe it or not, by adding rock salt to skim milk powder and shipping it in here. Why? They used 51 per cent rock salt and 49 per cent skim milk powder because, under the WTO, which was the GATT, anything with less than a 50 per cent dairy ingredient could be shipped in here. They used rock salt so that, as soon as it got here, the rock salt could be sifted out and sent back to the U.S. That salt would be mixed again with skim milk powder for the next shipment.

Therein lies the problem of a country, in its greed, trying to find ways around rules. You may or may not know right now that the U.S. and New Zealand are taking Canada before the WTO on the matter of maintaining exports to our traditional country buyers that we have always had. That is a not-so-brief outline of the situation.

Hon. A. Raynell Andreychuk: Honourable senators, I, too, want to compliment Senator Tunney for his presentation and his interest in agriculture, an interest that is very welcome from the West.

We were also fortunate to hear Senator Tunney at the Foreign Affairs Committee speak on the Russia-Ukraine situation. It was very helpful.

In the more than 20 years that I have followed this, I have been puzzled by the fact that with respect to GATT and WTO our arguments vis-à-vis continuing our marketing system and our Canadian Wheat Board have not been accepted by our European colleagues or the Americans.

At each round of trade talks, we have not been successful in moving the Europeans from their position. They argue that the Canadian Wheat Board represents a subsidy and that unless we are prepared to remove that impediment they will not negotiate any real meaningful movement of their positions.

Senator Tunney is an expert in this field. I hope he is in a good position to get the ear of the government.

Can the Honourable Senator Tunney tell us what we should be doing differently in our negotiations with the Europeans in this area if we wish to be more competitive and to maintain the markets that we have?

Senator Tunney: One must distinguish between the wishes of the governments and the wishes of the producers. That is often the case. Do not limit this to agriculture nor to dairy. The American dairy farmers are jealous of our system. Each time they lobby Washington for our system, they are turned down. If the Americans were the fathers of supply management, the story would be different. However, they will not give us credit for the idea of supply management or a control on production.

Supply management does two things. First, it guarantees a supply of absolutely high quality. It also guarantees the absence of costly and vicious surpluses.

The matter in Europe is somewhat different. The Europeans have enough population to absorb all of their production. We never did sell skim milk powder or whole milk powder or condensed milk into Europe. We probably never will. We never should. They should always be self-sufficient. Our real problem is with the U.S. and particularly with New Zealand.

On motion of Senator Poulin, for Senator Sparrow, debate adjourned.

• (1700)

CHIEF ELECTORAL OFFICER

ANNUAL REPORT—REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, before calling on Senator Robichaud and reverting to Government Notices of Motions for purposes of the adjournment motion, I should like to draw to the attention of honourable senators that earlier today, under Tabling of Documents, we tabled the report of the Chief Electoral Officer pursuant to section 72 of the Privacy Act.

For purposes of the *Journals of the Senate*, I draw to the attention of honourable senators that that legislation requires such a report to be referred to the committee designated or established by Parliament for purposes of section 75 of the Privacy Act. Section 75(1) indicates that the matter is to be referred automatically to the appropriate committee of the house, either the other place or this place. In the case of this place, the committee to which it will be referred, and this will be reflected in our journals, is the Standing Senate Committee on Legal and Constitutional Affairs.

[Translation]

ADJOURNMENT

Leave having been given to revert to government notices of motions:

Hon. Fernand Robichaud (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 Tuesday, May 29, 2001 at 2 p.m.

The Hon. the Speaker pro tempore: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, May 29, 2001, at 2 p.m.

THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(1st Session, 37th Parliament)
Thursday, May 17, 2001

GOVERNMENT BILLS
(SENATE)

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-2	An Act respecting marine liability, and to validate certain by-laws and regulations	01/01/31	01/01/31	—	—	—	01/01/31	01/05/10	6/01
S-3	An Act to amend the Motor Vehicle Transport Act, 1987 and to make consequential amendments to other Acts	01/01/31	01/02/07	Transport and Communications	01/05/03 amended 01/05/09	3	01/05/10		
S-4	A First Act to harmonize federal law with the civil law of the Province of Quebec and to amend certain Acts in order to ensure that each language version takes into account the common law and the civil law	01/01/31	01/02/07	Legal and Constitutional Affairs	01/03/29	0 + 1 at 3rd	01/04/26	01/05/10	4/01
S-5	An Act to amend the Blue Water Bridge Authority Act	01/01/31	01/02/07	Transport and Communications	01/03/01	0	01/03/12	01/05/10	3/01
S-11	An Act to amend the Canada Business Corporations Act and the Canada Cooperatives Act and to amend other Acts	01/02/06	01/02/21	Banking, Trade and Commerce	01/04/05	17 + 1 at 3rd	01/05/02		
S-16	An Act to amend the Proceeds of Crime (Money Laundering) Act	01/02/20	01/03/01	Banking, Trade and Commerce	01/03/22	0	01/04/04		
S-17	An Act to amend the Patent Act	01/02/20	01/03/12	Banking, Trade and Commerce	01/04/05	0	01/05/01		
S-23	An Act to amend the Customs Act and to make related amendments to other Acts	01/03/22	01/05/03	National Finance	01/05/17	11			
S-24	An Act to implement an agreement between the Mohawks of Kanesatake and Her Majesty in right of Canada respecting governance of certain lands by the Mohawks of Kanesatake and to amend an Act in consequence	01/03/27	01/04/05	Aboriginal Peoples	01/05/10	0	01/05/15		

GOVERNMENT BILLS
(HOUSE OF COMMONS)

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
C-2	An Act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations	01/04/05	01/04/24	Social Affairs, Science and Technology	01/05/03	0	01/05/09	01/05/10	5/01
C-3	An Act to amend the Eldorado Nuclear Limited Reorganization and Divestiture Act and the Petro-Canada Public Participation Act	01/05/02	01/05/10	Energy, the Environment and Natural Resources					

C-4	An Act to establish a foundation to fund sustainable development technology	01/04/24	01/05/02	Energy, the Environment and Natural Resources					
C-8	An Act to establish the Financial Consumer Agency of Canada and to amend certain Acts in relation to financial institutions	01/04/03	01/04/25	Banking, Trade and Commerce					
C-9	An Act to amend the Canada Elections Act and the Electoral Boundaries Readjustment Act	01/05/02	01/05/09	Legal and Constitutional Affairs					
C-12	An Act to amend the Judges Act and to amend another Act in consequence	01/04/24	01/05/09	Legal and Constitutional Affairs	01/05/17	0			
C-13	An Act to amend the Excise Tax Act	01/04/24	01/05/01	Banking, Trade and Commerce					
C-14	An Act respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other Acts	01/05/15							
C-17	An Act to amend the Budget Implementation Act, 1997 and the Financial Administration Act	01/05/15							
C-18	An Act to amend the Federal-Provincial Fiscal Arrangements Act	01/05/09							
C-20	An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2001	01/03/21	01/03/27	—	—	—	01/03/28	01/03/30	1/01
C-21	An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2002	01/03/21	01/03/27	—	—	—	01/03/28	01/03/30	2/01
C-22	An Act to amend the Income Tax Act, the Income Tax Application Rules, certain Acts related to the Income Tax Act, the Canada Pension Plan, the Customs Act, the Excise Tax Act, the Modernization of Benefits and Obligations Act and another Act related to the Excise Tax Act	01/05/15							
C-26	An Act to amend the Customs Act, the Customs Tariff, the Excise Act, the Excise Tax Act and the Income Tax Act in respect of tobacco	01/05/15	01/05/17	Banking, Trade and Commerce					

COMMONS PUBLIC BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.

