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**Tuesday, June 12, 2001**

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THE HONOURABLE DAN HAYS  
SPEAKER

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## THE SENATE

Tuesday, June 12, 2001

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

Prayers.

[Translation]

### VISITORS IN THE GALLERY

**The Hon. the Speaker:** Honourable senators, I wish to draw to your attention the presence in the gallery of a delegation under the direction of His Excellency Adrian Severin, President of the Parliamentary Assembly of the Organization for Security and Co-operation in Europe.

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

**Hon. Senators:** Hear, hear!

[English]

### THE HONOURABLE ERMINIE J. COHEN

#### TRIBUTES ON RETIREMENT

**Hon. John Lynch-Staunton (Leader of the Opposition):** Honourable senators, if Erminie Cohen was to be described in but a few words, being called the “conscience of the Senate” would certainly be the most fitting, for she has brought to Parliament an active awareness and concern for those fellow citizens too often neglected, not to say too often ignored.

Many Canadians boast of their country being declared the best in the world, but the many who live in poverty, or are subjected to discrimination, or for all intents and purposes are rejected by society, despair in never sharing in the pride exhibited by the more fortunate. It is these fellow citizens to whom Erminie has devoted all her life.

Senator Erminie Cohen was on the New Brunswick and Canadian Advisory Council on the Status of Women. She helped found the Saint John Women for Action, and a shelter for battered women and their children. She was on the New Brunswick Task Force on Sexual Harassment in the Workplace.

A few years after being called here, Senator Cohen chaired the first Atlantic Poor People’s Conference in Saint John. *Sounding the Alarm: Poverty in Canada*, published in February 1997, has been widely distributed and is used as a teaching text in a number of universities in this country.

Senator Cohen sponsored Bill S-11, which prohibited discrimination because of one’s social condition. It passed here unanimously but was defeated in the other place. In March 1999, she co-chaired the Progressive Conservative Caucus Task Force on Poverty, which held extensive hearings across the country and resulted in a highly praised report entitled, “It’s Up to Us!” Her latest effort has been to examine the quality of life in Canadian military families, and her report of last April followed extensive interviews at Gagetown.

Erminie Cohen has been honoured by her community, her city and her province for her extraordinary commitment and devotion to them, and her leaving the Senate will only give her more time to engage in selfless activities on behalf of others. For instance, she will become the co-chair of the Domestic Violence Community Action Group in Saint John.

Erminie, the Senate has been honoured to have you as a member. In only eight years you have made an impact that few serving much longer are able to achieve. We have all recognized in you how much you care for those for whom the future appears no more promising than the present. You have been our conscience, and leaving will, I am sure, not lessen what that has brought to all of us.

I thank Eddie, to whom I wish a speedy recovery after that nasty fall, and your family, here and at home, for allowing us to benefit from the extraordinary generosity and compassion of a very fine person and colleague. You are an enviable credit to Parliament.

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, I rise today to speak about a colleague who, over our years together in this chamber, has become a friend. Senator Cohen came to the Senate just more than a year before I came to the Senate. In my years here I have watched her as a member of a number of committees. Whether it was Agriculture or Internal Economy, or Legal and Constitutional Affairs, or Social Affairs, Science and Technology, or, indeed, Veterans Affairs, Erminie always brought a human face to the committee and to this institution.

• (1410)

She took an interest in the welfare of people. Whether an individual was a member of the chamber, the staff or our Armed Forces, he or she always knew that Erminie would ask sensitive, intuitive questions: “How are you doing? How is life treating you? What can I do for you?” The last question was the most important one to her — “What can I do for you?” — because she wanted to reach out and do for others.

When Erminie would meet with people from all walks of life, she would come into this chamber and tell us about them. Erminie made us think in the same human terms as she thought.

Senator Cohen and I have a particular bond because she had been the co-chair of the fundraising committee for the Muriel McQueen Fergusson Centre for Family Violence Research at the University of New Brunswick. I took on the same job of trying to raise money for the centre at the University of Manitoba. Erminie and I had a bond about issues involving violence toward women and children, violence that unfortunately does not know provincial boundaries.

Senator Cohen has worked with many other organizations. When I gathered the materials for my remarks today, I was amazed at the number of organizations with which she has been associated. Whether it was the United Way, the Royal Society of Canada, or organizations in her own Jewish faith, she has contributed over and over again. She has contributed to this country, and I know she will continue to contribute to Canada, through her beliefs in Canada as a federation and her beliefs in the Progressive Conservative Party.

Senator Cohen's public and private accolades are noted. Her work on the State of Israel bonds, the designation to have her named Woman of the Year, all of these things are noted, and we salute her for them. However, we know, in her heart of hearts, that it has been the help she has given to individuals that has been the highlight of her life.

To Erminie's husband, Edgar, her children, Shelley, Lee and Cathy, and her grandson, Micah, you can have her back, but expect her to be busy, because she will always be busy. *L'chaim*, Erminie.

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, Parliament is a better place because Erminie Cohen has served in this house. She leaves this place in a better condition than when she arrived. Our colleague has been a model senator, a careful political thinker and a true social worker.

As a political scientist, she recognizes that the question of the relationship of political theory and social action has exercised students of politics since antiquity. No practice without theory, no applied work without good policy — this she has taught us all, with the approval of Plato and Aristotle.

The focus today in Canada on the tragedy of poverty, particularly the impact of poverty on children, is due to Senator Cohen having sounded the alarm. The efforts of government and the NGO community across Canada to challenge poverty in large measure carries the mark of this remarkable woman.

Equally remarkable was Senator Cohen's fortitude and strength during the parliamentary inquiry into the question of

custody and access. She continues her struggle to have social condition added as a prohibitive ground of discrimination in the Canadian Human Rights Act.

Honourable senators, this outstanding woman, who has worked in Parliament's Red Chamber, along the banks of the Ottawa at the mouth of the Rideau, has never forgotten the solid values she learned and practised in her community, on the Bay of Fundy, at the mouth of the Saint John River. She may soon exit this chamber, but she will not be silenced. We shall be hearing much more from Senator Cohen, albeit from a changed venue.

The book of Esther, at chapter 10, gives a description of that biblical queen, an account that applies equally to Erminie:

The little fountain which grew into a river and was turned into a light, and into the sun, and abounded into many waters...

Esther was King Assuerus's queen. To Eddie's queen, we express our gratitude for her light, for her enthusiasm, for her zeal.

Congratulations on your effectiveness in this place. We are privileged to have benefited from Dr. Cohen's generosity and active citizenship. Indeed, our system of governance is dependent on good citizens like Erminie, a person who is prepared to make many personal sacrifices in order to serve our country. It is, therefore, that we salute her achievements and honour a New Brunswicker who has given exemplary service to Canada and has met her parliamentary duty with distinction.

**Hon. B. Alasdair Graham:** Honourable senators, Nellie McClung wrote, many decades ago, that a woman's place in the new order is to bring vision and imagination to work on life's problems. I can almost hear the cheers from the Famous Five, so beautifully sculpted, one can almost believe they still live, only a stone's throw away, outside these walls, as the Senate of Canada today pays tribute to one of the most outstanding women ever to have graced this chamber, our colleague, our friend, Senator Erminie Cohen.

Erminie, you have been truly an exceptional woman of vision and imagination. If the world's problems ever seemed overwhelming at times, your spirit always shone through. No task ever seemed too great, no mountain ever too high to climb.

Someone once said that injustice anywhere is a threat to justice everywhere. Senator Cohen, you have made that belief a guiding principle in your life, demonstrating by your commitment and your passion to human rights and freedoms that indifference to injustice is the essence of inhumanity.

Senator Cohen has spent a lifetime building bridges of empowerment for battered women, the sick and the marginalized, bridges that have helped many deserving women enter political life.

Elie Wiesel, the great Nobel Prize winner once wrote movingly of the struggle for human dignity this way, and I quote:

Sometimes, we must interfere. When human lives are endangered, when human dignity is in jeopardy, national borders and sensitivities become irrelevant. Whenever men or women are persecuted because of their race, religion or political views, that place must — at that moment — become the centre of the universe.

As I thought about some of the prestigious awards that Senator Cohen has won, I reflected on the source of much of Senator Cohen's remarkable dedication. Erminie has always placed the struggle for humanity at the centre of her personal universe.

Honourable senators, there is a remarkable vision here, the same kind of vision that lay at the heart of the foundation of Israel over 50 years ago. Isaiah once wrote about the kind of spirit that brought orange groves to the desert and water to the wilderness. Erminie has always shown that spirit, whether it has been in service to the people of her community, her province or her country, and always, of course, of utmost importance, her family.

• (1420)

Senator Cohen, you have made a difference in this chamber and in the lives of all of those privileged to know you. Today, we thank a noble lady who has brought great honour to this institution. We wish you much happiness and good health in your retirement with your remarkable family.

**Hon. Lowell Murray:** Honourable senators, age is creeping up on us all. In my case, it has overtaken me. I must acknowledge that I knew Senator Cohen's late father-in-law before I met her. He was a pillar of the Tory Party in New Brunswick in good times and bad for many years. So, too, was her husband, who has been a friend of mine for going on 40 years. I knew assorted in-laws of Senator Cohen in Cape Breton. They were emphatically not pillars of the Tory Party. They were Liberals, but respectable people all the same.

About Senator Cohen's son Lee Cohen, a lawyer, I heard from him only once. He wanted to plead on behalf of a group of terrified Filipino seamen who had seen stowaways cut adrift, had jumped ship and were seeking landed immigrant status in Canada. Knowing his mother, I was not surprised that he had befriended those impoverished, desperate refugees and was defending their cause — successfully, as it turned out. He could not have done otherwise. He carries a strong humanitarian gene, and he has a nice but very determined mother.

The record of Erminie Cohen's service to her fellow citizens could fill many volumes. The witnesses to her generosity could fill a hall many times over, as they did in 1998 when she was honoured by the Jewish National Fund at their Negev Dinner in

[ Senator Graham ]

Saint John. People of all ages and background, representing every social and economic condition, came to thank her and honour her because her compassion and commitment had touched their lives and the life of the Saint John community for the better.

Last month, she was awarded an honorary doctorate of laws degree from the University of New Brunswick.

There is an anecdote that I will share with Erminie and with all honourable senators for the first time. Not long before Erminie's appointment to the Senate, I was approached by a very senior person in the then Liberal Government of New Brunswick. My attention was drawn to the fact that a vacancy was imminent in the Office of the Lieutenant-Governor of New Brunswick. This New Brunswick Liberal wanted us to know that if the federal government chose our Tory friend Erminie Cohen for the vice-regal office, this would be very well received indeed.

Perhaps Mr. Mulroney and I should feel guilty for not having told her at the time. However, we do not feel guilty. I think I can speak for both of us and for the Progressive Conservative Party in saying that we are honoured to have had her as a colleague. We are proud that she found, in the Progressive Conservative Party, and in the Senate, a worthy home from which to carry on for the past eight years the humanitarian service that has been her life's work and for which so many are grateful.

[*Translation*]

**Hon. Rose-Marie Losier-Cool:** Honourable senators, I am pleased to have this opportunity to pay tribute to a colleague and a great lady from New Brunswick, whom I have the honour to call my friend.

I first met Erminie Cohen back in 1977 when I sat on New Brunswick's first advisory council on the status of women, and came to appreciate the work she was doing for the women of New Brunswick.

Her commitment to such issues as poverty, family violence, human rights — to name but a few — is clear evidence of her altruism and humanity.

[*English*]

I do not want to repeat all the achievements and prestigious awards of Senator Cohen that my colleagues have so well enumerated. Erminie Cohen has been representing the interests of the people of New Brunswick and other Canadians in the Senate of Canada since June 1993. When I arrived at the Senate in 1995, I was happy to see her again and have a chance to work with her on the Standing Senate Committee on Social Affairs, Science and Technology. Later, we participated in other activities relating to women's issues and poverty.

In addition to our common interest in people issues, Erminie Cohen and I have something else in common. We share a minority status. Senator Cohen was the first Jewish New Brunswicker named to the Senate and I was the first Acadian woman from New Brunswick appointed to the Senate.

In an interview with *The Hill Times* in February 1995, Erminie Cohen said that one of her greatest regrets was that she is not bilingual. She is still working on it, and I know that her numerous francophone friends in New Brunswick will continue to evaluate her linguistic capacity.

In October 1998, Senator Cohen was honoured by the Jewish National Fund at the Negev Dinner. She chose as her project to have a forest planted in the Negev Desert called the New Brunswick Forest.

On May 18, 2001, Senator Cohen received an honorary Doctorate of Laws degree from the University of New Brunswick, Saint John, for her significant contributions to New Brunswick and Canada.

Erminie, on behalf of all the women in New Brunswick, I thank you for your continuous involvement and wish you a happy and restful retirement. You will now have more time to share with your loveable husband Edgar the joys and friendship of your three children and your grandson.

May the sun shine every day in the Cohen home on the Bay of Fundy.

**Hon. Brenda M. Robertson:** Erminie, I will miss you. I am glad the girls are here today, but I am so sorry that Eddie is not. May he enjoy a speedy recovery. Give him our love.

I want to say a few things on behalf of Senator Simard and myself because, as New Brunswickers, we are very proud of Erminie Cohen. She has done so much here. It can be truly said that she thrived on her work in the Senate. She made the adjustment so easily. When she came here in 1993, I did not know her very well personally. I knew her husband Eddie for many years because he did politics; Erminie did the store.

In another life, when I was part of Richard Hatfield's government, I always went across the street early in the morning when I was Saint John to a little restaurant where Eddie and another good friend, Ralph Stephen, used to have their breakfast. Of course, Ralph is no longer with us. We had such delightful breakfasts. We did not talk about Erminie at all. She was in the store. We talked about politics. I got all the gossip about what was going on in Saint John. We discussed the proper approach to problems and I very much appreciated the good advice they gave me.

• (1430)

I shall not repeat all of the delightful and honest comments that other senators have made, because repetitions can become boring, and you, Senator Cohen, are not boring. When I listened to those comments, I thought, "Well, Erminie has worked so hard all of her life and she has done so many good things that people may think she is a little boring." Now, I would not say that you are a comedian, but I tell you, honourable senators, she is blessed with a very sharp wit.

The librarian at the Saint John Regional Library told me that when Senator Cohen was working as a volunteer there, a gentleman came in and asked for the book entitled, "Man, The Superior Sex." Erminie was quick to reply, "Fiction is on the second floor."

Senator Cohen is also not known as a practical joker, although I have heard it said, Erminie, that you played one huge practical joke in your life and that was marrying your dear husband Eddie, who, as you know, was a world-class practical joker. However, he did not always get the best of Erminie, nor did he get too far ahead of Erminie in this particular matter: When they were first married, Eddie and Erminie often travelled to Boston with friends. I have to tell you that, people living in Saint John are totally different from people living in Southeast New Brunswick. People in Saint John always went to Boston or to New York, and people living in Moncton always went to Montreal or Toronto. It must have been a genetic thing, but I always found it fascinating. I prefer Montreal; and they prefer Boston.

On the first trip to Boston, after they were married, Eddie and Erminie were standing in front of a handsome young desk clerk. While Eddie was filling out the registration card, he turned to his new bride and said, "What did you say your name is?" Of course, Erminie was humiliated and wanted to crawl into the woodwork.

A few weeks later, on a second trip to Boston, at the same hotel and in front of the same handsome desk clerk, when Eddie repeated his practical joke, Erminie was only embarrassed. The third time Eddie played his same joke, in front of the same very handsome desk clerk, Erminie was prepared. She gave the desk clerk a very sweet smile and a shy wink, so I am told, and she tucked a piece of notepaper in the desk clerk's hand with a big wink and a big smile. Of course, the room clerk winked back and embarrassed Eddie. He never tried that trick again, and he also did not know that there was not a word written on that piece of paper.

Erminie, regardless of all of this, the marriage prospered. Prior to her appointment to the Senate, Erminie and Eddie operated a fashion store and real estate developments in Saint John for over 50 years, while raising three wonderful children, two of whom, Cathy and Shelley, are here this afternoon.

Senator Cohen, my dear friend Erminie, was and is a tireless worker on behalf of her community, her province and her country. One of her problems is that she cannot say “no” to helping others. You do have a problem, Erminie: You cannot say, “no.” You were always at it. You have always been unable to say “no” to these groups that others have also mentioned — the United Way, the Juvenile Diabetes Foundation, the Thyroid Foundation, the YM/YWCA, the Hadassah Bazaar and your Synagogue. Senator Cohen was unable to say “no” when Premier McKenna asked her to co-chair the New Brunswick Committee for Canada, when Prime Minister Mulroney asked her to come to the Senate and when the Right Honourable Joe Clark asked her to co-chair the PC National Caucus Task Force on Poverty.

Opera New Brunswick will benefit from Erminie’s wisdom and energy when she assumes her new role as its President.

Those who know Senator Cohen know that she is passionate about her causes. Others have mentioned the recognition that she has received from the Jewish National Fund, the United Nations, the State of Israel, the Anti-poverty Organization, the Salvation Army, and, of course, her recent honorary degree.

She has taught all of those with whom she has come into contact that fighting for the minority earns you the respect of the majority. She has always lived by that motto. She has left her mark in the Senate, and it will be a lesser place without Erminie. She has certainly left her mark on Senator Simard and on me, because we came to know her much better here in the Senate.

We are proud, Erminie, after eight years of watching you and working with you, to call you our friend. As New Brunswickers, we are proud and we wish you, your children, your grandchild and Eddie all the best. I will see you often, but others may not, perhaps, have that opportunity, and that is their loss. We claim Erminie as a New Brunswicker, and we are very proud of her. We wish you well, Erminie.

**Hon. Vivienne Poy:** Honourable senators, three years ago, when I first came to the Senate, Senator Cohen helped me to become familiar with the work of the Senate committees. Whether she knows it or not, she was the one who put the human face on the Senate for me. I was fortunate to sit beside her, most of the time, on the Standing Senate Committee on Social Affairs, Science and Technology. I felt very lucky to have her as a colleague, since Erminie has a wealth of experience in championing social justice causes. I believe we share many of the same values.

Since 1993, when Senator Cohen joined the Senate, she has focused on people issues such as poverty, domestic violence, human rights and health and literacy, among others.

Erminie’s most recent contribution was her report on the living conditions of Canadian Forces personnel and their families, which followed up on a critical report issued by the other place

[ Senator Robertson ]

in 1998. In her research, Erminie went directly to the soldiers and their families to find out what issues still needed to be addressed by military leadership. In pursuing this inquiry in the military, Erminie did what she had done throughout her life: She went out into the community and talked to people. This is something that I have learned from her.

Erminie is retiring from the Senate this summer and she will be greatly missed. However, I have no doubt that she will continue her work in the community for many more years to come. With her departure, I feel I am losing a valued colleague, mentor and friend.

Like everyone here, I will miss you.

• (1440)

**Hon. Mabel M. DeWare:** Erminie Joy Cohen was born on July 21, 1926. It is an interesting name, Erminie Joy, because joy is what she has brought to most of us since she arrived here in the Senate in 1993.