SENATE PUBLIC BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-6	An Act to assist in the prevention of wrongdoing in the Public Service by establishing a framework for education on ethical practices in the workplace, for dealing with allegations of wrongdoing and for protecting whistleblowers (Sen. Kinsella)	01/01/31	01/01/31	National Finance	01/03/28	5			

S-7	An Act to amend the Broadcasting Act (Sen. Finestone, P.C.)	01/01/31	01/02/07	Transport and Communications				
S-8	An Act to maintain the principles relating to the role of the Senate as established by the Constitution of Canada (Sen. Joyal, P.C.)	01/01/31	01/05/09	Privileges, Standing Rules and Orders				
S-9	An Act to remove certain doubts regarding the meaning of marriage (Sen. Cools)	01/01/31						
S-10	An Act to amend the Parliament of Canada Act (Parliamentary Poet Laureate) (Sen. Grafstein)	01/01/31	01/02/08	—	—	—	01/02/08	
S-12	An Act to amend the Statistics Act and the National Archives of Canada Act (census records) (Sen. Milne)	01/02/07	01/03/27	Social Affairs, Science and Technology				
S-13	An Act respecting the declaration of royal assent by the Governor General in the Queen's name to bills passed by the Houses of Parliament (Sen. Lynch-Staunton)	01/02/07	01/05/02	Privileges, Standing Rules and Orders				
S-14	An Act respecting Sir John A. Macdonald Day and Sir Wilfrid Laurier Day (Sen. Lynch-Staunton)	01/02/07	01/02/20	Social Affairs, Science and Technology	01/04/26	0	01/05/01	
S-15	An Act to enable and assist the Canadian tobacco industry in attaining its objective of preventing the use of tobacco products by young persons in Canada (Sen. Kenny)	01/02/07	01/03/01	Energy, the Environment and Natural Resources	01/05/10	0	01/05/15	
S-18	An Act to Amend the Food and Drugs Act (clean drinking water) (Sen. Grafstein)	01/02/20	01/04/24	Social Affairs, Science and Technology (withdrawn 01/05/10) Energy, the Environment and Natural Resources				
S-19	An Act to amend the Canada Transportation Act (Sen. Kirby)	01/02/21	01/05/17	Transport and Communications				
S-20	An Act to provide for increased transparency and objectivity in the selection of suitable individuals to be named to certain high public positions (Sen. Stratton)	01/03/12						
S-21	An Act to guarantee the human right to privacy (Sen. Finestone, P.C.)	01/03/13		Subject-matter 01/04/26 Social Affairs, Science and Technology				
S-22	An Act to provide for the recognition of the <i>Canadien</i> Horse as the national horse of Canada (Sen. Murray, P.C.)	01/03/21						
S-26	An Act concerning personal watercraft in navigable waters (Sen. Spivak)	01/05/02						

PRIVATE BILLS

No.	Title	1st	2nd	Committee	Report	Amend	3rd	R.A.	Chap.
S-25	An Act to amend the Act of incorporation of the Conference of Mennonites in Canada (Sen. Kroft)	01/03/29	01/04/04	Legal and Constitutional Affairs	01/04/26	1	01/05/02		
S-27	An Act to authorize The Imperial Life Assurance Company of Canada to apply to be continued as a company under the laws of the Province of Quebec (Sen. Joyal, P.C.)	01/05/17							
S-28	An Act to authorize Certas Direct Insurance Company to apply to be continued as a company under the laws of the Province of Quebec (Sen. Joyal, P.C.)	01/05/17							