She has brought a human element to politics in opening her heart to the plight of those less fortunate in our society, giving them a forum to discuss their hopes, fears and concerns, and ultimately giving them the opportunity to help influence public policy.

Travelling with Erminie on the study of custody and access was heart-wrenching for all of us. Senator Carstairs and I both recognized that Erminie was the one who showed us what warmth and compassion for those less fortunate was all about.

Erminie has been an integral part of her community for over 50 years, which means that she started at a very young age, probably just after college, or even before that. As you know, she has received numerous awards and honours. I would like to join others in congratulating her in receiving her honorary degree three weeks ago from the University of New Brunswick, Saint John, in recognition for her tireless work on poverty, human rights and women’s issues. It was such an appropriate honour.

As she leaves this place to join her family, her husband, Eddie, and her community, we wish her well. We know how much we appreciate the unselfish contributions she has made for us and for all Canadians.

Ralph joins me in personally thanking you for your very kind warmth and friendship.

**Hon. Sheila Finestone:** Honourable senators, it is a distinct privilege and pleasure to rise here and speak of a woman I barely knew until Beijing, and what a wonderful treat that was. There was a woman who had worked for years to empower the poor, to empower women. She understood that equity was the first step to equality, and she understood what empowerment meant because she knew it from the grassroots.



Erminie was fun to travel with. I would not say she was sick as a dog, but that is what she was, on a train that ended up in Nanjing. She was sick and miserable at that point, along with Hedy Fry, but we managed to buy a few scarves, nonetheless.

This was a woman who really had a taste for clothes. We used to enjoy watching her. We talked about how smart she was, not only in how she dressed but in how she presented herself. She is delightful and charming, and a true woman of valour.

In my Jewish history and background, “woman of valour” is a great tribute. If there is anyone who can speak to a woman of valour and define her, they can define an Erminie Cohen.

Honourable senators have all talked about the awards that this woman has earned in the course of a lifetime. They have spoken of her contribution to society and her particular approach to the serious concerns that she met face to face, and of the changes that she tried to make with respect to poverty and a society in which we all know there is a serious, serious problem.

Erminie Cohen’s work was brought to the attention of Canadians through research that was done when a study was undertaken on the Canadian Human Rights Act and the changes that should be brought to our attention. I believe it was Justice La Forest. That report dedicates eight pages to her and the work she has done.

Erminie, I can tell you that as a change agent, as someone who looked at social conditions and who was prepared to speak out about them, as someone who was fun and interesting to be with on the custody and access committee as we travelled, and as a really marvelous, exciting, and dynamic woman, we thank you, and we will miss you.

**Hon. Mira Spivak:** Honourable senators, when I first came to the Senate, my preconceived notion of a senator was exemplified by Royce Frith, who is tall, elegant, aristocratic, the glass of fashion, witty and acerbic, the product of Upper Canada, I imagined, and the epitome of Rosedale chic.

Fast forward to a paradigm shift: that was then and this is now. It is outer Canada’s representatives who are burnishing the image of the ideal senator. Today, I do not know how many people are here from New Brunswick: half the Senate, it would appear.

Erminie Cohen, senator who has combined courageous behaviour with a warm heart, a spirited advocacy with a generous leavening of common sense, has raised advocacy to the level of high art. She can handle a Passover dinner for 40, minutes after her Ottawa flight touches down in Saint John. This is true.

It is rare that those who espouse worthy causes are not afraid to allow emotion to dictate their actions and have the will, the

passion and the pragmatism to do something about perceived injustice.

After attending the Poor People’s Conference in 1996, she moved quickly. This was at a time when the deficit-fighting, cost-cutting agenda was at a frenzied peak. Tax cuts were seen as winning, deficit reduction as sexy, and cozying up to the poverty issue might just turn off potential partners of the right-wing persuasion. However, she was undeterred. *Sounding the Alarm: Poverty in Canada* was heralded by anti-poverty groups as a remarkably sensitive appraisal, and the “It’s Up to Us!” task force report was seen as an amazingly bold document. Both were an attack on piecemeal solutions — playing at the edge of problems — and were a call for political will.

Of course, there are other areas where Erminie has made a contribution. I am glad someone mentioned the forest in Israel, human rights legislation and so forth. She has made a contribution and a difference with her principled stance and at some cost. Senator Finestone referred to the Old Testament women of valour, but she forgot to add, “whose price is far above rubies.” Actually, I prefer emeralds, but go for it, Erminie. As the ads say, “You’re worth it.” We shall miss you.

**Hon. Lucie Pépin:** Honourable senators, usually the month of June is synonymous with happiness because it is a symbol of life and hope of a milder season. However, this year our hearts do not rejoice as much because it is our last opportunity to extend our very good wishes to our two departing colleagues, Senator Mabel DeWare and Senator Erminie Cohen.

I had at pleasure to know Senator Cohen during the 1980s, while I was active at the Canadian Advisory Council on the Status of Women. It was at a time when women, on the occasion of the repatriation of the Constitution, were fighting to have their equal rights and status entrenched in the Constitution. It was also the time when Sandra Lovelace, an Aboriginal woman, was fighting in court. It was also in those years that the Canadian Advisory Council on the Status of Women and the provincial ones were pressing the government to adopt legislation to prevent violence against women. Erminie Cohen has taken part in all of those fights and debates.

Senator Cohen maintained her commitments, through her work with the United Way women’s shelter and her work on the Task Force on Sexual Harassment in the Workplace.

[Translation]

This is very brief, compared to all the areas in which Erminie has been involved and all her accomplishments. She has spoken out for the disadvantaged, for the poor. Her reports, *Sounding the Alarm: Poverty in Canada*, published in 1997 and “It’s Up to Us!” published in 2000, are references for eradicating poverty in Canada.

[English]

It is very sad that the legislation to add social discrimination as a prohibited ground of discrimination under the Canadian Human Rights, Bill S-11, was defeated in the House of Commons.

[Translation]

If party politics had not been involved, perhaps there would be fewer disadvantaged children.

[English]

Today, I am losing more than a colleague. I am losing a sister.

[Translation]

We kept crossing paths with each other, and we shared the same objective: social justice. Erminie was also concerned about DND families, visiting military wives and publishing the report "Unsung Heroes: A Quality of Life Perspective on Canada's Military Families."

Erminie, you have my promise that I will carry on with these issues and I will invite you along on my visits to the military bases this summer, if I am allowed to do so. All good things come to an end, including your time here in the Senate.

[English]

I want you to know, dear Erminie, that you have made your mark, not only as a senator who attended regularly, but as a senator who has made an outstanding contribution. You have created a niche by your compassionate approach to social justice for every Canadian. You know, Erminie, that you will always be welcome here, and my office will be at your disposal if you ever need it. You will hear from me because I intend to call you and pick your brain from time to time. I wish you and Eddie the best of health and happiness together.

**Hon. David Tkachuk:** Honourable senators, Erminie, I wish all those Grits would have been of some help when you had an amendment to move. They are happy to see you go.

**Some Hon. Senators:** No, no.

**Senator Tkachuk:** I know, Erminie, that you dislike long testimonials, but it is different when it is for you.

Erminie and I met on that side of the Senate chamber, and I have followed her for eight years as we have made our way all the way up to this row. While before we used to sit over there looking at Conservatives, now we sit over here looking at Liberals. That has been quite a difference. The only time Erminie has ever been to my right is as my neighbour here. Len Gustafson and I are the bookends, and I think the whip put us together on purpose to keep her in line and make sure she does not drift too far to the left.

[ Senator Pépin ]

I might add that Erminie Cohen is a Conservative through and through. She puts a face to the issues, as someone so aptly put it, that she cares about. She relies on her philosophy of self-reliance, creating opportunity, and envisaging, as a government, a means to make things happen. I have never heard Erminie Cohen, in all my years in the caucus, talk about giving money away. Everything had to have a reason and everything had a purpose. She and I have become very good friends.

I have to say, Erminie, that when I am in Saskatchewan, you are of much help to me. There are so many left-wingers in my province. I am always arguing with left-wingers, and they are always railing against Tories' disregard for those less fortunate, and you are my excuse. I say, "That's not true; I know one — Erminie Cohen."

Sharon and I congratulate you. The best compliment a senator can receive, Erminie, is that in the time you have been here, you have not wasted it. If all of us can leave this chamber saying to ourselves, "In the time we have been here, we have not wasted it," we will be happy to leave.

The best of luck and every success to you and your husband, and I know that we will see you many times in the future.

**Hon. Jeremiah S. Grafstein:** Honourable senators, I cannot claim the eloquence of other senators —

**Some Hon. Senators:** Oh, oh.

**Senator Grafstein:** — because I barely knew Senator Cohen before she entered this chamber. I did not know her at all until she came here and I asked about her. I was told by my colleagues from New Brunswick that she had an outstanding reputation. I became more respectful as I watched her work here and watched her debate matters in this house on the side of minorities and others. In my view, her participation in the Senate is commendable.

Honourable senators, when one is stuck with not being able to match the eloquence of others, the best thing one can do is turn to the Bible for guidance. What type of salutation can one offer an auspicious person when they move on to another life or a different life? The best one that I could come across was the salutation that is traditionally given echoing Moses. Moses, as you know, lived to 120 years, so the normal salutation one would give is, "May you live to 120 years." However, on a deeper examination of the Bible, one understands that salutation is not an appropriate one for a woman. Therefore, what is the appropriate salutation for an auspicious woman, a "woman of valour," as Senator Finestone has called her? If you turn to the Bible, there is a deeper and better salutation for Sarah. Sarah was the first of the four mothers, and she lived to 130 years. Therefore, the salutation one should direct to an auspicious woman is, "May you live to 130 years. May your life be long and fruitful." The word "joy" in Hebrew translates to the word "*simcha*." My father's name was Simcha. It means joy. The best salutation one can give you in addition to all that is, "May you have much joy, only *simcha* in the years ahead."

**Hon. Marjory LeBreton:** Honourable senators, it is my great honour to pay tribute to our colleague and my friend, Erminie Cohen. I will be brief because I do not like to say good-bye.

There is not one facet of public service to which Erminie Cohen has not given eagerly and wholeheartedly her many talents. Whether it is the synagogue, libraries, hospitals, her political party, the New Brunswick and Canadian councils on the status of women, her term on the board of the National Capital Commission, or her term in the Senate, all were committed to as full-time endeavours. Unlike many, Erminie did not simply pay lip service to major issues confronting our society. Rather, with great compassion, she dove right in and worked extremely hard to right what was wrong. Many have been listed here today, and I will mention but a few: the debilitating effects of poverty on our society, the horrendous social problem of family violence, and the deplorable housing conditions of the families of Canada's military. Her actions only begin to explain why I and so many others admire Erminie.

However, it is the personal side that I would like to briefly mention. I have known Erminie for many years. In our big tent Tory party — and Senator Tkachuk has shown how big it can be — we were and are sisters in arms. I cannot think of any one issue, in all these years, at all those general meetings and policy conferences on which we were not in lockstep with each other.

I well remember the night that Prime Minister Mulroney called Erminie to inform her that he was appointing her to the Senate. I will leave it to her to tell you her husband's advice that night. The Prime Minister, as he always did, told her to keep it a secret until the announcement was made. She called me right after the Prime Minister's call, and anyone listening in would have been puzzled indeed. My phone rang late in the evening. She said, "Marj, this is Erminie," and there was sustained giggling on both ends of the line.

Erminie has always been such a true friend. When my late daughter's husband, my son-in-law, Ed Holmes, was about to remarry my new daughter-in-law, Tracey Eisenberg, I turned to Erminie to quickly educate me on the heritage and traditions of the Jewish faith.

• (1500)

She gave me books and information cards which were so helpful as my family took on a new blended look.

Erminie, as you take leave of this place, you will be missed by all of us, but personally speaking, I will miss you more than you know. However, with your energy level and your commitment to worthy causes, I know that we will work together on many endeavours in the future. It is too bad that the calendar intervened — although it certainly does not look like it — and dictated that the Senate could not longer be one of these endeavours.

To you, Erminie, to Eddie, to your children, Cathy, Lee and Shelley, and to your grandson, may you continue to have a fulfilling and rewarding life in the future.

**Hon. Leonard J. Gustafson:** Honourable senators, what more can be said about Erminie? I had the privilege of sharing a seat with her for a good portion of the eight years she was here. We came to this place at the same time. I want to say that when Erminie touched your hand and you looked into her face, you knew that you were touched by a compassionate person.

Erminie, you have always fought for the underdog. You even asked, once in a while, "Len, how are the farmers doing?" The hurting have always been foremost on Erminie's list. We salute you today and hope that you will have many years of happiness with your family. God bless.

**The Hon. the Speaker:** Before calling on Senator Cohen, I wish to draw to your attention, honourable senators, the presence in our gallery of two of Senator Cohen's daughters, Cathy Tait and Shelley Cohen-Thorley, and three friends, Stella Torontow, Shimon Fogel and Dr. Ralph DeWare. Welcome to the chamber to share this special time with Senator Cohen.

[Translation]

**Hon. Marcel Prud'homme:** Senator Cohen, I told you many times and I am telling you publicly, I will miss your soothing smile. Whenever I pondered major international political issues, I would look at you, I would go and tell you about them and, with a smile, you would invariably make the most difficult problems manageable. I want to remember your smile. I will miss it.

[English]

**Hon. Erminie J. Cohen:** Honourable senators, I am deeply touched — and not a little bit embarrassed — by the generous and moving tributes of the honourable senators who have spoken.

As a driven leaf out of the turbulence of a volatile and changing Eastern Europe, my grandparents arrived on the shores of the New World with dreams of new lives, where the fear and uncertainty of the Old Country could be replaced by the promise of acceptance and security.

Never, though, honourable senators, in their wildest and most optimistic dreams would they have imagined that a grandchild of theirs — a granddaughter of theirs — would be addressing so noble a group in so august a chamber as both a colleague and friend to bid adieu. I serve as a symbol of "the impossible dream" and rise today draped in equal measures of pride and overwhelming humility to share some final personal thoughts as I prepare to close one chapter of my life and embark upon new challenges.

Conventional wisdom suggests that “familiarity breeds contempt.” Yet, as I reflect on the countless times over the past eight years that I have stood in this place, I find that I remain in as much awe of this institution as on the day I was first sworn in as a senator. In other places, people breathe in air. Here, however, we parliamentarians are afforded the singular honour of breathing in history — layer upon layer of country building, a process to which we have been privileged to offer our modest personal contributions. Modest though they may be individually, as a whole they represent the richness that is our Canadian heritage and the envy of the world. To the extent that I have played a role in this grand adventure, I am exceedingly grateful.

Honourable senators, I will return to the significance of this place in a moment or two, but first I feel compelled to acknowledge certain individuals who have been an important part of my life over the last number of years and others who have also been so.

I have called us privileged and, indeed, I think all honourable senators will agree; but I think, too, that every woman and man who has served Canada in this place will also agree that this privilege comes dearly. To us accrues the satisfaction and excitement of having helped shape the country, but those who guard the home fires during our frequent absences are truly unsung heroes. I have been blessed manifold in my lifetime, but the gift of a loving and steadfastly supportive life partner, my husband, Edgar, stands ahead of all else. Any sacrifices I have made in my efforts here are his sacrifices too, and he must share in any praise that is directed my way. I am sorry that ill health has prevented him from being with us today.

In truth, I must say that the support he has consistently extended to me in all of my public endeavours is echoed loudly by my children, Cathy, Shelley and Lee. I am grateful to them all for their encouragement and understanding and would like them to know, for the record, that any pride that they may feel in my accomplishments is matched by my pride for all of theirs.

This moment occasions a great deal of introspection, and as my thoughts turn to my family, I am reminded of Robert Heinlein’s observation that captures the essence of that which characterizes our relationship. He wrote:

Love is that condition in which the happiness of another is essential to your own.

If my family has shared the burden of sacrifice with me these last years, they share something else with another group of exceptional people who I have grown to admire, respect and love, what I referred to a moment ago as the “unsung heroes.”

The activities of Parliament revolve around us and our colleagues in the other place. Too often, we fall victim to a common but most regrettable human failing — that of taking others for granted. Our ability to focus on the task at hand is in large measure due to the countless individuals who toil in the

[ Senator Cohen ]

background, ever vigilant in their efforts to ensure the seamless operation of the Senate. The clerks, the research and legal teams with their wealth of talent and experience; those charged with the weighty Senate security; the Senate pages who cheerfully attend to our every need; the messengers who are all there for us; the Senate staff who define excellence and commitment to the democratic process and have all become my extended family; and finally, the translators whose faces are never seen by us but whose contribution is vital — we could not operate without them. During my tenure here, I have always tried to convey my appreciation for their dedication and urge all honourable senators to likewise take the time to express to these exceptional people what I am sure is in their hearts.

Although he penned these words more than a century ago, Oliver Wendell Holmes could have been describing someone very special in my Senate life when he said:

The noblest service comes from nameless hands and the best servant does his work unseen.

I will not let this occasion pass without naming the nameless.

Honourable senators, Suzanne Belliveau is my gatekeeper and organizer, my muse and sounding board, my assistant, my friend. More than any other, Suzanne has helped me navigate through the system and ensure that my message reaches the intended objective. In the spirit of the biblical story of Naomi and Ruth, my concerns and challenges became her concerns and challenges, and I am pleased to have this opportunity to publicly thank Suzanne both for her dedication and her friendship.

• (1510)

Honourable senators, my party leader has often spoken of Canada as a community of communities. Although he was perhaps not speaking specifically of this, I have come to think of the Senate and those who fill the benches on both its sides as a unique community within this wonderful land. I never had the luxury of sitting on the government side of the Senate, except for two weeks. However, I have had the tremendous good fortune of working with a distinguished group of individuals, who, taken together, are the Senate.

In some respects, I find it terribly unfortunate that public attention is so disproportionately focused on the activities of the other place. Cynicism about governance and the political process would decrease substantially if only Canadians could witness the quality of debate that colours our deliberations both here and in committee. During my time in the Senate, I found the thoughtfulness and depth that routinely informed our discussions to be nothing short of remarkable. While it is true that parliamentary democracy is founded on the principle of adversarial political visions, it is inspiring to be part of a process wherein ideas, more often than not, transcend crass partisanship and where parochial allegiances make way for shared values and hopes. I treasure that.

Honourable senators, no institution, including ours, is beyond refinement, and we must all acknowledge that many views on how we can best introduce parliamentary reform merit serious consideration, but let no one advance the proposition that this place is expendable, for to do that would be to rob Canadians of what I profoundly believe to be an extraordinarily valuable democratic asset.

Honourable senators, I have learned much through my experience as a member of the Senate, and I will forever cherish the knowledge that I gained. Most of all, I will treasure the opportunity my tenure has afforded me to draw attention to those who have no voice. The passage of Bill S-11, an Act to Prohibit Social Condition as a Form of Discrimination, which was passed unanimously in the Senate three years ago, was the culmination of several years devoted to providing a voice to those who lost their own. Subsequently, I had the honour of co-chairing a caucus task force on poverty that resulted in the publication of a report entitled "It's Up to Us!"

In my efforts to empower and improve the prospects of those challenged by poverty, and those for whom homelessness is a chronic reality, I have become exceedingly enriched. I pray that, upon my departure, others will serve as the voices of the powerless and invisible. I pray that their needs will not be forgotten and that the will to help them find their own voices will continue. I pray that those here today and those who will take their places in the Senate tomorrow or in the days after will persevere in the endless struggle to bring prosperity and wellbeing to all Canadians. I pray them Godspeed as they carry forward with a legacy of caring that is this place and this country and to which I have been so privileged to contribute.

Honourable senators, mindful of Thomas Jefferson's warning to David Harding that speeches measured by the hour die with the hour, permit me to conclude with a brief Chassidic parable that has its roots in the place from which my grandparents came to Canada: A wise old sage heard reports of a brilliant young scholar who lived in a distant city. Deciding to determine for himself the true greatness of the young man, the sage travelled to the far-off city. Having found the academy in which the young scholar spent all of his time, the old sage quietly observed him from a corner of the great hall. After a couple of days, the young man noticed the sage and motioned him to approach. Before long, the two became immersed in lofty intellectual discussion until it came time for the older sage to return home.

Before leaving, the young man asked the purpose of his visit and received a frank reply, including an assessment that indeed the young scholar was worthy of the reputation that preceded him. The young man enquired whether there was anything else the old sage wanted to know before leaving, and the sage indicated that he had but one question. "Why is it," asked the old man, "that you appear oblivious and indifferent to all the simple people who pass through this place?" The young scholar nodded his agreement and explained that he was absorbed in the most

profound of academic and intellectual inquiries and could not be bothered with the trivial and mundane needs of simple folk.

Without another word, the old sage stood and headed toward the door, gently shaking his head. Just as he was about to pass through the door, he turned back to the young scholar and observed, "When it is cold, there are two ways in which an individual can keep warm: He can put on a fur coat or light a fire. The difference between the two is that a fur coat will only keep the one individual warm, while the fire will warm all those around."

Honourable senators, this Senate can be a fire that warms all Canadians and you the matches that light that fire. Keep it glowing and chase the cold from the room. Thank you, and may God bless you all. It was an honour to be one of you.

**Hon. Senators:** Hear, hear!

[*Translation*]

## SENATORS' STATEMENTS

### NATIONAL PUBLIC SERVICE WEEK

**Hon. Marie-P. Poulin:** Honourable senators, this being National Public Service Week, I am taking this opportunity to pay tribute to the men and women who are at the service of Canada, whether in the national capital, in the regions of our country or abroad.

For over 25 years, I have witnessed on a daily basis the professionalism of these individuals and the quality of their work. Honourable senators, as you know, one only has to go abroad to hear well-deserved praise of our public servants.

I thank them on your behalf, honourable senators. I congratulate our government for having made the decision to go through with the necessary reforms so that Canada's public service will continue to evolve, innovate, adapt to a knowledge-based economy and society, and continue to help the government fulfil its responsibilities.

### CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

BRITISH COLUMBIA—DECISION TO REFUSE CANADIAN  
BROADCASTING CORPORATION'S PROGRAMMING SIGNAL TO  
SERVICE FRANCOPHONE COMMUNITY

**Hon. Jean-Robert Gauthier:** Honourable senators, Canadian courts have already said, and I quote:

Language rights are neither negative nor passive; they can be exercised only when the means are provided.

The Canadian Broadcasting Corporation applied to the CRTC for an operating licence to serve the francophone and francophile populations of the Vancouver and Victoria area.

This would have been the second French radio station in Vancouver, where there are 18 English stations and three in a language other than Canada's two official languages. In Victoria, the capital of B.C., it would have been the first French-language service.

For 28 years now, francophones in Victoria have been asking for French-language service. It is hard to understand the CRTC's decision. The CBC has a mandate to broadcast its signal in French and English across the country and especially in each of the provincial capitals. Quebec City's 13,000 anglophones have received CBC Radio One since its inception.

It is hard to understand why the CRTC did not grant the frequency sought. The City of Victoria is the only provincial capital without CBC programming in French and English. In Vancouver, a second French-language station would have been welcomed.

The decision of the Canadian Radio-Television and Telecommunications Commission, the CRTC, must be reviewed.

In its latest report tabled three months ago with Her Excellency the Governor General, entitled "Achieving a Better Balance," the CRTC promised new frequencies would be assigned in the public interest and in accordance with the objectives of the Broadcasting Act. It is difficult, if not impossible, to reconcile the objectives with the negative decision handed down following CRTC public notice 2001-63.

[*English*]

## ROUTINE PROCEEDINGS

### FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

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

Tuesday, June 12, 2001

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

#### SEVENTH REPORT

Your Committee, to which was referred Bill C-18, An Act to amend the Federal-Provincial Fiscal Arrangements Act, has, in obedience to the Order of Reference of Thursday, May 31, 2001, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Lowell Murray  
*Chairman*

[ Senator Gauthier ]

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

On motion of Senator Robichaud, with leave of the Senate and notwithstanding rule 58(1)(b), bill placed on the Orders of the Day for third reading later this day.

[*Translation*]

### ESTIMATES, 2001-02

INTERIM REPORT OF NATIONAL FINANCE  
COMMITTEE TABLED

**Hon. Lowell Murray:** Honourable senators, I have the honour to table the eighth report of the Standing Senate Committee on National Finance on the 2001-02 estimates.

[*English*]

### STUDY OF HEALTH CARE SYSTEM

BUDGET AND REQUEST FOR AUTHORITY TO TRAVEL—REPORT OF  
SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY  
COMMITTEE PRESENTED

**Hon. Michael Kirby**, Chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, June 12, 2001

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

#### SEVENTH REPORT

Your Committee, which was authorized by the Senate on March 1, 2001 to examine and report upon the state of the health care system in Canada, respectfully requests, that it be empowered to travel within Canada for the purpose of such study.

Pursuant to section 2:07 of the Procedural Guidelines for the Financial Operation of Senate Committees, the budget application submitted was printed in the Journals of the Senate of April 24, 2001. On May 16, 2001, the Senate approved the release of \$5,000 to the Committee. The report of the Standing Committee on Internal Economy, Budgets and Administration recommending the release of additional funds is appended to this report.

Respectfully submitted,

MICHAEL KIRBY  
*Chair*

(For text of report, see today's Journals of the Senate, Appendix "A", p. 709.)

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

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

[Translation]

## OFFICIAL LANGUAGES

### FIFTH REPORT OF JOINT COMMITTEE TABLED

**Hon. Shirley Maheu:** Honourable senators, I have the honour to table the fifth report of the Standing Joint Committee on Official Languages on the bilingual services offered by Air Canada.

[English]

#### BUDGET AND REQUEST FOR AUTHORITY TO ENGAGE SERVICES—REPORT "A" OF JOINT COMMITTEE PRESENTED

**Hon. Shirley Maheu,** Joint Chair of the Standing Joint Committee on Official Languages, presented the following report:

Tuesday, June 12, 2001

The Standing Joint Committee on Official Languages has the honour to present its

### FIFTH (A) REPORT

Your committee which is authorized by section 88 of the Official Languages Act to review on a permanent basis the administration of the Act, any regulations and directives made under the Act and the report of the Commissioner of Official Languages, the President of the Treasury Board and the Minister of Canadian Heritage, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

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

Respectfully submitted,

SHIRLEY MAHEU  
Joint Chair

(For text of budget, see today's Journals of the Senate, Appendix "B", p. 715.)

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

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

## STUDY ON EMERGING DEVELOPMENTS IN RUSSIA AND UKRAINE

### BUDGET—REPORT OF FOREIGN AFFAIRS COMMITTEE PRESENTED

**Hon. Peter A. Stollery,** Chair of the Standing Senate Committee on Foreign Affairs, presented the following report:

Tuesday, June 12, 2001

The Standing Senate Committee on Foreign Affairs has the honour to present its

### FIFTH REPORT

Your Committee was authorized by the Senate on March 1st, 2001 to examine and report on emerging political, social, economic and security developments in Russia and Ukraine; Canada's policy and interests in the region; and other related matters.

Pursuant to section 2:07 of the Procedural Guidelines for the Financial Operation of Senate Committees, the budget application submitted was printed in the Journals of the Senate of April 25, 2001. On May 2nd, 2001, the Senate approved the release of \$62,340 to the Committee. The report of the Standing Committee on Internal Economy, Budgets and Administration recommending the release of additional funds is appended to this report.

Respectfully submitted,

PETER STOLLERY  
Chair

(For text of report, see today's Journals of the Senate, Appendix "C", p. 716.)

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

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

## ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

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

**Hon. Nicholas W. Taylor,** Chair of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

Tuesday, June 12, 2001

The Standing Senate Committee on Energy, the Environment, and Natural Resources has the honour to present its

#### SEVENTH REPORT

Your Committee, which was authorized by the Senate on March 1st, 2001, to examine such issues as may arise from time to time relating to energy, the environment and natural resources, respectfully requests, that it be empowered to travel outside Canada for the purpose of such study.

Pursuant to section 2:07 of the Procedural Guidelines for the Financial Operation of Senate Committees, the budget application submitted was printed in the Journals of the Senate of March 29, 2001. On April 3, 2001, the Senate approved the release of \$162 820 to the Committee. The report of the Standing Committee on Internal Economy, Budgets and Administration recommending the release of additional funds is appended to this report.

Respectfully submitted,

NICHOLAS W. TAYLOR  
*Chair*

(For text of report, see today's Journals of the Senate, Appendix "D", p. 717.)

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

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

[Translation]

#### ILLEGAL DRUGS

BUDGET—REPORT OF SPECIAL COMMITTEE PRESENTED

**Hon. Pierre Claude Nolin**, Chair of the Special Committee on Illegal Drugs, presented the following report:

Tuesday, June 12, 2001

The Special Committee on Illegal Drugs has the honour to present its

#### SECOND REPORT

Your Committee was authorized by the Senate on March 15, 2001 to reassess Canada's anti-drug legislation and policies.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget

[ Senator Taylor ]

application submitted was printed in the *Journals of the Senate* of May 10, 2001. On May 16, 2001, the Senate approved the release of \$98,500 to the Committee. The report of the Standing Committee on Internal Economy, Budgets and Administration recommending the release of additional funds is appended to this report.

Respectfully submitted,

PIERRE CLAUDE NOLIN  
*Chair*

(For text of report, see today's Journals of the Senate, Appendix "E", p. 718.)

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

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

#### ADJOURNMENT

**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 tomorrow, Wednesday, June 13, 2001, at 1:30 p.m.

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

**Hon. Senators:** Agreed.

Motion agreed to.

[English]

#### FARM CREDIT CORPORATION ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-25, to amend the Farm Credit Corporation Act and to make consequential amendments to other Acts.

Bill read first time.

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

On motion of Senator Robichaud, with leave of the Senate and notwithstanding rule 57(1)(f), bill placed on the Orders of the Day for second reading later this day.



• (1530)

## CANADA CORPORATIONS ACT

BILL TO AMEND—FIRST READING

**Hon. Norman K. Atkins** presented Bill S-30, to amend the Canada Corporations Act (corporations sole).

Bill read first time.

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

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

[*Translation*]

## CANADA-JAPAN INTER-PARLIAMENTARY GROUP

MEETING FROM APRIL 30 TO MAY 4, 2001—REPORT OF  
CANADIAN DELEGATION TABLED

**Hon. Marie-P. Poulin:** Honourable senators, pursuant to rule 23(6), I have the honour to table, in both official languages, the report of the Canadian delegation to the Canada-Japan Inter-Parliamentary Group on their 11th annual meeting, which was held from April 30 to May 4, 2001, in Ottawa and in Montreal.

[*English*]

## AGRICULTURE AND FORESTRY

STUDY ON PRESENT STATE AND FUTURE OF FORESTRY—NOTICE  
OF MOTION TO AUTHORIZE COMMITTEE TO TABLE  
FINAL REPORT WITH CLERK

**Hon. Leonard J. Gustafson:** Honourable senators, I give notice that on Wednesday next, June 13, 2001, I will move:

That the Standing Senate Committee on Agriculture and Forestry, which was authorized by the Senate on March 20, 2001, to receive, examine and report on the papers, evidence, and work accomplished by the committee during the Second Session of the Thirty-Sixth Parliament in relation to the present and future state of forestry, and to report by June 30, 2001, be permitted, notwithstanding usual practices, to deposit its report with the Clerk of the Senate, if the Senate is not then sitting, and that the report be deemed to have been tabled in the chamber.

## NELSON MANDELA

NOTICE OF MOTION TO DECLARE HONORARY  
CITIZEN OF CANADA

**Hon. Anne C. Cools:** Honourable senators, pursuant to rules 56(1) and 58(1), I give notice that one day hence I shall move:

That this house, recognizing the great moral leadership provided by Nelson Mandela of South Africa to all humanity, agree that he be declared an honorary citizen of Canada.

[*Translation*]

## SITUATION OF OFFICIAL LANGUAGES IN ONTARIO

EFFECT ON POST-SECONDARY TRAINING AND  
HEALTH CARE—NOTICE OF INQUIRY

**Hon. Jean-Robert Gauthier:** Honourable senators, I give notice that on Thursday next, June 14, 2001, I shall call the attention of the Senate to current issues relating to official languages in Ontario, particularly post-secondary training and the lack of agreement between Ontario and Canada, and health services in French in Ontario.

[*English*]

## QUESTION PERIOD

### NATIONAL DEFENCE

REPLACEMENT OF SEA KING HELICOPTERS—CHANGES  
TO BASIC VEHICLE REQUIREMENTS

**Hon. J. Michael Forrestall:** Honourable senators, I cannot pass up the opportunity to ask a few more brief questions of the Leader of the Government in the Senate, particularly as she has now had a good briefing.

Since 1968, there have been nine Sea King ditchings at sea due to loss of power. Of those, four, or almost half, have been in ISA plus 20 conditions and three of those four in Atlantic waters off Puerto Rico and Bermuda. Will the minister not admit, on the basis of these statistics readily available from the Department of National Defence, that ISA plus 20 is not an extreme temperature as the government seems to be maintaining?

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, once again the honourable senator wants to do something that I thought we were to do in the fall, that being to examine the rules surrounding bids for the Maritime Helicopter Project.

I learned something very interesting in my briefing yesterday, that being that the maritime helicopters will not be primarily engaged in search and rescue. The maritime helicopters are primarily for defence purposes, and the Government of Canada has announced the purchase of 15 Cormorants, which will be the aircraft primarily used for search and rescue. The Cormorants, also known as EH-101s, are the planes that we have heard so much about in this chamber. They have all the required distance capacity.

It is very clear that search and rescue will be adequately cared for — except in emergency situations — by the planes for which contracts have been given and which we hope we will receive the first of in the year 2002.

REPLACEMENT OF SEA KING HELICOPTERS—SEA STATE  
OPERATION AND DITCHING REQUIREMENTS

**Hon. J. Michael Forrestall:** Honourable senators, I fail to see what relevance that has to the question I posed. Notwithstanding that, of the nine Sea King ditchings, five were successfully recovered from the water and returned to service. What is the rationale, then, for requiring the maritime helicopter to operate in sea states of between five and six but only requiring it to be capable of ditching safely in sea state three?

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, I cannot answer that kind of technical question on the floor of this chamber since I have had no advance notice of it. However, I am sure that the people who are highly skilled and knowledgeable about these aircraft will be able to do so at the briefing.

**Senator Forrestall:** Honourable senators, would the minister not agree that any search and rescue endeavour undertaken is indeed an emergency?

**Senator Carstairs:** Honourable senators, by its very nature, when we send a plane and a crew out on a search and rescue mission, it is deemed to be an emergency. In that regard, I totally agree with the honourable senator.

[Translation]

## HERITAGE

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS  
COMMISSION—DECISION ON FRANCOPHONE BROADCAST  
PROGRAMMING IN BRITISH COLUMBIA

**Hon. Jean-Robert Gauthier:** Honourable senators, my question is for the Leader of the Government in the Senate. The CBC requested a licence to operate from the CRTC to serve francophones and francophiles in Vancouver and Victoria. In Victoria, British Columbia's capital, there is no French-language service. Francophones in Victoria have been asking for

[ Senator Carstairs ]

French-language service for 28 years. It is difficult to understand the CRTC's decision. Yet, in its recent report on French-language broadcasting services in a minority environment entitled "Achieving a Better balance," the CRTC promised to be more receptive and proactive regarding new French-language networks.

Could the minister ask her cabinet colleagues whether the Minister of Canadian Heritage intends to ask the CRTC to reconsider its decision to refuse to deliver a licence to the CBC to broadcast its French programming in Victoria, British Columbia's capital, and thus comply with the national policy, which provides that all provincial capitals must be served by the English and French networks *a mari usque ad mare*?

[English]

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, Senator Gauthier has posed an important question. The honourable senator did, in fact, give me an advance copy and I attempted to obtain the additional information, but it has not been delivered to me. I will continue my efforts to obtain the information relevant to the CRTC decision. Allow me to assure the honourable senator that I will take his representations to my colleagues in the cabinet.

[Translation]

## DELAYED ANSWERS TO ORAL QUESTIONS

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, I have the honour of tabling in this house the delayed responses to two questions: the question by Senator Murray on May 29, 2001, concerning cabinet responsibility; and the question by Senator Oliver on May 10, 2001, concerning the efforts of government to establish a shipbuilding policy.

## PRIME MINISTER'S OFFICE

REQUEST FOR STATEMENT ON COLLECTIVE  
CABINET RESPONSIBILITY

(Response to question raised by Hon. Lowell Murray on May 29, 2001)

The principle of the collective responsibility of Cabinet to the House of Commons is a convention of our Constitution.

The conventions of our Constitution are unwritten rules of constitutional action which are considered binding by those who participate in public life, but which — unlike laws — are not enforced by the courts.

Conventions are essentially political and the sanction for failure to respect them is also political rather than legal.

Sir Wilfrid Laurier set out the position in the House of Commons on March 18, 1903 (House of Commons Debates, pp. 132-33):

The gentlemen who are assembled at the Council board are not expected to be any more unanimous in their views because they sit at Council, than would be expected from any other body of men. It is in human nature to differ. It is in human nature, even for the best of friends; even for men professing the same views politically to differ and to differ materially on some points. But the Council sits for the purpose of reconciling these differences — the Council sits for the purpose of examining the situation and, having examined it, then to come to a solution, which solution then becomes a law to all those who choose to remain in the Cabinet. It would be a mere redundancy for me to affirm that the necessity for solidarity between the members of the same administration is absolute; that the moment a policy has been determined upon, then it becomes the duty of every member of that administration to support it and to support it in its entirety.