CONTENTS

Thursday, May 17, 2001

	PAGE		PAGE
SENATORS' STATEMENTS			
Mr. Gulzar Cheema		Replacement of Sea King Helicopters—Briefing of Leader of the Government on Competition.	
Congratulations on Electoral Victory. Senator Carstairs	890	Senator Forrestall	896
		Senator Carstairs	896
Shutdown of Cape Breton Development Corporation		Replacement of Sea King Helicopters—Location of Eurocopter Business Operations.	
Senator Murray	890	Senator Kinsella	896
		Senator Carstairs	896
Official Languages		Replacement of Sea King Helicopters—Possible Change to Basic Vehicle Requirements—Effect on Involvement of Eurocopter.	
Issues Facing Commissioner. Senator Gauthier	891	Senator Kinsella	896
		Senator Carstairs	896
Pro-Democracy Movement of South Korea		Justice	
Twenty-first Anniversary. Senator Wilson	891	Official Languages—Court Action by Commissioner Involving Quebec Bill 171—Intervention by Federal Government.	
Distinguished Visitor in the Gallery		Senator Gauthier	897
The Hon. the Speaker	892	Senator Carstairs	897
Pages Exchange Program with House of Commons		Foreign Affairs	
The Hon. the Speaker	892	United States—Missile Defence System—Availability of Briefing Papers Describing Proposal. Senator Roche	897
<hr/>		Senator Carstairs	897
ROUTINE PROCEEDINGS		United States—Missile Defence System—Consultations with International Organizations and Other Countries.	
Chief Electoral Officer		Senator Roche	897
Annual Report Tabled. The Hon. the Speaker	892	Senator Carstairs	897
Privileges, Standing Rules and Orders		United States—Missile Defence System—Cost to Canada.	
Budget and Request for Authority to Travel—Third Report of Committee Presented. Senator Austin	892	Senator Roche	897
		Senator Carstairs	898
Customs Act (Bill S-23)		Senator Kinsella	898
Bill to Amend—Report of Committee. Senator Murray	892	United States—Missile Defence System—Consultation Process.	
Study of Chief Electoral Officer's Report on the Thirty-Seventh General Election		Senator Andreychuk	898
Report of Legal and Constitutional Affairs Committee Tabled. Senator Milne	895	Senator Carstairs	898
		United States—Missile Defence System—Ongoing Consultations.	
Judges Act (Bill C-12)		Senator Andreychuk	898
Bill to Amend—Report of Committee. Senator Milne	895	Senator Carstairs	898
Imperial Life Assurance Company of Canada (Bill S-27)		Canadian Broadcasting Corporation	
Private Bill—First Reading. Senator Joyal	895	Possible Partnership with <i>Toronto Star</i> . Senator Murray	898
		Senator Carstairs	898
Certas Direct Insurance Company (Bill S-28)		Citizenship and Immigration	
Private Bill—First Reading. Senator Joyal	895	Special Visa Privileges for Members of Parliament and Senators.	
<hr/>		Senator Kinsella	899
QUESTION PERIOD		Senator Carstairs	899
National Defence		Delayed Answer to Oral Question	
Replacement of Sea King Helicopters—Possible Change to Basic Vehicle Requirements—Effect on Involvement of Eurocopter.		Senator Robichaud	899
Senator Forrestall	895	Prime Minister's Office	
Senator Carstairs	896	Criteria for Appointments.	
		Question by Senator Stratton.	
		Senator Robichaud (Delayed Answer)	899
<hr/>		ORDERS OF THE DAY	
		Business of the Senate	
		Senator Robichaud	905

Tobacco Tax Amendments Bill, 2001 (Bill C-26)

Second Reading—Debate Adjourned. Senator Carstairs	905
Senator Finestone	907
Senator Keon	907

Income Tax Amendments Bill, 2000 (Bill C-22)

Second Reading—Debate Adjourned. Senator Banks	908
--	-----

Budget Implementation Act, 1997**Financial Administration Act (Bill C-17)**

Bill to Amend—Second Reading—Debate Adjourned.	
Senator Morin	911

Tobacco Tax Amendments Bill, 2001 (Bill C-26)

Second Reading. Senator Nolin	913
Senator Kinsella	913
Senator Taylor	913
Referred to Committee.	915

Canada Shipping Bill, 2001 (Bill C-14)

Second Reading—Debate Adjourned. Senator Callbeck	915
Senator Taylor	917

Canada Transportation Act (Bill C-19)

Bill to Amend—Second Reading. Senator Poulin	917
Referred to Committee.	918

The Senate

Motion on Proposed Change to Rule 90 Adopted as Amended.	
Senator Lynch-Staunton	918
Motion in Amendment. Senator Lynch-Staunton	918
Senator Corbin	918
Senator Gauthier	918
Senator Kinsella	919
Referred to Committee. Senator Lynch-Staunton	920

**Deferred Maintenance Costs in Canadian
Post-Secondary Institutions**

Inquiry—Debate Continued. Senator Andreychuk	920
--	-----

Agriculture Issues

Inquiry—Debate Adjourned. Senator Tunney	922
Senator Graham	923
Senator Poulin	925
Senator Andreychuk	926

Chief Electoral Officer

Annual Report—Referred to Committee.	926
---	-----

Adjournment

Senator Robichaud	926
-------------------------	-----

Progress of Legislation	<i>i</i>
--------------------------------------	----------



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