## INDUSTRY

### EFFORTS OF GOVERNMENT TO ESTABLISH SHIPBUILDING POLICY

*(Response to question raised by Hon. Donald H. Oliver on May 10, 2001)*

The Minister of Industry is currently reviewing the Report of the National Shipbuilding and Industrial Marine Partnership Project entitled “Breaking Through: The Canadian Shipbuilding Industry,” copies of which were distributed to the Honourable Senators in April 2001. The recommendations contained in the Report are wide-ranging and complex and many deal with issues that are the responsibility of other federal ministers or other levels of government. The Minister plans to consult with his colleagues and provincial counterparts prior to announcing any new policy measures for this industry.

With respect to the EU’s threat to launch a challenge against Korea at the WTO, federal officials are aware of, and have been tracking this dispute for some time. Specifically, the EU is alleging that Korea has provided subsidies to several Korean shipyards, contrary to WTO rules, that have adversely affected the EU shipbuilding industry in two market segments, namely containerships and product and chemical tankers. Canadian officials are prepared to meet with Canada’s shipbuilding industry to discuss the EU-Korean dispute when and if it moves to the WTO. In terms of recent developments, it has been announced that Korea and the EU have agreed to a consultation body to solve their shipbuilding dispute which

may have some beneficial spillover effects to the shipbuilding industry more generally.

[English]

## ORDERS OF THE DAY

### MOTOR VEHICLE TRANSPORT ACT, 1987

BILL TO AMEND—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-3, to amend the Motor Vehicle Transport Act, 1987 and to make consequential amendments to other Acts, and acquainting the Senate that they have passed this bill without amendment.

### CANADA BUSINESS CORPORATIONS ACT CANADA COOPERATIVES ACT

BILL TO AMEND—MOTION TO CONCUR WITH AMENDMENTS  
FROM COMMONS ADOPTED

The Senate proceeded to consideration of amendments by the House of Commons to Bill S-11, to amend the Canada Business Corporations Act and the Canada Cooperatives Act and to amend other Acts:

1. *Title*: Replace the long title with the following:

“An Act to amend the Canada Business Corporations Act and the Canada Cooperatives Act and to amend other Acts in consequence”

2. *Page 136*: Clause 235 is deleted.
3. *Page 136*: Clause 236 is deleted.
4. *Page 137*: Clause 237 is deleted.
5. *Page 137*: Clause 238 is deleted.

**Hon. Sharon Carstairs (Leader of the Government)**: Honourable senators, I move:

That the Senate concur in the amendments made by the House of Commons to this Bill, without amendment; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

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

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition)**: Explain.

**Hon. Marcel Prud’homme**: Honourable senators, we made an amendment to the bill, which they rejected, and now the bill has come back to us without that amendment. Usually the reverse occurs. However, they rejected our amendment. Is that correct?

**The Hon. the Speaker:** Honourable senators, may I ask Senator Carstairs, the mover of this motion, to explain?

**Senator Carstairs:** Honourable senators, I will speak briefly to this motion, and then Senator Kirby, who was the individual who moved the amendment, will explain it in very simple terms.

This bill began in the Senate and that is why it is an “S” bill. During the process, we made some amendments to that bill. The other place has accepted most of the amendments that we have made. They have, in fact, rejected one amendment. It has now come back to us, and we are being asked, through this motion, to concur with the legislation as they passed it, minus the one amendment. Senator Kirby will explain the amendment to honourable senators.

**Senator Prud’homme:** Now that is clear.

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

**Senator Kinsella:** We are asking for an explanation.

**The Hon. the Speaker:** Will the Honourable Senator Kirby provide senators with an explanation?

**Hon. Michael Kirby:** Honourable senators, Senator Kinsella and I were trying to avoid the calling of a vote until we had an opportunity to make some comments on the question before us.

To respond in more detail to the amendment that was rejected in the other place, I will begin with some background information.

The Standing Senate Committee on Banking, Trade and Commerce, for over a period of two or three years and at the request of the government, did an extensive study on corporate governance changes that ought to be made to the Canada Business Corporations Act. All of those amendments were put forward by the committee in 1998 or 1999, and they have been, in fact, incorporated in this bill.

In addition, the Banking Committee looked at a number of other issues, one of which led to the development of a system that is now called Modified Proportionate Liability, which is not simply a Canadian first, but a world first. Those recommendations are also contained in Bill S-3.

The bill began in the Senate not simply because of demands on House time, but because the technical expertise related to the nature of this bill rested with the Banking Committee. While the bill was before the Banking Committee, and I was the sponsor, a number of amendments of a technical nature were made. At that same time, I introduced my own, non-government amendment. It is that amendment that the House of Commons rejected.

With permission of honourable senators, I will explain the purpose of the amendment and why the government has rejected

it. I am disappointed they have turned it down for all the reasons that I outlined. Changing this bill has taken a long time, and given the fact that they have accepted all the other proposals from the Banking Committee, I am prepared to support the motion and, therefore, remove the amendment.

Honourable senators, it is worth a comment about what the amendment was designed to do and why it was turned down. The amendment was designed to treat minority shareholders of companies that previously were Crown corporations, specifically Air Canada and Canadian National Railways, in exactly the same way that the Canada Business Corporations Act, in its amended form, would treat minority shareholders. That amended form is now before the Senate.

To provide the layman’s explanation, a number of changes in the Canada Business Corporations Act will allow, with the passage of this bill, minority shareholders to converse amongst themselves to reach agreements, provided they are independent — that they are not one and the same person. Two groups of 4 per cent shareholders, under the act that is being changed, will be able to communicate with each other to reach agreement. Historically, that has not been permitted. All of those changes in respect of minority shareholders and the so-called associated party rules were supported, and they came directly out of the Standing Senate Committee on Banking, Trade and Commerce.

It struck me that a company that had begun its life as a Crown corporation, and then had been privatized, should be treated in the same way as any other private sector Canada Business Corporations Act company.

• (1550)

My amendment proposed to do a simple thing — to give to the minority shareholders of Air Canada and Canadian National the same powers of association that will exist with respect to any other Canada Business Corporations Act company. I did not include in my amendments Petro-Canada and Nordion simply because Bill C-3, which is working its way toward us from the other place, deals with the corporate governance provisions for those two corporations. I therefore limited my amendments to Canadian National and Air Canada, with the intention of dealing with the others when Bill C-3 arrives in the Senate.

The policy officials in the Department of Industry, whose bill this was, agreed — and I am trying not to put words in anyone’s mouth — that my proposal was exactly consistent with the thrust of their policy. However, the Department of Transport — with whom I did not consult because I suspected that I understood their point of view — opposed the changes for two quite different reasons. They were opposed to the change with respect to Canadian National on the grounds that it would allow, for example, 10 per cent of foreign shareholders to vote together to get the kind of board they wanted and so on.

My view was very simple. The Canadian National Act requires that the head office be in Canada. Currently, over 70 per cent of the shares in Canadian National are foreign-owned. It did strike me that, even if a group of foreign shareholders did by some means or other get control of Canadian National, it would be difficult for them to rip up the tracks and somehow take the company out of the country. It is still my view that one ought not to worry about that problem. The officials in the Department of Transport do not agree with me.

Regarding Air Canada — and I will try to be as polite as I can in expressing my view, given the way Air Canada has treated consumers in the last year and a half and given the way it has treated its employees, by announcing 3,500 layoffs on December 22. I have spoken with chief executive officers and board members of many companies since that happened, and I could find no one who would have agreed to making that kind of announcement on December 22.

Given the insensitivity of Air Canada's board and management toward consumers and employees, I felt we should do everything in our power to prevent them from entrenching themselves. Any additional powers granted to minority shareholders would be a good thing in that regard, particularly as the powers proposed are the same as those found in any other major corporation in our country.

That being the case, the officials in the Department of Transport have come to the view that the amendment is inconsistent with the 15 per cent rule to which they agreed at the time of the Air Canada bill a year and a half ago.

I understand that point of view. Indeed, I would be willing to say that a significant element in my motivation was to find a way around the 15 per cent rule. I publicly went on record as being opposed to the 15 per cent rule at the time of the Air Canada bill. Entrenching the current management board, given their performance, does not strike me as good public policy nor as good business policy.

Nevertheless, Department of Transport officials have decided that this amendment would violate the nature of the 15 per cent agreement that was reached with the company and subsequently put into legislation. Therefore, they have insisted that the amendment come out.

My view, honourable senators, is quite simple. I continue to believe, in both cases, that this is the right public policy and the right business policy. I also believe that the Canada Business Corporations Act has been kicking around for many years. It would be unfair to the rest of the business community not to deal with this issue now. The bill does contain a raft of amendments, all of which emanated from the Standing Senate Committee on Banking, Trade and Commerce. There is no question that the views of this chamber and the views of the Senate Banking Committee in particular are adequately reflected in this bill.

Though I am quite disappointed about the entrenching of the board of Air Canada, I am nevertheless prepared to support this motion because, if nothing else, I have at least made a point. That is why I wanted the opportunity to speak today, rather than letting the bill go ahead without comment.

**Senator Prud'homme:** Honourable senators, Senator Kirby is known to be a highly competent, dutiful, and able chairman, with much more experience than I on these matters, having had the privilege of working on Privy Council. If the honourable senator felt so strongly as to put this amendment, perhaps the time has come to say to the other chamber — where I sat for 30 years — that indeed we insist on our amendment. We could return the bill. Eventually, we must choose one bill or another.

After the explanation so ably put to us by Senator Kirby, perhaps some members would like to continue on this line. It is a suggestion that I make; I am not pushing. At some point, we need to say, "Wait a minute. This matter has been thoroughly studied." I do not know if the House of Commons has studied the matter. Perhaps we should return this bill — which would be a first-ever occurrence — and insist on our amendment, especially given the clear and intelligent explanation given by Senator Kirby.

**Senator Kirby:** I appreciate Senator Prud'homme's complimentary remarks. I am sympathetic to the spirit of his position. As I indicated, however, this is not the right issue on which to take a stand, in my view. It is important to proceed with the bill.

Let me be clear. There is other legislation coming down the road on which it would be far more appropriate to take that kind of stand.

**Hon. Donald H. Oliver:** My question is for Senator Kirby. In the course of explaining why he made the amendments respecting Crown corporations, he referred to four of them: Nordion, Petro-Canada, CN and Air Canada. One of his arguments in relation to CN is that 70 per cent of the shares are owned outside of Canada.

In looking at broad public policy considerations, would Senator Kirby not also see a number of other non-Crown corporations in Canada that are more widely held outside of Canada than inside? Should the same general public policy rules that he advocates apply to certain financial service companies that are widely held but that do not have the same rights and privileges, such as life companies and banks?

**Senator Kirby:** We are perhaps getting into the area of the financial services legislation, which I believe is coming before us. The issue raised by Senator Oliver is directly contained in that bill. I am not sure that the question relates to this bill directly.

As Senator Oliver knows, the Senate Banking Committee ultimately advocated an increase from the existing 10 per cent to 20 per cent and possibly 30 per cent, if one takes into account non-voting shares and the ownership of major chartered banks. Those proposals are contained in the bill that has just been studied by the Senate Banking Committee.

The difference is that financial institutions, because of the nature of their economic impact on the country, are in a different category. This is a personal view of mine, but it has also been expressed in testimony before the Banking Committee, not by the current Governor of the Bank of Canada, as the issue has not come up, but by at least the two previous Governors of the Bank of Canada, Mr. Crowe and Mr. Thiessen. They certainly expressed the view that it would be a mistake to have major Canadian financial institutions controlled outside the country. That was their view in terms of macroeconomic management terms.

I do think that major financial institutions are in a different category of business than an airline or railroad, for example, or, for that matter, gasoline companies.

**Hon. Pierre Claude Nolin:** Honourable senators, I have a lot of respect for my honourable friend. They may have been his amendments, but when the bill left this house, it was our bill. Now he must convince us that we should change our position. The more I listen to him, the more I am convinced that we were right to do what we did.

Does the honourable senator think that the scrutiny given to the bill in the other place, and further, to reject or delete what we call his amendments, was a proper scrutiny? If it was proper, why was it proper? I am not convinced that we should do what he has suggested we should do.

**Senator Kirby:** It is difficult for me to comment on the scrutiny in committee, but let me tell my honourable friend the views of officials.

On the Air Canada case, which is what started me down this road, I concede that my amendments could put in jeopardy the 15 per cent rule. If a group of large shareholders were sufficiently creative, it would put in jeopardy the 15 per cent rule. The 15 per cent rule reads that no one can own or vote a block bigger than 15 per cent of the equity of the company.

That 15 per cent number was passed into law in December of 1999. At the time, there was a discussion about whether the number, which had been 10, should go to 15, 20 or 25. It is also true the 15 per cent rule was also included in the government agreement with Air Canada at the time Air Canada took over Canadian and avoided the bankruptcy of Canadian. One can make a case that doing what I tried to do — and this is why it was a personal amendment and not a government amendment —

[ Senator Kirby ]

is clearly in violation of that, or it could, in the hands of the right creative people, be in violation of that. I did not happen to like the agreement in the first place, which is why I did what I did. That is the reason I am willing to concede on this point and say that it makes sense to back off and let it go.

**Senator Kinsella:** Honourable senators, as I am trying to follow this debate, it seems to me that the honourable senator is maintaining the principle that he argued from, which was embraced by this chamber. Am I correct?

**Senator Kirby:** I am not backing off the principle at all. I am explaining, as I think I did a minute ago to Senator Nolin, why I am prepared to not insist on it. I concede that a creative group of shareholders could violate the original 15 per cent agreement that was part of the Air Canada deal. I understand that.

By the way, that was my motivation. Do not make any mistake about it. I did not like the 15 per cent rule in the first place. I understand that it is difficult for an individual to make what amounts to a private member's amendment to a government bill that is designed to get around an earlier government policy decision, but that is exactly what I was trying to do.

**The Hon. the Speaker:** I must draw to the attention of the Senate that the 15-minute time period of Senator Kirby has expired.

Is the honourable senator asking for leave to continue?

**Senator Kirby:** Yes.

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

**Hon. Senators:** Agreed.

**Senator Kinsella:** Honourable senators, if one were able to determine upon close examination that the concerns expressed by officials in the Ministry of Transport did not obviate the bill functioning very well and with no adverse impact, would the honourable senator not agree that he should maintain his principle?

**Senator Kirby:** A close examination will not show that. Let me be very clear. I did not like the 15 per cent rule. I have never liked those kinds of minority rules because they entrench management to the board. For a long time I have been against those kinds of rules. My position has nothing to do with Air Canada. I am particularly offended by the Air Canada case because of its performance and the way it fired employees, and because the board, the week after signing an agreement, was so afraid of losing its position that it put in place a poison pill and a variety of other measures. I am not a fan of the management of Air Canada. To be perfectly blunt, I thought this was an interesting way of trying to get around the problem.

There is no question that officials are absolutely correct when they say that if the amendment is allowed to go through, and if it is supported by the government, it would violate an agreement the government signed with Air Canada in December 1999. That is precisely what I designed it to do. To be honest, I thought people might not notice. It was in a big, complicated bill, and I thought it just might not get noticed. My principle is that I do not like the 15 per cent rule. I spoke against the 15 per cent rule at the time of the Air Canada bill. I was trying to get in one way what I did not get the other way. I concede that. Therefore, it seems to me this is the wrong issue to insist upon, although I still do not like the policy.

**Hon. David Tkachuk:** Honourable senators, there was another matter that the honourable senator did not speak about. The title is being changed again to read “in consequence.”

**Senator Kirby:** I did not see that. If it is, that is strictly a legal matter. I do not know the reason for that change.

**Senator Tkachuk:** This happened in committee. Senator Kirby indicated that officials from the Department of Justice phoned earlier and said that the words “in consequence” needed to be dropped, and we changed the title. I asked why, and Senator Kirby said, “I have not the foggiest notion.” I will ask, if the foggiest notion still holds, why they want it back. I do not understand why they want it back.

**Senator Kirby:** In order to make sure my amendments were technically correct, I had them vetted by the Department of Justice. The Department of Justice at the time had sent me one or two technical word changes, which I made. They also said to me at the time, “You need to change the title of the act.” I did not bother to get into why I needed to change the title of the act because I did not pay any attention to it. I had not looked at the amendments before. Is my honourable friend saying that the amendments now go back to what the original title was?

**Senator Tkachuk:** Yes.

• (1610)

**Senator Kirby:** Why one needed to change the act because of those amendments I put forward, I have no idea. I suppose the answer is that the act needed to have a different title with those amendments than it does without them.

**Senator Carstairs:** Since Senator Kirby was deleting acts that have now been included, is it not therefore necessary that the words “in consequence” be in the title?

**Senator Kirby:** That is a sort of legal question I make a point of never trying to understand. I do not know. In any event, the sequence is clear. There was a title. When I introduced my amendments, which included changing the Air Canada Act and the CN Act, the Justice Department said the title had to be changed. With those amendments removed, the Justice

Department said we needed to go back to the original title. It made sense to me when they said the original title was the right title.

**The Hon. the Speaker:** Just to keep the debate orderly, Senator Tkachuk, there is one other intervenor with a comment or question before I go to you on your main presentation. However, you will also want to accept questions and comments. When you are completed, I will go to Senator Gauthier and then back to you for your speech.

**Hon. Jean-Robert Gauthier:** Honourable senators, I find this discussion very interesting, if not challenging. To my recollection, we passed the bill with Senator Kirby’s amendment. We sent it to the House of Commons. It reviewed the bill, took an amendment out, changed the bill, sent it back to us. In my view, we have a problem and a precedent here that I want His Honour to settle: Can we or can we not, at this time, adopt the senator’s proposal to withdraw his amendment, which was part of our bill originally? I think it is too late.

**Senator Kirby:** The motion that is before the house is that we accept the bill, as now amended by the House of Commons, which deletes the amendment that I put in. We can certainly do that. We have often done that. That is the issue that is before the chamber, and there is no procedural reason, in my view, for not accepting the motion of the Leader of the Government.

**Hon. John Lynch-Staunton ( Leader of the Opposition):** I have a question for Senator Kirby. I gather from the discussion that we are in favour of the amendment and not in favour of the House telling us that it should be dropped. It was our amendment. If we are still in favour of it, we can send the bill back to the House of Commons and say we did not agree with it and maintain the amendment. It is as simple as that.

**The Hon. the Speaker:** Senator Gauthier has raised a question I will try to answer because it was put to me in terms of the procedures before us.

As I understand the motion of Senator Carstairs, it is to accept the bill as returned to us with amendments, and that is entirely in order within our procedure. It will be for a majority of voices or votes in this chamber to, in the end, determine what we do with Senator Carstairs’ motion.

**Senator Kinsella:** My question to Senator Kirby is: Does the honourable senator not think it would be at least tactically advantageous, given the desire to maintain one’s principles, for this house to insist upon the amendments that the Senate has adopted? If the pressure from the government is that it wants this bill passed before the summer break, we could send it to the House of Commons with the message that we are insisting on our amendment. We have leverage; the House wants to recess and the government wants the bill. Therefore, they will adopt our motion.

**Senator Kirby:** I understand the logic of the honourable senator's argument. The reason I am not doing that is that this is a major piece of government legislation of interest to a large number of corporate entities around the country. I do not want to run the risk of delaying it now. It has been around for too long.

I must distinguish between an amendment that really did originate with me as opposed to something the committee held hearings on and, ultimately, decided on its own merits. I do not think we should insist on it.

**Senator Prud'homme:** Honourable senators, if we abide by what the honourable senator is proposing so kindly — I know the importance of the bill — surely, the other chamber should be made aware of our displeasure. That is the least I would ask the house leader to put to them, that it is reluctantly that we accept, for all kinds of reasons, the best one being the last one expressed. In view of the importance, we will not insist. I will repeat: The honourable senator has made a choice intelligently, and it may not be the time to show our real displeasure by simply saying take it back. I must say that it is a strong argument with me.

Second, and I do not want to make people impatient, but whoever is in charge of the bill in the House of Commons should definitely be made aware of our strong reluctance to give in to something that we felt was important enough to be sent to them.

**Senator Nolin:** You can table a private bill.

**The Hon. the Speaker:** Senator Kirby, do you wish to respond?

**Senator Kirby:** I will certainly make it very clear to them, but it still does not change my position.

**Senator Nolin:** Propose a private bill.

**Senator Tkachuk:** Honourable senators, just so you understand, there were a number of amendments. There were those amendments that originated with the Standing Senate Committee on Banking, Trade and Commerce as a result of testimony. That was one group of amendments.

Then there were technical amendments that the minister wrote to Senator Kolber on, of which we all received copies even though the letter was marked "top secret," requesting our chairman and the committee to consider. That was on March 29, 2001.

On April 4 we considered those amendments, of which Senator Kirby had one of his own, along with all the technical amendments that the government wanted. Senator Meighen raised the point that perhaps we are moving too quickly, but were assured again by the government side that the amendments were technical. We knew at the time that we should not be moving so quickly. Senator Meighen upon raising the matter in committee, said the following about the new clause 160.1 which Minister Tobin wanted:

**Senator Meighen:** I have no particular objection. I take the assurance at face value that these are technical amendments. However, there is a bit of an explanation given in the annex in the letter to you, Mr. Chairman. Could that form part of the record?

**The Chairman:** Sure.

**Senator Meighen:** So the document that I have here entitled "Secret" will form part of our record.

**The Chairman:** Sure.

That document is this letter asking us to move the technical amendments. Amongst those technical amendments is Senator Kirby's amendment, which was not a government amendment. However, I kind of like his amendment.

• (1620)

#### MOTION IN AMENDMENT

**Hon. David Tkachuk:** Therefore, honourable senators, I move that this matter be referred to the Standing Senate Committee on Banking, Trade and Commerce.

**The Hon. the Speaker:** Does any other honourable senator wish to speak? Senator Tkachuk has made a motion.

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, the way in which this process has evolved this afternoon is very interesting. Let us be clear. We amend many House of Commons bills. It is not, therefore, inappropriate in this case, since the bill originated here, for them to amend our bill, having given it careful consideration. I think that point must be made here.

The other point that I think is very important is that Senator Kirby, by his own admission, was being mischievous on this particular piece of legislation — mischievous, in that he was attempting, via an amendment to this bill, to in fact refute a section in the Air Canada legislation called the 15 per cent rule.

**Senator Nolin:** We agreed to that.

**Senator Carstairs:** We did agree to the 15 per cent rule. Therefore, one must examine why we are now saying, via proposed legislation, that we really did not agree with the 15 per cent rule — because that is in fact what Senator Kirby is saying to us this afternoon, that he did not agree to it in the original act so he decided to be mischievous and try to get his amendment via the proposed legislation that is in front of us.

Honourable senators, this is a very important bill, a very substantive piece of proposed legislation, one that is long overdue and that I hope we can give speedy passage to.



There is also a fundamental principle involved here. The companies that were exempted by Senator Kirby in this proposed amendment, Air Canada and CN, I would maintain, despite his arguments about recent delivery service problems that he perceives with Air Canada, are very special companies in this country. They are not ordinary companies by any stretch of the imagination. While I think that shareholders' rights should be the same for investors in all federal corporations, I am equally sure that we would also agree that all corporations are not created equal and that special circumstances require special considerations. I believe firmly that Air Canada and CN are indeed special. They physically bind this country and its inhabitants, in ways that are both unique and historical. It is certainly valid public policy that share ownership of these corporations be widely distributed so that no small group of individuals takes effective control of these essential services. That is what the 15 per cent rule was all about. That is what we should maintain, and that is why, quite frankly, we should accept the graciousness of what Senator Kirby has said this afternoon, that he will not insist on his amendments, that he will not insist on his mischievous little activity.

**Hon. Roch Bolduc:** Do I understand that with convulsive and diplomatic words the leader said that her colleague is intellectually dishonest?

**Senator Carstairs:** Honourable senators, I would never say that of any member of this chamber, including colleagues on both sides, and certainly not of a colleague I went to university with. However, having gone to university with him, I do perhaps understand his mischievous element.

**Hon. Michael Kirby:** Honourable senators, in place of a question to my leader, I simply wish to make the observation that since I am a long-time fan of musical comedy, and I particularly liked the musical *Oliver*, I have always thought that, rather than being referred to as mischievous the "Artful Dodger" was a much better label.

**Senator Carstairs:** I would be quite happy in the future to refer to my honourable colleague in that manner.

**Hon. Marcel Prud'homme:** May I say, I do not apologize for having started that debate.

**The Hon. the Speaker:** Honourable senators, we have before us a motion in amendment, to refer Bill S-11 back to committee. I will put the motion in amendment.

It is moved by the Honourable Senator Tkachuk, seconded by the Honourable Senator Nolin, that the amendments proposed by the House of Commons to Bill S-11 be not now concurred in but that they be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Honourable senators, is it your pleasure, to adopt the motion in amendment?

**Some Hon. Senators:** No.

**Some Hon. Senators:** Yes.

**The Hon. the Speaker:** Will those honourable senators in favour of the motion in amendment please say "yea"?

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** Will those honourable senators who are opposed to the motion in amendment please say "nay"?

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the "nays" have it.

I declare the motion lost, on division.

We are now at the main motion. If no other senator wishes to speak, it was moved by the Honourable Senator Carstairs that the Senate concur in the amendments made by the House of Commons.

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

**Some Hon. Senators:** Yes.

**Some Hon. Senators:** No.

**Senator Prud'homme:** On division.

Motion agreed to, on division.

## CANADA FOUNDATION FOR SUSTAINABLE DEVELOPMENT TECHNOLOGY BILL

THIRD READING—DEBATE CONTINUED—POINT OF ORDER—SPEAKER'S RULING

On the order:

Resuming debate on the motion of the Honourable Senator Sibbeston, seconded by the Honourable Senator Milne, for the third reading of Bill C-4, to establish a foundation to fund sustainable development technology. (*Speaker's Ruling*).

**The Hon. the Speaker:** Yesterday, when debate was to resume on the third reading of Bill C-4, a bill establishing a foundation to fund sustainable development technology, Senator Lynch-Staunton raised a point of order to challenge the proceedings.

In making his case, the Leader of the Opposition spoke to two issues. The first had to do with the fact that the government has already appropriated the monies intended to support the work of the foundation through the estimates. The second argument was based on the rule of anticipation.

[English]

The senator claimed that according to the testimony of the Minister of Natural Resources before the Standing Senate Committee on Energy, the Environment and Natural Resources funds that were originally earmarked for the foundation in Bill C-46, the predecessor to Bill C-4 in the last Parliament, were set aside in the 2000-01 budget. When Bill C-46 died on the Order Paper last year, the government proceeded to establish a non-profit corporation to hold these funds or a portion of them so that they would not lapse at the end of the fiscal year. These monies are to be transferred to the foundation once Bill C-4 is enacted.

In his view, the government's action was irregular and possibly even illegal. To support this case, the senator cited comments made by the acting Auditor General during her testimony before the committee. Should Bill C-4 be adopted under these circumstances, the senator claimed, the Senate would be sanctioning an aspect of the government that runs completely contrary to modern parliamentary democracy. In particular, he argued, it bypasses the House of Commons and the exercise of its authority over supply. To support this contention, the senator referred to several parliamentary authorities, including Erskine May, Beauchesne, Marleau and Monpetit.

[Translation]

• (1630)

With respect to the second matter, the rule of anticipation, Senator Lynch-Staunton argued that the establishment of the non-profit corporation presupposed the passage of Bill C-4 and, thus, clearly violated the rule of anticipation. Such an approach to legislation, the senator noted, could pose some serious problems and financial accounting irregularities if it should happen that Bill C-4 not pass.

[English]

The senator was careful to stress that he was not asking for a ruling from me as Speaker on the administrative practices of the government. Instead, he insisted that the Senate had only one choice: "to return this bill to its sponsor in order that the government first have the proper funding in place through the proper budgetary procedures."

Once Senator Lynch-Staunton had argued his case, several other senators then intervened. Senator Robichaud challenged the right to raise a point of order since it had not been raised at the earliest opportunity. The Deputy Leader of the Government noted, moreover, that the funds in question were approved in the Estimates adopted by both Houses of Parliament. As he put it:

The government determined that the best means of furthering the objectives for which Parliament —

— had —

[ The Hon. the Speaker ]

— appropriated funds would be to transfer funds to a not-for-profit corporation established under Part II of the Canada Corporations Act 1970.

Senator Kinsella then spoke to reject any suggestion that it was too late to raise a point of order, a position subsequently reiterated by Senator Lynch-Staunton. If the Senate, according to Senator Kinsella, determines that there is a procedural problem with a bill prior to its final passage, it has a right to take remedial action. In this case, the procedural issue relates to the oversight by Parliament of government appropriations, particularly if Bill C-4 does not pass.

The Leader of the Government, Senator Carstairs, then spoke to deny that a valid point that had been raised because nothing in the bill contravenes the *Rules of the Senate*. Indeed, it is her position that:

The rules were followed. They were followed in the chamber. They were followed in the committee. They are now being followed...at third reading of this bill. The government received approval for this money...

Whatever dispute there might be about certain processes followed by the government with respect to Bill C-4, it was undeniable, according to the Senator Carstairs, that the bill was reported by the committee to the Senate without amendment.

Finally, Senator Taylor provided some background information on some matters already raised in previous exchanges, particularly with respect to the testimony heard by the standing committee.

I want to thank all honourable senators for their participation in the debate on the point of order. I have paid special attention to the arguments made in respect to the role I might have in assessing this point of order and the steps that were proposed to deal with it by the Senate.

Senator Lynch-Staunton has made it clear that he does not want a ruling from me addressing the administrative practices of the government. This is just as well because I have no authority as Speaker to rule on them. Similarly, I have no authority to rule that the Senate return the bill to the other place so that the so-called proper budgetary process can be followed to fund the Sustainable Development Foundation established through Bill C-4. Such a decision can only be taken by the Senate itself. As Speaker, I cannot rule on what was done or not done in the other place. All I can do is rule on what transpires here in the Senate.

In this regard, the position of the Leader of the Government in the Senate seems particularly relevant. In all the arguments that were presented yesterday, there was no indication that any specific rule or practice of the Senate was breached. Consequently, there is nothing on which to make a ruling that would sustain the point of order.

As to the rule of anticipation raised by the Leader of the Opposition, I would observe that his comments revolve around the funding issue for the foundation and the presumption allegedly assumed by the government that Bill C-4 would pass the Senate and the other place substantially unchanged.

Whatever one might say or think about such an assumption, it does not properly involve the rule of anticipation. This rule in fact deals with a conflict that can arise when the Senate takes decisive action on one of two or more items standing on the Order Paper that deal with substantially the same subject in the same way. Traditionally the Senate, like other parliamentary bodies, imposes on itself a restriction of deciding the same question more than once in the same session. The rule of anticipation supposes that the Senate will give priority to the item that is regarded more effective procedurally. This is my understanding of the rule of anticipation, and it does not apply in this case.

For these reasons, it is my ruling that there is no point of order.

There still remains one matter on which I feel I should comment, and that is the question of “first opportunity” with respect to raising a point of order. As it relates to a bill still before the Senate, there is no time limit on raising a point of order at any time the bill is called for debate following first reading. The notion of “first opportunity” does not really apply to points of order; it is, rather, a qualification that pertains to questions of privilege and the “fast-track” process procedures outlined in rule 43. Thus, it was perfectly in order for the Leader of the Opposition to raise this point of order, whatever the outcome of the ruling.

Debate on the motion for third reading of Bill C-4 can now continue.

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, I rise to contribute to the discussion that took place on June 7, 2001, following the third reading comments by Senator Sibbeston, for which I thank him.

I believe I speak for most honourable senators when I say that the government should be commended for what it wants to accomplish with Bill C-4. For many years, the government has integrated the concept of sustainable development into every aspect of its planning, policies and programs. The Brundtland definition captures this concept in clear and simple terms: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Incorporating sustainable development into how we do business requires new ideas, new knowledge and new technologies. Our capacity to innovate is key. It is critical for our future success.

Bill C-4 would establish the Canada Foundation for Sustainable Development Technology. The initial focus of the foundation will be on helping develop and demonstrate climate change and clean air technologies because these are two urgent environmental challenges we face as we begin the 21st century. After considering numerous options for managing its \$100-million Budget 2000 commitment, the government chose to table legislation for approval by Parliament as a means of more actively engaging Parliament in the establishment of an arm’s-length organization.

Now that I have provided some background, honourable senators, let me explain exactly what Bill C-4 proposes. When passed by Parliament, it will create a foundation to fund sustainable development technologies. The funding is not dealt with in this bill — it is a separate matter entirely. The proposed legislation will establish a foundation that will follow many provisions of the Canada Business Corporations Act.

The governance of the foundation will consist of a 15-person board of directors and 15 members of the foundation. The Governor in Council will appoint the chairperson, six directors of the board and seven of the members who will play a role much like the shareholders of a corporation.

As honourable senators know, the foundation will operate at arm’s length from the government. This will provide a new vehicle for engaging Canadians directly and fostering the long-term collaboration in the form of partnerships. Working together is essential to tackle the sustainable development challenge. The foundation will operate close to the private sector and will enhance its engagement in these tough issues of climate change and clean air.

That is the basic purpose of Bill C-4. The \$100 million that the government announced in Budget 2000 for sustainable development technologies is not, and I repeat not, a provision of this bill.

The government was satisfied that this private sector corporation had goals parallel to those of the proposed legislated foundation. The continuation provisions of Bill C-4 ensure that all assets and liabilities of the private sector corporation will be transferred to the legislated foundation. Should there be any inconsistency or conflict between the bylaws of the private corporation and the terms and conditions set out in Bill C-4, the new provisions ensure that the legislation as approved by Parliament will prevail.

• (1640)

Allow me to address some of the contentious issues that have arisen in the Senate in respect of Bill C-4. For the record, I will clarify two statements contained in the observations of the Standing Senate Committee on Energy, the Environment and Natural Resources when it reported the bill, without amendment, to the Senate on June 6, 2001.

First, the government did not “create” a private-sector corporation. When the federal election was called last fall and the previous bill died on the Order Paper, it became apparent that the creation of a foundation through the adoption of legislation within the fiscal year 2000-01 would be unlikely. The government developed a contingency plan to fulfil its budget commitments. It entered into a contractual agreement with a not-for-profit corporation established by the private sector. This corporation has objectives and a governance structure similar to those of the proposed Canada foundation for sustainable development technology. This is an important distinction that I want to make clear to honourable senators.

Second, and more important, the government did not at any point do anything without the prior approval of Parliament. In order to meet its objective of creating a sustainable development technology fund, the government entered into an agreement for this purpose with the not-for-profit private-sector corporation prior to the end of the fiscal year, March 31, 2001.

That being said, some honourable senators have voiced concerns about certain accounting and administrative practices used by the government in respect of the proposed Canada foundation for sustainable development technology and other arm's-length organizations. Your concerns have been noted and I will raise them with my cabinet colleagues. I have already raised them with the Minister of Natural Resources.

The Minister of Natural Resources appeared twice before the Senate committee to discuss other aspects of Bill C-4 — the role of the Auditor General of Canada, access to information, accountability and transparency.

The Auditor General and some honourable senators are concerned that the foundation is not directly accountable to the Auditor General. This is indeed the case for such arm's-length organizations. However, the proposed legislation specifies that the foundation will be properly audited by an independent professional auditor and will operate in accordance with generally accepted accounting principles. The Auditor General will review the procedures for channelling funds through Environment Canada and Natural Resources Canada. She will review the terms of the funding agreement between the government and the foundation.

With respect to assessing the “value for money” performance of the foundation, the funding agreement also allows the government to conduct separate interim and final evaluations. There may be avenues the government can investigate to allow a more active role for the Auditor General in respect of the foundation's operations.

During the course of Parliament's consideration of Bill C-4, the Auditor General and some honourable senators have made their views known concerning a broader role and mandate for the Auditor General in respect of the government's creation of foundations and other organizations that are not under the direct scrutiny of Parliament. The Auditor General and honourable

[ Senator Carstairs ]

senators will have another opportunity to raise this issue when the Auditor General tables her audit report later this year. I welcome that intervention.

Concerns have been raised about Bill C-4's provision for access to information. Strictly speaking, the foundation will not be subject to access to information regulations, which apply to federal government departments and agencies. This is the case for all other foundations. However, any Canadian will be able to attend the foundation's annual meeting or receive a copy of its annual report, which will include the financial audit by the independent auditing firm. The public will have ongoing access to corporate documents under some of the Canada Business Corporations Act provisions incorporated in Bill C-4. In addition, information will be available regarding the evaluation of results achieved and for the proposals being funded. Abstracts of projects that receive funding will be posted on the foundation's Web site. At any time, Parliamentary committees can call representatives of the foundation as witnesses.

Of course, some information will not be disclosed to the public because of commercial confidentiality, or intellectual property, or the arm's-length nature of the entity. Much of the foundation's documentation will be highly technical, describing the scientific details of leading-edge technology.

Honourable senators, I will now address the issue of transparency. More specifically, if the proposed foundation is created, what will prevent the public interest from being overturned in favour of participating corporate interests? The funding agreement between the government and the foundation is the key. It will specify criteria regarding the kinds of projects the foundation will support.

These criteria include: responsiveness to the key objectives of the sustainable development technology fund; technological merit, as determined through scientific and engineering advice by a project review committee; potential to achieve an innovation in technology; plan for dissemination of the results; leverage; potential environmental, social and economic impacts; and benefits to Canada. It would be difficult for corporate interests to co-opt the public interests of the foundation, when such criteria for funding projects must be met.

If the foundation is dissolved, Bill C-4's provisions for distribution of money to the recipients of project funding from the foundation are consistent with the rules and requirements of Treasury Board procedures. From a legal standpoint, if such money were returned to the Consolidated Revenue Fund, the foundation would not be an organization at arm's length from the government. Stewardship and public trust are fundamental responsibilities that Parliament and all Canadians can and should expect from organizations such as the proposed Canada foundation for sustainable development technology. Bill C-4 addresses these important expectations through its main features — a clear purpose, provisions for reporting, evaluation and tabling of information, and auditing.

Honourable senators, the government is eager to proceed with the critically important job of supporting the many creative, innovative players in Canada in the field of sustainable development technologies for climate change and air quality. Bill C-4 will help to accomplish this objective.

**Hon. John Lynch-Staunton (Leader of the Opposition):** Did I understand the honourable senator correctly when she said that the government had no role to play, whatsoever, in the creation of the not-for-profit company that currently holds government funds?

**Senator Carstairs:** The private-sector corporation was established as its own entity. After its establishment, the government provided the corporation with a grant of, in this case, \$100 million.

**Senator Lynch-Staunton:** Did the government have anything to do with the establishment of the corporation?

**Senator Carstairs:** No, it is my understanding that the corporation was formed under proper corporation procedures.

**Senator Lynch-Staunton:** Honourable senators, I draw attention to the testimony of Minister Goodale to the Standing Senate Committee on Energy, the Environment and Natural Resources on May 5, 2001, where, in response to that same question, he stated, in part, as follows:

We followed a technique that is completely consistent with the legal principles of both the government and the Canada Corporations Act, Part II. There are precedents for other foundations being handled in this way during their early start-up phase, so we did not break new ground. We also placed certain restrictions on this "holding company." For example, it is restricted in reviewing and actually funding proposals until certain periods of time, and so forth. We wanted to ensure that it did not go too far in its holding company capacity. We contracted people with considerable private sector expertise.

Honourable senators, he then proceeded to give the names of the four people who incorporated the company and who are to be the directors. The government was not only knowledgeable of the creation of the company, but also helped to create it and named the directors. If that is not sufficient evidence of the government's involvement, the bylaws of the company are, for the most part, lifted from Bill C-4 word for word. The number of directors, how the auditor is named and other fundamental regulations of the company are copied from the bill.

Whoever informed the minister that the government had clean hands on this one misdirected her. The government was actively involved, initiated the idea, solicited the directors, had them seek incorporation, gave them the money and told them to be careful

in how they used it, and even wrote the bylaws governing the corporation. If that is not an affront to Parliament, then I do not know what is an affront.

• (1650)

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, I, too, have a question for the minister. She mentioned that the private corporation has \$100 million; is that correct?

**Senator Carstairs:** That is my understanding.

**Senator Kinsella:** Was that paid in one instalment or was it paid in several? The reason I ask this question of the minister is because it was my understanding that the corporation received \$50 million in two \$25-million instalments. Perhaps other honourable senators are confused as to how much money the corporation received.

**Senator Carstairs:** Honourable senators, the honourable senator asks a very technical question with respect to whether the money received by the corporation was delivered in one cheque or two cheques and how much was in each cheque. I do not have that information in front of me. However, I will obtain that information for the honourable senator by tomorrow.

**Senator Kinsella:** Depending on the capital, whether it is \$50 million or \$100 million, how much interest has the private corporation earned on that money?

**Senator Carstairs:** Honourable senators, again, that is a very technical question to which I do not have an answer. If it has earned any interest, and I do not know that it has, I will try to obtain that figure for the honourable senator.

**Senator Kinsella:** Honourable senators, in the technique that was utilized, monies were taken out of the Consolidated Revenue Fund and given to a private corporation. If the desire was to have \$100 million as the capital for this new foundation by taking the monies out, which is what is occurring now, and placing it in a foundation, it will earn interest and the corporation can increase its capital beyond the review of Parliament. By the way, I have no objection to the creation of this foundation.

Does the Auditor General of Canada have the opportunity to audit those monies in the private corporation?

**Senator Carstairs:** No, the Auditor General does not have the ability to audit the private corporation. The rules governing corporations require that they must have their own auditor, and that auditor would review those monies.

As for the implication that monies can never be taken from consolidated revenues and be given to private companies or, indeed, foundations, it is clear that the government has done that on many occasions.

**Hon. David Tkachuk:** Who were the members of this corporation? Since it is a non-profit corporation, it will not have shareholders; it will have members. Who were the members of this corporation?

**Senator Carstairs:** Honourable senators, I do not know who the members of this corporation were. Again, I will get that information by tomorrow.

On motion of Senator Cochrane, debate adjourned.

### SALES TAX AND EXCISE TAX AMENDMENTS BILL, 2001

#### THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator Rompkey, P.C., seconded by the Honourable Senator Adams, for the third reading of Bill C-13, to amend the Excise Tax Act.

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, Senator Doody moved the adjournment of the debate on this item. I have been in consultation with Senator Doody. He has completed his study and has nothing more to add to the debate at third reading. Therefore, I wish to inform the house of the same.

**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 third time and passed.

### TOBACCO TAX AMENDMENTS BILL, 2001

#### THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator Carstairs, P.C., seconded by the Honourable Senator Adams, for the third 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. Donald H. Oliver:** Honourable senators, I support the principles of Bill C-26 insofar as they carry out the government's well-meaning intention of protecting the health of Canadians. Like Senator Kenny, I am a non-smoker. However, I also have an interest in the development of good public policy and government initiatives to stimulate business development. With that in mind, I wish to put on the record some important oversights as they may affect the so-called duty-free industry.

There is a tax of \$10 per carton imposed by this bill. This is a brand new tax on duty-free shopping. The government is

undermining the very sector it created and began to encourage many decades ago.

Canada has established a strong position in the international duty-free industry, which is a \$20-billion global industry with a high potential for continued growth. It generates over \$350 million per year in domestic revenues and has become a positive contributor to the communities where outlets are located, to the tourism sector and to the Canadian economy generally.

Duty-free outlets directly employ thousands of Canadians. Many more jobs result indirectly from the millions of dollars of purchases made by this industry of local and national goods and services. Canadian suppliers especially benefit because the key element of the duty-free shopping experience is in the promotion and availability of Canadian-made products.

Government also benefits from these outlets. For example, airport duty-free shops contribute more than \$55 million per year in rent to airport authorities, some of which flows through to the federal government and some to airport upkeep and improvements.

Another example is the fact that, in 1991, the duty-free industry cooperated with the federal government to implement the GST Visitor Rebate Program, providing GST rebates to international travellers to allow the Canadian duty-free industry to make travel in Canada more attractive.

The duty-free industry has existed for centuries. Some of its roots go back to the second half of the 19th century. Before the industry existed in Canada, Canadian and American travellers had to stop at U.S. duty-free shops to meet their travel needs. As a result, the Canadian economy was losing millions of dollars in potential travel and tourism revenues. Therefore, from the inception of the duty-free industry, the federal government has promoted it as a means of supporting small business and job creation in Canada.

The first airport duty-free outlet was established in the 1960s. In the early 1980s, the first land border outlet was opened with these objectives: to promote the sale of domestic goods, Canadian goods; to offer a service to the travelling public with significant levels of savings; to create direct and indirect jobs; and to encourage the private sector operation of these shops with an emphasis on the small business community.

On April 5, 2001, for the first time, Canada imposed a tax on duty-free shopping. It was no longer tax free. The reasons for concern are that duty-free shopping is inconsistent with government support for the duty-free industry and has significant consequences that do not and have not been properly addressed in this bill. Specifically, with this tax, the Canadian government has undermined the principles on which Canada's duty-free industry was established in the 1960s. It has begun the erosion of traffic and sales of all goods and services at duty-free outlets. It has negatively affected tourism and the important role that duty-free shopping has come to play for travellers. It has jeopardized significantly the long-term financial investments made by duty-free operators. It has imposed an extra charge that, while having a negligible effect at best on tobacco consumption, has had considerable negative effect on duty-free stores as well as their suppliers, employees and communities.

• (1700)

The government has stated that duty-free is being taxed in this bill because there can be no exceptions to its tobacco policy. However, duty-free has always had such an exemption from customs duties and taxes. That was the rationale for the sector in Canada from the beginning — to create an attractive offering for tourists, encouraging small and medium-sized businesses to draw revenues away from other countries.

Honourable senators, it is my view that the government should consider not imposing the \$10 per carton tax on duty-frees in order to save that business sector of the Canadian economy.

[Translation]

**Hon. Pierre Claude Nolin:** Honourable senators, I spoke at second reading. Now I wish to do the same at third reading in order to inform you that I support this bill in principle. The speech I have just heard, however, is cause for concern to me.

I have trouble accepting that the state can dictate our behaviour and can tell us we should not smoke even outside Canada. That is what it comes down to when it creates for the first time ever a tax on products obtained in duty-free shops.

This measure in the bill is a cause of concern to me, yet we have a duty to support it because of its value as a disincentive. The Senate does not need to take any lessons from anyone when it comes to passing legislative measures aimed at reducing the spread of smoking among our young people and at promoting smoking.

Taxation measures aimed at raising tobacco prices have a direct impact on the ability and desire of young Canadians to buy tobacco products. These measures prevent the duty-free export of tobacco products. Thus they prevent them from coming back into the country duty-free, another measure with which we must agree.

However, I give conditional support, if such a thing is possible, on the clause describing how the additional revenues generated by these taxation measures will be used.

I said basically the same thing at second reading. I was asked by some senators whether this measure would replace another private member's bill we had passed in this house. I said no. This bill puts a transparent mechanism into place and guarantees funding for an independent organization in order to achieve the objectives set out in the bill.

There is no guarantee in Bill C-26, with respect to the surplus funds generated by these new taxation measures, that the funds will be used as assistance to any organization wishing to reduce the tobacco market in Canada. Instead, we already have had one example of the state having taken back money in the name of anti-smoking campaigns only to reinvest it in the consolidated fund.

My question remains: What will the government do with this injection of funds? The future will tell. We will be very vigilant, honourable senators, to see that this tax contribution is properly spent. I urge you to support this measure, honourable senators. It is rare for us to support a tax measure with such haste, but this time it is not simply a question of seeing how the funds will be used, but of seeing the effects of increasing taxes.

**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 third time and passed.

[English]

## INCOME TAX AMENDMENTS BILL, 2000

### THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Bacon, for the third reading of Bill C-22, 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.

**Hon. David Tkachuk:** Honourable senators, I rise to speak to Bill C-22, a bill that purports to cut taxes, but Bill C-22 is really a long-range tax plan set out by the Minister of Finance who addressed tax issues before the last election without the benefit of parliamentary discussion nor a thorough examination of the intent of the government.

Instead of decisive action, the government has chosen an action that has little effect on the economy or on the strength of our dollar, an effort that was recognized by the world markets as weak. To placate the resounding wish for tax cuts by the Canadian public, Minister Martin signalled a weak effort stretched over five years in his February 2000 budget and in the October 2000 economic statement, while at the same time continuing to extract from the Canadian public increases in the Canada Pension Plan and very small decreases in employment insurance premiums.

Honourable senators, why does this government continue to tax jobs by keeping payroll taxes artificially high? There is enough money in the EI fund now to fund a three-year premium holiday. There is no question that a dramatic reduction in personal income taxes, payroll taxes, business taxes and capital gains taxes would have meant a substantial increase in the value of our dollar. Admittedly, the only place the government has been effective is with capital gains decreases.

Even here the government has not gone far enough. Individuals should pay no tax on capital gains, period. Completely eliminating capital gains taxes would give Canadians an incentive to take risk. Our standard of living is now 30 per cent below that of the United States. Part of this reflects lower take-home pay after we pay our taxes. Part of this reflects lower work productivity.

There is something wrong when we have a 65-cent dollar and a 50 per cent tax rate. There is something wrong when average income levels in our richer provinces of Ontario and Alberta fall below that of Mississippi, the poorest state in the union to the south. If the minister had significantly lowered both personal and business taxes, that would have led to a lessening of inflation and provided a signal to the rest of the world that we were serious about increasing productivity. The problem is, as we continue down this course of high taxes and a low dollar, we are getting used to it. We think it is good here.

The government continues to tell us that it is good here. The Minister of Finance just recently said, "Oh, everything is fine. We will weather the recession." That, my friends, is a signal to not do anything.

• (1710)

The overall tax relief offered by this bill offers much less than what the Progressive Conservative Party planned for Canadians in its election platform, which called for personal and spousal amounts to increase to \$12,000 by the year 2005, and for a complete exemption from personal income taxes for capital gains.

I find it repulsive that we continue to tax Canadians when they earn \$7,500. I do not know where the Minister of Finance lives; I do not know where the department lives; I do not know where members of Parliament live. Why are people forced to pay income tax when they net \$7,500?

Many of the changes in this bill are to be passed retroactively. This supports the government's trend of taking many years to legislate changes it makes in the budget. Taxes continue to be collected on the assumption that the measures will eventually be retroactively made law. The only changes to which the government will not make an exception are refundable tax credits. For everything else, it is collecting the taxes, doing whatever it has to do, except on the tax credits.

The government has planned an increase in July in the National Child Benefit. This bill hinges on that. In other words, if we hold up this bill, poor children will not get any extra money. In reality, it is almost a form of blackmail to parliamentarians because it a question of passing the bill or making low-income children wait. The National Child Benefit is a spending measure. It is disguised as a tax rebate, but it is a spending measure that could easily have been approved as an expenditure in a separate bill. For that matter, how can one be poor enough to receive a cheque from the National Child Tax Benefit but rich enough to pay taxes? The National Child Tax Benefit is targeted at the

[ Senator Tkachuk ]

working poor with incomes below \$32,000. There is something wrong with collecting taxes from single mothers earning half that amount, which is what the government does now.

Why does this government insist on taxing the poor? It does so because, in the end, it wants to help the poor not by lowering taxes but by sending them cheques to make them continually dependent on the government rather than dependent on their own efforts and opportunities.

We are going back to four tax brackets instead of three. Instead of simplifying tax measures, the government has made them more complicated. I thought we were moving away from those complications. Minister Wilson started to simplify the process, this government continued that policy, and I thought we would go perhaps to a two-level tax bracket. Now we have gone to four.

Honourable senators, this is also a move away from tax fairness. Canada is now one of the most heavily taxed countries in the OECD. Bill C-22, like Bill C-8, the financial services bill, the Canada Pension Plan of a few years ago, are all lost opportunities for the government to have done what is good for the country.

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

**Hon. Senators:** Question!

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

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

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

### ELDORADO NUCLEAR LIMITED REORGANIZATION AND DIVESTITURE ACT PETRO-CANADA PUBLIC PARTICIPATION ACT

BILL TO AMEND—THIRD READING

On the Order:

Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Ferretti Barth, for the third reading of Bill C-3, to amend the Eldorado Nuclear Limited Reorganization and Divestiture Act and the Petro-Canada Public Participation Act.

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, my colleague Senator Eyton is our critic on this bill. He spoke at second reading and has advised me that he has nothing more to add at third reading. Based on the canvass of the opposition, I think we have on the record all that we need to say regarding this bill.



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

**Hon. Senators:** Question!

**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 third time and passed.

**PARLIAMENT OF CANADA ACT  
MEMBERS OF PARLIAMENT RETIRING  
ALLOWANCES ACT  
SALARIES ACT**

BILL TO AMEND—SECOND READING

**Hon. Sharon Carstairs** moved the second reading of Bill C-28, to amend the Parliament of Canada Act, the Members of Parliament Retiring Allowances Act and the Salaries Act.

She said: Honourable senators, I am pleased to rise today to speak to Bill C-28, the parliamentary compensation legislation. We have been aided in this debate by the recommendation of the commission chaired by the Honourable Ed Lumley, which was tabled on May 29, and I thank all commissioners for their excellent work.

The commission recommended making the tax-free allowance a taxable allowance and adding it to the base salary.

Honourable senators, by going ahead with this recommendation, I believe we will be improving the transparency of our salaries. I believe that is fair and honourable, and particularly fair to the taxpayers who have been asking for this kind of transparency for some time.

Second, the commission recommended a 20 per cent increase in base salaries. At the present time, a senator receives \$69,100 as a sessional indemnity and a \$10,800 tax-free allowance. When the calculations were conducted by the commission, they came to a total equivalent taxable income of \$88,200. If Bill C-28 is adopted, the full sessional allowance of senators will be \$106,400.

Third, the commission recommended that the Prime Minister's salary be referenced to that of the Chief Justice of the Supreme Court and that in the future this reference point be used for increases. Bill C-28 eliminates the current political process for determining parliamentary compensation, which we have had for two and a half decades, and replaces it with an independent and non-political process. That, I believe, is also fair for Canadian taxpayers.

There have been also some changes to pensions, honourable senators. The accrual and contribution rates would now be the same for members of both the House of Commons and the

Senate. At the present time, members of the other place have an accrual rate of 4 per cent and senators have an accrual rate of 3 per cent. Under this new bill, the accrual rate for both senators and members of the House of Commons will be 3 per cent.

Members of the other place at present have a 9 per cent contribution rate and senators have a 7 per cent rate. However, under this legislation, we would now both have a contribution rate of 7 per cent.

Under the new plan, pensions would be fully maximized after 25 years, which is not a change for us but is a change for the House of Commons.

I would note that the current difference of tax free allowances between the two Houses is converted to a fixed \$25,000 difference in the sessional indemnity, and this difference will now change in the coming years. That is a significant improvement for members of this chamber. I believe that honourable senators understand the origin of this differential and understand the need to support its maintenance in the way set out in Bill C-28.

Honourable senators will also be pleased to see that Bill C-28 addresses a long-standing concern of honourable senators for a disability allowance for senators over the age of 65.

• (1720)

As honourable senators know, the Standing Committee on Privileges, Standing Rules and Orders of this chamber recommended in 1998 that disability coverage, which is currently available to all senators under the age of 65, be extended until age 75, or the compulsory retirement date. Bill C-28 fulfils that recommendation. Under Bill C-28, a disability allowance equivalent to 70 per cent of a senator's allowance will be provided to honourable senators who are unable to fulfil their responsibilities for reason of disability.

I should say, honourable senators, that this has also been extended to members of the House of Commons. It is true to say that we are an ageing society, and I think we will find many more parliamentarians in the other chamber serving long after their sixty-fifth birthday.

Honourable senators, I believe that this bill is fair and reasonable. It implements the Lumley commission recommendations for parliamentary compensation based on other comparable professionals. Honourable senators' concerns about compensation relative to the other place, as well as other issues honourable senators have commented on, have been addressed in this bill.

Honourable senators, this is a reasonable, fair and I believe balanced approach to parliamentary compensation, and provides a sound basis for ensuring that parliamentary compensation changes in the future are set through an independent and non-partisan process.

I would urge all honourable senators to support this bill, I would urge all honourable senators to vote for this bill and I would urge all honourable senators to hold their heads high in defending this bill in the public arena. I believe each and every senator deserves the compensation that is found in this legislation, and I welcome any questions that honourable senators may wish to ask.

[Translation]

**Hon. Serge Joyal:** Honourable senators, I should like to thank the members of the Senate Internal Economy, Budget and Administration Committee who helped prepare the Senate's representations to the members of the Lumley commission and, specifically, Senators Kroft and Austin and the Government Leader in the Senate, to whom Senate views could be expressed during the debates and discussions that preceded the government's decision to introduce Bill C-28.

However, honourable senators, I would draw to your attention today a point I consider fundamental.

[English]

Bill C-28, as with all bills considered in Parliament, starts with this opening phrase:

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows...

This sentence states quite clearly and categorically one of the constitutional principles that is at the very core of our Parliament: The equal advice and consent of the two Houses of Parliament, the Senate and the House of Commons, are both required for the valid enactment of any federal legislation. This is a fundamental constitutional principle. It is undeniable. It is the contemporary expression of the historical principle that the laws are made by "Kings, Lords and Commons."

Given this principle, how is it reflected in Bill C-28, a bill dealing with parliamentary remuneration? Does Bill C-28 reflect, in fact, the constitutional principle of equal consent of both Houses for the valid enactment of legislation?

Clause 4(2) of Bill C-28 provides that the Speaker of the Senate will receive an annual salary equal to the remuneration reference amount multiplied by a factor of 17.6 per cent, while for the Speaker of the Commons it is a multiplication factor of 24 per cent. The net result gives to the Speaker of the Senate an annual salary of \$152,160 and to the Speaker of the Commons \$194,640, a difference of \$42,480, which is well above the \$25,000 base difference between the remuneration of the members of the Commons and the senators, as provided in clause 2 of the bill. Other colleagues may address the reasons proposed to explain the rationale for that difference, and other issues related to the determination of the reference amount.

[ Senator Carstairs ]

Such a discrepancy in the remuneration of Speakers is hard to understand. It is even more perplexing when one considers the formal rank of the Speaker of the Senate as established in the Order of Precedence. The Order of Precedence, issued by Her Majesty in Right of Canada in the exercise of the Royal Prerogative, provides that the five highest ranking positions will be those of, first, the Governor General, second, the Prime Minister, third, the chief justice, fourth, the Speaker of the Senate, and fifth, the Speaker of the House of Commons.

The Order of Precedence respects the structure of government under the Crown: the executive, as represented by the Prime Minister, then its judiciary, as represented by the chief justice, and immediately after those two, the representatives of the legislative function in both Houses of Parliament, the Senate first and then the House of Commons.

This structure, embodied in the Constitution Act of 1867, in sections 91 and 96, is the coherent, logical, rational interpretation of our organic system of government. In that constitutional structure, the Speaker of the Senate has precedence over the Speaker of the Commons. This precedence was illustrated, for example, when British Prime Minister Tony Blair addressed both Houses of Parliament on his official visit to Canada last February. The Speaker of the Senate addressed the assembly first, before the Speaker of the Commons, even though the event took place in the House of Commons.

Why is it that the Senate enjoys this precedence, this designation as the Upper House? Honourable senators, it is because senators are personally summoned under command of Her Majesty to attend the Senate and to advise and assist in the affairs of Canada, laying aside all difficulty and excuses to do so.

The commission that senators have under the command of Her Majesty is very different from the mandate possessed by members of the House of Commons, who are elected by the people to represent their views in the debate and the affairs of the nation. This explains the differential in remuneration between members of each House.

The rank of the Senate is also demonstrated by the fact that, according to parliamentary tradition Her Majesty, or her representative, addresses both Houses with the Speech from the Throne and gives Royal Assent to bills passed by both chambers exclusively in the Senate chamber.

The Speaker of the Senate has a very specific and unique role. The chief duty of the Speaker is to guide and regulate the proceedings of the Senate. He fulfils this responsibility in an impartial manner, distanced from the day-to-day political activity of the parties. He can vote, but is not entitled to a casting or deciding vote.

The Speaker participates in the openings of Parliament. He is responsible for the proper conduct of the business in the Senate. It is also the Speaker's task to ensure that the powers and privileges of the Senate are observed.

The Speaker is the spokesperson and representative of the Senate in dealing with the Governor General, the executive, the House of Commons and the general public. The Speaker receives visits by foreign heads of states and their representatives. The Speaker of the Senate also represents Parliament and the Senate at international conferences and leads parliamentary delegations to other nations, as well as receives numerous parliamentary delegations visiting Canada from other countries. In performing all of these duties, the Speaker of the Senate is no different from his counterpart in the House of Commons.

Consequently, one would have thought that it would only be right that the remuneration of the Speaker of the Senate would be equal to that of the Speaker of the House of Commons. After all, the Senate and the House of Commons are virtually equal in legislative authority and equal in status as wholly independent and autonomous Houses of Parliament.

One would have thought that the logical system that Bill C-28 aims to implement is to establish a reference amount, apply a ratio for all other functions related to the performance of debate and study in both Houses of Parliament, and apply it equally for each chamber.

Unfortunately, it seems that the principle of parity between the two Houses does not apply for the position of the Speaker of the Senate, nor to the functions and responsibilities involved in the conduct of debate and votes in the Senate chamber.

As I have already indicated, the Speaker of the Senate will receive considerably less than the House of Commons Speaker. To my mind, this has the effect of diminishing his actual status as recognized in the Order of Precedence which, to date, has placed the position of the Senate Speaker before that of the Speaker of the House of Commons.

What can we do to correct that oversight, honourable senators? Can we amend Bill C-28 to restore to the Senate Speaker his rightful standing and establish parity with other corresponding functions in the other place? The answer is no, we cannot. Bill C-28 is a money bill and our constitutional power is limited as provided in section 53 of the Constitution Act of 1867. We can either reduce the amount of any appropriation, even down to zero, we can reject the bill outright, or we can accept the provisions as stated in the bill.

Should we, for instance, reduce the multiplying factor of the Speaker of the House of Commons to 17.6 per cent and thus make his remuneration equal to that fixed for the Senate Speaker?

I am personally of the opinion that meanness is not acceptable when one has to define the line of respectability that our house has to maintain in the performance of its constitutional duties.

Should we vote down the provisions of Bill C-28 and send the bill back to the other place? The turmoil that would inevitably result from such an initiative would certainly damage the

cooperative relationship and respect that are essential ingredients for the functioning of the parliamentary process.

In the end, it seemed to me to be wiser and more useful to consider adopting, at an appropriate time, a resolution expressing our position and calling for the cooperation of the government to consider the advisability of introducing in a bill a provision that would give effect to parity in remuneration for both Speakers and positions of similar function in each House. This to me seems a proper way of addressing the constitutional principle of parity that needs to be affirmed by our House of Parliament.

**Hon. Jeremiah S. Grafstein:** Honourable senators, I rise to share concerns, some so cogently articulated by Senator Joyal, with respect to the provisions of Bill C-28, to amend the Parliament of Canada Act, the Members of Parliament Retiring Allowances Act and the Salaries Act.

Who in this chamber can argue with the underlying premise that the current pay scales for both members of the House of Commons and the Senate are objectively and palpably unreasonable or unfair, having in mind the members' constitutional duties?

Current parliamentary remuneration certainly requires redress and renovation. The proposed pay levels are not the heart of my concern. The proposals are fair and equitable. My concern is that the differential pay scales for specific offices in the Commons contrasted with Senate offices demonstrates a form of institutional, incremental, alarming diminution of the Senate. The Senate, save for money questions as set out in section 53 of the Constitution and restricted constitutional amending powers, holds constitutional powers — fulsome powers equivalent to the Commons — for historic and essential constitutional checks and balances.

The Senate Speaker, as Senator Joyal points out, stands fourth in the official Order of Precedence and second behind the Prime Minister in political position. Why, then, discriminate between the Speakers of both chambers? Both are full-time jobs; both are replete with constitutional significances. Why, then, should the Leader of the Government in the Senate and the deputy leader here in the Senate be paid less than junior ministers of the Crown? Indeed, why should the Leader of the Opposition in the Senate not be treated with parity as the same office in the Commons? All are full-time jobs of significant constitutional responsibility.

A question has been raised with respect to the appropriateness of pinning the amount of parliamentary compensation to the remuneration of the Chief Justice of the Supreme Court as a remuneration reference amount, as a formula. Bearing in mind the principle of separation of powers, basing the formula on one developed for judges' remuneration by a commission where the judges appoint one commissioner, the government appoints a second, and the two appoint a third, raises issues of constitutional sensitivity at least and certainly with respect to separation of powers.

Surely, a more appropriate mechanism to take into account the separation of powers under our constitutional bicameral system could be devised. In the United States, a constitutional amendment requires an independent commission to ensure fairness and acceptability. Hopefully, future deliberations of Parliament respecting the remuneration of parliamentarians will revisit and remonstrate on these fundamental questions.

Constitutionally, the Senate is limited to either reducing money bills or *in extremis* to defeating same. In this case, I have taken a different course of raising what I consider to be serious questions of appropriateness, bearing in mind the bicameral nature of Parliament, the equality of both chambers of Parliament on most matters, and the paramount necessity of sustaining the facts and the symbols of representing our constitutional checks and balances so artfully and so painstakingly constructed by our Fathers of Confederation.

Honourable senators, while form follows substance, substance also follows form.

**Hon. Lowell Murray:** Honourable senators, I should like to ask Senator Grafstein a question, if would he permit one. As I understood him, he objects to using judicial salaries, the salary of the Chief Justice, as a reference point for remuneration of parliamentarians. Instead, he suggests that an independent commission should be appointed to deal with the matter. This is what we have now, to some extent, with the Lumley commission having studied and reported on the matter, as previous commissions over the years have done after each general election.

The problem that arises, however, and that all of us find so disagreeable, is that upon the presentation of a report from that commission, the members of the two Houses of Parliament have to vote their own remuneration packages. Under the system that is proposed in this bill, as I understand it, the remuneration will be automatic. We would never again have to vote our own salaries. This will be done automatically.

• (1740)

Indirectly, I suppose, we might be called upon to vote for the judges' salaries, if it were proposed to increase the base amount. There will never be another Lumley commission under this bill, as I understand it, and the changes to the remuneration of parliamentarians will automatically follow the formula that is already established for judges.

Can my honourable friend suggest a way of having an independent commission look into our salaries but avoiding the necessity of having us vote on it?

**Senator Grafstein:** Honourable senators, I should like to sort out my concern for the senator. It was a concern raised by one of our colleagues on this side. That senator may wish to speak for herself.

[ Senator Grafstein ]

The issue, for me, was the careful tying in of a reference point relating to a commission that is established, as I said, for judges. That is a question in continuum. We will be able to address that at a future time. I have no problem with the formula *per se*. My problem is the cross-reference of the formula to that judges' commission, in effect, or the mechanism under the Judges Act. That, to my mind, impinges upon the insensitivity that we have been trying to define here between the role of the judges and the role of Parliament. It is a delicate issue. It is like an accident. Everyone viewing the accident has a different view of it. At the end of the day, I think that there is some sensitivity here for appropriateness and for appearances. There will be ways in the future for us to address that particular issue.

Regretfully, I was overseas and not present here during third reading of the judges' bill. I would have raised it then as an issue, not to stop the judges' bill *per se*, because I supported the bill when I introduced it, but I did want to bring the attention of senators to this issue. This issue, by the way, is not unique to us. It has been raised in other quarters and in academic circles. I just wanted to bring this very sensitive issue to our attention. This is the time to do it. In no way, shape or form should we, in my view, impede what is going forward.

There are serious questions, and certainly that is one serious question. Another serious question relates to the Leader of the Government in the Senate. Why should the Leader of the Government, who is here seven days a week in her official position as Leader of the Government in this chamber, receive anything less than a junior minister of the Crown, or on the other side, the Leader of the Opposition? It is a most important, significant role for checks and balances. Why that? I think it is important for us to raise it, and we will have an opportunity in the future to address this more fully.

**Senator Murray:** She should not receive less as a minister. She will receive less only because she is a senator. She is covered by the Salaries Act and receives, as a minister, the same emolument as the Minister of Finance, let us say.

**Senator Grafstein:** My point is that she is not just a minister in the normal fashion in the cabinet. She has a constitutional responsibility to address. She attends cabinet and represents the Senate in cabinet. This is a position of high constitutional significance, as is the Leader of the Opposition in the Senate. These are positions of high significant, constitutional importance.

While I can understand the differential between members of the other place and this place, because they have larger responsibilities with respect to their voters, the offices here are co-equal in power in many ways. Certainly in terms of time and attention, no one can suggest that either the Government Leader or the Deputy Leader or the Leader of the Opposition is not working as hard as any member of Parliament or any cabinet minister.

Those are my issues. Those are my concerns. It is important when we deal with this bill that the government know that some of us in this chamber feel strongly about some of these measures. We will have an opportunity, honourable senators, to remonstrate on this and redress this imbalance.

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

**Hon. Senators:** Question!

**The Hon. the Speaker:** It was moved by the Honourable Senator Carstairs, PC, seconded by the Honourable Robichaud, P.C., that this bill be read the second time.

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

**Hon. Senators:** Agreed.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** When shall this bill be read the third time?

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

## FARM CREDIT CORPORATION ACT

### BILL TO AMEND—SECOND READING

**Hon. Jim Tunney** moved the second reading of Bill C-25, to amend the Farm Credit Corporation Act and to make consequential amendments to other Acts.

He said: Honourable senators, I am pleased to move second reading of the debate on Bill C-25, amending the Farm Credit Corporation Act, and begin debate on it. I am proud to introduce this important piece of legislation, which will position the Farm Credit Corporation to meet the needs of the agriculture industry today and well into the future.

I do not need to remind anyone in the Senate that agriculture is the backbone of most rural economies in Canada. This new legislation builds on the existing Farm Credit Corporation Act of 1993. It expands the depth and scope of services the corporation is able to offer farm families and farm-related businesses across rural Canada.

Through this legislation, Farm Credit Corporation will help more farm families achieve their long-term goals. The corporation will assist a greater number of agricultural enterprises in creating jobs and economic growth in rural Canada. It will have a new name — Farm Credit Canada and Financement agricole Canada — to better reflect its federal identity. Farm Credit Corporation will be better positioned to contribute to the long-term sustainability and prosperity of rural communities where farmers live and work.

The corporation has a long tradition of anticipating the needs of agriculture. Since 1959, Farm Credit Corporation has worked with the industry to introduce services and to meet its needs.

In the past few years, FCC has introduced many new financial options that lead the way in meeting emerging requirements. It is estimated that upwards of 120,000 Canadian farmers will be retiring over the next decade and that \$50 billion in farm assets will change hands. There definitely is a need for services that help farm families make the transition from one generation to the next, just as beginning farmers need help in getting a solid start.

That is why Farm Credit Corporation introduced the AgriStart loans in 1998. These loans recognize the marketplace realities young farm families face today. They provide flexible payment options to help young farmers grow their operations through the initial developmental stage. These options also assist exiting farmers pass the farm on to the next generation.

• 1750)

Last year, the corporation developed Flexi-Hog, a name that suggests that the loan offers flexible payment options to help hog producers through the cyclical downturns in their industry. Earlier this year, FCC introduced Enviro-Loan nationally to enable producers to upgrade or expand their operations according to the latest environmental standards.

FCC has its ear to the ground, listening to the needs of producers and the agricultural industry. It has its eye on the horizon, anticipating the industry's needs in the years to come. Since 1993, the Farm Credit Corporation Act has served the Canadian agriculture industry in good stead, for nearly a decade.

However, any producer will tell you that the marketplace has changed considerably in the last eight years. Producers are venturing into new crops and livestock production. They are entering into more long-term contracts with suppliers and buyers. They are forming alliances with other farmers to increase their purchasing and selling power. Some producers are exploring new generation cooperatives; others are expanding into value-added manufacturing to diversify their revenue source.

The average agricultural operation requires a more complex range of financial and business services than could have been foreseen when the act was last amended in 1993. FCC has played a leadership role in meeting these needs. The corporation is the only national financial institution totally dedicated to agriculture. Its slogan, "Agriculture. It's all we do," is more than a marketing strategy; it is a statement of fact.

The corporation and its 900 employees are well recognized for their agricultural expertise. In fact, most of them have come from farming backgrounds. Through its network of 100 offices, FCC is able to reach producers throughout rural Canada. All of these qualities enable the corporation to play an even greater leadership role in building the agricultural industry of the future.

The Minister of Agriculture and Agri-Food Canada first met with the senior executives of the FCC two years ago to explore updating the 1993 act. Mr. Vanclief asked the corporation to consult with agricultural and financial associations across the country on whether the act should be adjusted to meet emerging industry needs.

In the winter of 2000, the Farm Credit Corporation met with staff of more than 100 national and regional organizations to discuss proposed changes to the existing legislation. The majority of agricultural organizations were supportive of the proposals. They recognized the necessity of updating the act to meet the needs of their members and producers, in general. The major concern expressed by some farm groups was that the Farm Credit Corporation keep its focus on family farms and primary production.

Allow me to state, without qualification, that farming will continue to be the main focus and driving force of the corporation. This commitment is built right into the new legislation. Currently, more than 90 per cent of the Farm Credit Corporation's lending is directed to primary producers. To demonstrate the FCC's ongoing commitment to producers, we have included a proposed amendment to the act that requires farming operations to be the main focus of the corporation's activities.

In their meetings with financial industry groups, the Farm Credit Corporation representatives went to considerable length to demonstrate that the corporation is seeking expanded opportunities to partner, not compete, with the private sector and other government agencies. There is a definite need for increased financial options in rural Canada that can be effectively addressed through partnerships.

The corporation is actively seeking partnerships with other financial institutions and government agencies that combine its agricultural expertise and rural reach with their specialized services. To date, the Farm Credit Corporation has 27 partnerships across the country, and plans to grow this number in the coming years.

Using the valuable feedback and suggestions gained from these consultations, the federal government has created amendments to ensure the continued relevance of the act. The amendments were based on three guiding principles: first, the need to offer agricultural operators a greater range of options in financial and business services; second, the need to offer farm-related businesses increased access to capital in support of primary producers; and third, the FCC's need for greater structural flexibility to offer more services to partnerships and to remain viable to serve producers over the long term.

I will briefly review the major proposed amendments. The first amendment demonstrates the federal government's continued commitment to Canadian agriculture. We seek to change the name of Farm Credit Corporation to Farm Credit Canada. In

[ Senator Tunney ]

French, it will change from Société du Crédit agricole to Financement agricole Canada. This change reflects the corporation's public mandate to serve rural Canada as a federal corporation. Adding the word "Canada" to the corporation's name sends a clear, visible message that federal government plays an active role in rural communities. The name change also supports the new federal identity guidelines.

Another key amendment allows the Farm Credit Corporation to offer business services to producers either directly or through partnerships. As I have mentioned, the average producer needs access to a broad range of business management services to succeed. Those services could include business planning, succession planning or land management. These services currently exist in some parts of rural Canada, but the FCC can provide the network to make these services acceptable throughout rural Canada. Agricultural operators are running businesses just as complex as any urban-based small business. They deserve the same access to services as their urban counterparts.

The proposed legislation would clarify the FCC's ability to offer lease financing to agricultural operators. While the act does not prevent the corporation from offering lease financing, the scope of these services needs to be more clearly identified. Leasing is a growing financing option for producers who want more flexibility to manage their cash flow. This especially applies to new producers who are starting out.

The new legislation will enable the FCC to offer equity financing to producers and to farm-related businesses. Many farming and farm-related operations need access to equity as well as term financing. In fact, rural communities cannot develop local value-added agriculture industries without venture and equity capital. FCC will not only be able to make direct equity investments in local agricultural enterprises, it will be able to leverage this investment to attract other equity providers.

An important proposed amendment to the act will allow the Farm Credit Corporation to provide financial services to farm-related businesses that benefit agriculture. Currently, the corporation can lend only to businesses that are farmer owned. If one steps back for a moment to look at agriculture as a whole, one will see that it is no longer divided into neat categories of suppliers, farmers and processors. As the industry becomes more integrated, interdependencies grow. The farmer who has diversified from wheat to chickpeas might depend on a local processor to purchase his crop.

• (1800)

**The Hon. the Speaker:** I regret to interrupt the Honourable Senator Tunney, but I must draw to the attention of honourable senators that it is now six o'clock. Our rules provide that I must leave the Chair and adjourn until eight o'clock unless it is agreed that we not see the clock.

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, I suggest that we do not see the clock.

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** That sounds like a sterling suggestion.

**The Hon. the Speaker:** Is it agreed, honourable senators, that I not see the clock?

**Hon. Senators:** Agreed.

**Senator Tunney:** Honourable senators, amendments to the financial structure of the corporation will give it added flexibility to seek new partnerships and to offer expanded services. The Farm Credit Corporation will be able to create subsidiaries to enter partnerships offering new services at arm's length from the existing portfolio. The corporation will have access to a broader range of financial management instruments to fund services it provides to producers. These amendments help the corporation provide new services that meet emerging needs.

In the past four decades, the FCC has served producers and agriculture through commodity cycles, through good times and bad. The corporation has shown great flexibility in working with producers to see them through market downturns and climatic disasters.

When times get tough, this commitment is especially evident. In 1998, the FCC was there to help Quebec and Ontario producers during the severe ice storm. The corporation has worked with Prairie producers through the downturn in cereal crops and oilseeds. In the past year, the FCC has helped farmers in southern Alberta weather the drought.

Honourable senators, I have just explained the reasons driving our pursuit of amendments to the Farm Credit Corporation Act. As well, I have outlined the key amendments and their benefits to Canadian producers. I would ask that members of the Senate support this important legislation.

**The Hon. the Speaker:** Honourable senators, I will be calling on Senator Gustafson to intervene on the bill, but Senator Taylor and Senator Milne are rising on questions.

**Hon. Nicholas W. Taylor:** Honourable senators, I have a question. I am not sure I caught all that was said about the FCC Act, nor have I kept up on it entirely, but it sounds like Senator Tunney has made a very good presentation on how the FCC will have to expand into the community not only from farms but on financing whatever the farmers do with their products.

I missed where the FCC will get the additional money if it is already financing farmers. What system will be used to generate more capital to enlarge into this field that it has targeted?

**Senator Tunney:** I thank the honourable senator for that question. I am not sure he is old enough to remember this, but I am: When farm credit was instituted in 1959, the federal government set up the corporation. The corporation had to depend on financing until the returns from their lending operations began to accumulate, which is now the case. For years and years, the Farm Credit Corporation has been able to loan out the money that is returned as mortgages are retired or as mortgage payments come in.

When there is an expansion in the total overall operation, of course, new money is required. That new money comes from the federal government as a loan that is to be returned to general revenue. For some services, farmers pay a user fee. Farmers are very happy to pay that fee to have those services, as I can tell you from experience. When I was a client, I used to submit my monthly finances to the Canfarm office, and I got a printout back showing me exactly what I was doing. Each month I knew within a penny how much it cost me to produce a pound of milk.

**Hon. Lorna Milne:** Honourable senators, with its expanded role, can the new Farm Credit Canada assure us that the right programs will be developed and delivered? I ask this question particularly with regard to hemp growers, who are presently unsuccessfully attempting to raise money from the Business Development Bank. They have been unsuccessful so far because agricultural enterprises are historically not able to make the large return on money that regular lending institutions require. Will the new FCC address this problem?

**Senator Tunney:** I thank the honourable senator for that question. I will make an observation while answering her question.

First, we know that commercial financial institutions are not always keen to get into unusual financing. I suggest a new processing plant for hemp fibre requires unusual financing as a new enterprise.

We do know about a U.S. enterprise in Manitoba that was not successful. We also know of one in western Ontario that certainly is successful on a very small scale. That operation is looking for financing to establish the proper-sized facility to accommodate a potentially tremendous new industry in Ontario. I am sure, if we do it right, that it can work in Manitoba and probably in Saskatchewan as well.

There is a dearth of new crops in these times. Grains and oilseeds sell at very low prices, almost bankruptcy prices. The Farm Credit Corporation, to its credit, has a history of smart financing. Many banks and other institutions have a history of going the other way. Many financial statements show that the bank made a disastrous deal. The loss ratio of the Farm Credit Corporation is astoundingly low. Clients in arrears are remarkably few in number.

**Senator Milne:** Farmers pay their debts.

• (1810)

**Hon. A. Raynell Andreychuk:** I was pleased to see that Senator Tunney pointed out that the main emphasis in the farm credit bill will continue to be on the family farm. Many farmers have expressed concern that it not be a way of revitalizing agricultural industries, which probably should have its own initiative and we should not use this mechanism. Senator Tunney seems to give me the assurance, before the committee has dealt with the bill, that the heart of the bill will stay to support family farms and not other enterprises.

Can the honourable senator assure me that there will be an accountability mechanism built in so that one, two or three years from now the monies are not, in a discretionary way, put to these other ancillary enterprises away from the family farm as so many other bills in the past have taken that turn?

**Senator Tunney:** I thank the honourable senator for her question. The Farm Credit Corporation, as a service industry, would lose its credibility, its popularity and its support in a very short period of time if it started to veer away from the purpose for which it was set up. Only to the degree that the new options for funding will help existing farmers will that be taken into account. In other words, Farm Credit Canada, the new name, will not become a financial institution like so many we know.

**Hon. Leonard J. Gustafson:** Honourable senators, I will be very brief in my remarks on this bill. I want to make it clear at the outset that what I have to say on this bill does not relate to all that the Farm Credit Corporation does, but I am dealing with the specific bill, C-25, which I support. While some changes should come to the way in which the Farm Credit Corporation does its collections and other things with farmers who are hurting, there have to be some changes; I want to make that clear. However, my remarks today will be directly related to Bill C-25.

There are two parts of this bill with which I am very much in agreement. The first is that the bill indicates very clearly that the farming operations and the corporation will deal with family farms. Anyone who knows much about the prairie farm will know that the family farm is the stability behind the farming. The farmers, the wives and the children work together, which strengthens the farm, but there has often not been the ability to obtain financing unless it was a formal corporation. This bill creates some leverage, as I understand it, that will help the family farm to be financed and, especially, to make the transition from one generation to the next.

One of the problems farmers have now is that older farmers whose only savings may be the equity they have in their farm do not have a retirement plan. If they cannot get money out of the family farm and the younger farmers move on, that presents a major problem. My understanding is that this bill will give some support in that area.

The second important aspect of the bill is the related areas that will be financed. As an example, I will use the pasta plant that farmers have tried to build in Weyburn. I hope that the Canadian Wheat Board is listening and that it makes some changes that

will allow the Farm Credit Corporation to do its job as provided in Bill C-25. If the board does not cooperate and allow them to have their own grain, as it were, and to process it in a pasta plant, the business will go to North Dakota. I make that caveat. However, that is not in the hands of the Farm Credit Corporation. The corporation is indicating that for such processing and agriculture related businesses, it will make financing available.

From this side of the house, I want to say that we support these positive initiatives. This is one of the better pieces of legislation that has been brought down for agriculture in this time. Therefore, we support it.

**The Hon. the Speaker:** 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:** When shall this bill be read the third time, honourable senators?

On motion of Senator Tunney, bill referred to the Standing Senate Committee on Agriculture and Forestry.

## AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO MEET DURING  
SITTING OF THE SENATE

**Hon. Leonard J. Gustafson:** Honourable senators, with leave of the Senate, I move that the Standing Senate Committee on Agriculture and Forestry have the power to sit today, even though the Senate is now sitting, so we will have a further chance to discuss the bill in committee.

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

**Hon. Senators:** Agreed.

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

**Hon. Senators:** Agreed.

Motion agreed to.

[*Translation*]

## SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING  
SITTING OF THE SENATE

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(a), I move:



That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit at 6:30 p.m. today, Tuesday, June 12, even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

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

**Hon. Senators:** Agreed.

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

**Hon. Senators:** Agreed.

Motion agreed to.

[English]

### FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

#### BILL TO AMEND—THIRD READING

**Hon. William Rompkey** moved the third reading of Bill C-18, to amend the Federal-Provincial Fiscal Arrangements Act.

He said: Honourable senators, I just want to make a few comments on Bill C-18 because I think there is another item coming up later today on which we might get more substantive debate. Once that debate is completed, hopefully we can attack the subject again in the fall.

We should support this particular bill. It raises the cap for one year. It is not enough and it is not what we want, but, on the other hand, we should not turn it down.

This bill means money for all the receiving provinces. In the case of Newfoundland, it means an additional \$36 million, which the Minister of Finance this morning told us represents about 10 days of health care.

• (1820)

There are real problems that we need to come to grips with; for example, the receiving provinces do not have enough money for health care or education. However, I do not think this is the forum to address those problems. We should take our time and examine the situation in some depth.

I would ask the Senate to adopt Bill C-18 as it stands.

[Translation]

**Hon. Gérald-A. Beaudoin:** Honourable senators, I wish to say a few words on Bill C-18, to amend the Federal-Provincial Fiscal Arrangements Act.

Equalization is a manifestation of the federal spending power. It takes the form of unconditional transfers by the federal government to the have-not provinces in Canada. Currently, only

Alberta, British Columbia and Ontario are not receiving equalization payments.

The fundamental objective of equalization payments is to give to the provinces that need it the necessary funding to allow them to provide public services that are basically comparable to those of the richer provinces.

In fact, when the federal government gets involved in the area of equalization and in the fight against regional disparities, its actions are considered to be in compliance with the principles of federalism. In Canada, the central power redistributes the wealth between the rich provinces and those that are less fortunate, to create a level playing field. Without appropriate financial resources, a province cannot fully enjoy its constitutional autonomy.

The principle of equalization and of the fight against regional disparities is now enshrined in the Constitution without changing the division of powers. It is now up to the courts to rule on the scope of these legislative provisions.

According to some legal experts, it is not sure that section 36 of the Constitution Act, 1982, has more than a moral and political value. Professor Hogg is inclined to think that this section probably does not create a legal obligation. This opinion is also shared by Professor Andrée Lajoie, Elmer Driedger and former Clerk of the Privy Council Gordon Robertson. On the other hand, in their book entitled *Droit constitutionnel*, professors Brun and Tremblay wrote that section 36(1):

...in fact legitimized the federal government's financial intrusions to ensure "equal opportunities", particularly as regards the provision of "essential public services".

Similarly, in a very well-researched master's thesis presented in September 1993 at the University of Ottawa's School of Graduate Studies and Research, Claude Lebel made a convincing case that section 36 of the Constitution Act, 1982, is definitely justiciable.

In his view, section 36 constitutes an entirely legitimate constitutional standard flowing from a notion of social justice based essentially on equality of opportunity. In this respect, subsection 36(2) of the Constitution Act, 1982, sets out the commitment in principle on the part of Parliament and the government to make equalization payments. According to Mr. Lebel:

The effect of this commitment is to place a relative limitation on this financial and fiscal obligation by giving it a real constitutional and legal impact. It was made in order to give concrete form to one of the ideas, in this case, the idea of sharing collective wealth, of those who thus exercised their political power when it was enshrined in the Constitution.

The result is that this idea of making such a commitment has become a legal fact, whose political origin has been transformed into a constitutional obligation. This has two consequences:

a) any provision incompatible with this commitment must be ruled invalid or unworkable in accordance with the general provision of subsection 52(1); and,

b) the texts of any laws flowing directly from this commitment which are directly affected by the purpose of this commitment must be interpreted accordingly.

There has been no ruling on the scope of section 36. In my view, the Supreme Court could say that the federal government must make a commitment, in other words, that section 36 has a legal effect, but it may not rule on the amounts to be expended, because this would be interference in the parliamentary sphere.

The purpose of Bill C-18 is to remove, for the fiscal year 1999-2000, the ceiling that applies to equalization payments. In my opinion, this is a good measure, and one requested by a majority of provinces. As Senator Comeau pointed out in his speech on May 29, 2001, this ceiling should be removed permanently.

[English]

**Hon. Brenda M. Robertson:** Honourable senators, I have a few things I want to say about Bill C-18, which retroactively lifts the ceiling on equalization payments for fiscal 1999-2000.

Bill C-18 has been variously described in the other place in many ways. It has been described as a “political deal,” a sweetener proposed at the final hour before the last federal election to have the provinces accept less than the full restoration of the CHST transfers to 1993 levels. It has been described as “an attempt to fool Canadians,” a feeble effort to give money back, after taking away \$23 billion out of the CHST, pretending that it is some kind of great largesse from a benevolent Liberal government. It has been described as “poor public policy making,” a political demand put on the table in a horse-trading session with the premiers, which is no way to make serious public policy. It has been said that it “deceives the provincial finance ministers,” that a reinstated cap, a year from now, will be at a lower level than the finance ministers thought they agreed to on September 11, 2000.

In the other place, it has also been said that it “short changes Canadians,” that in a time of record federal surplus, the largest ever, regardless, the federal government has imposed an unrealistic low ceiling on transfer payments. It has been said that it “tinkers with the nation’s equalization program,” that a one-time ad hoc approach fails to address required bigger and longer-term improvements to the equalization program.

Honourable senators, some have said, over there in the other place, that it “violates our Constitution,” that a ceiling on equalization payments violates the spirit and intent of the Constitution by limiting the capacity of the program to achieve its fundamental objectives. Some have referred to it as a “moral issue,” that a weakened program, one that is fundamental to the

[ Senator Beaudoin ]

notion of equality in Canada and is based on the constitutional principle, raises moral issues.

Obviously, honourable senators, a summary of grievances raised in the other place may be somewhat exaggerated and, perhaps, in some respects, even factually incorrect. However, it provides a basis for reservations about this legislation and about the equalization program generally.

• (1830)

My colleagues Senators Comeau, Buchanan and Kinsella have insightfully articulated the fundamental flaws and the requirements of this legislation and of the equalization program generally; namely, removing and not restoring or alternatively; setting at a higher level the ceiling; adjusting the clawback; initiating a comprehensive review of the equalization program; and restoring faith in section 36 of the Constitution Act, 1982, and in the Prime Minister’s commitment given to the provinces to lift the cap off the equalization formula and to allow entitlements to grow up to the level of growth in the economy.

Honourable senators, the enormity of the importance of strengthening the equalization program must be viewed in its proper context. Simply put, it is one of the keys to achieving greater self-sufficiency in the seven less prosperous provinces. Specifically, strengthening the equalization program would be a concrete step toward self-sufficiency in the Atlantic region and a further narrowing of the economic gap with the rest of the country.

Prince Edward Island’s Provincial Treasurer, Patricia Mella, speaking at a recent meeting of Atlantic finance ministers, placed the Atlantic region’s dilemma in stark relief.

Past and current federal constraints on both the equalization program and federal transfers for health care and post-secondary education have severely limited the ability of the region to keep pace with the rest of the country.

As well, the region’s finance ministers argue the simple fact that the aggressive tax reduction strategies in more affluent provinces are only adding to the pressures of trying to maintain service levels at competitive tax rates in the less well-off Atlantic provinces.

Empirical evidence supports the argument that strengthening the equalization program would not only have a positive benefit for the Atlantic provinces and for the other recipient provinces but that it would benefit the country as a whole.

Far from being a burden on taxpayers in Alberta, Ontario and British Columbia, achieving greater self-sufficiency in the Atlantic region and in the other recipient provinces, in the longer term, will lead to less dependency on the nation’s current system of federal transfers.

Manitoba's Finance Minister, Gregory Selinger, in his appearance before the Standing Committee on Finance in the other place, argued that the equalization program has served the nation well. He referred specifically to a recent study by Professors Bird and Vaillancourt. That study stated, in part, the following:

...that since the equalization program was introduced in 1957, per capita economic growth in the recipient provinces over the past four decades has been slightly higher than the growth in the non-recipient provinces.

Mr. Selinger concluded:

I think this is a remarkable result that refutes the commonly held notion that equalization is a detriment to economic growth. The short answer here is that equalization does not create dependency. It provides the resources for provinces to grow and diversify their economies to become less dependent on federal transfers.

Finance Minister Martin reinforced this view at the Senate's National Finance Committee meeting on Thursday of last week. He said that equalization does not stand in the way of economic development and that it does not create dependency.

Presumably, the argument that equalization is one determinant of economic growth and that it does not create dependency is the basis for the support across the country for strengthening the equalization program. At last August's Annual Premiers' Conference, premiers unanimously called on the federal government to strengthen its commitment to the equalization program so that the program meets its constitutionally mandated objectives.

At December's meeting of the provincial and territorial ministers of finance, all provinces and territories reiterated their support for the position that the equalization ceiling should be removed from the program. However, as honourable senators are aware, and as Finance Minister Martin testified at the Senate Finance Committee meeting, a substantial body of opinion exists that suggests that equalization is not fair.

I wish to briefly discuss one aspect of the fairness issue. That is the argument that strengthening equalization is not fair because my region in the Atlantic already receives more than its share of federal transfers, thus implying that it does not need more equalization.

This view is promoted by members of the Official Opposition in the other place. For example, the opposition finance critic was quoted in *The Hill Times* of August 28 last year as saying:

There is a disproportionate concentration of business subsidies in Atlantic Canada.

Another spokesperson for the Alliance is quoted as saying, in part, the following:

...that Atlantic Canada was pretty unique and that it was getting a hugely disproportionate amount of economic development money.

This, honourable senators, is simply not true. The facts do not support this wild assertion. The Atlantic Provinces Economic Council recently released a report, based on 1998 data from Statistics Canada, which concluded that Atlantic Canada was receiving business subsidies, on a per capita basis, that are well below the national average. The lowest per capita recipient provinces of business subsidies were New Brunswick and Newfoundland, followed by Ontario and Nova Scotia.

I guess the point is that old myths die slowly.

We should not let these myths stand in the way of recognizing that my region is moving toward self-sufficiency. However, the gap is narrowing.

As Premier Lord said on CBC television last Wednesday, one of his economic policy objectives is to help create the situation where New Brunswick contributes to equalization and will no longer be a recipient.

That speaks to the larger point that the equalization program should be viewed as a constitutionally protected temporary program to enable provinces that, for one reason or another, have yet to develop or have lost the fiscal capacity to provide reasonably comparable levels of public services at reasonably comparable levels of taxation to the more prosperous provinces.

Perhaps, if that body of public opinion that is uneasy with the equalization program saw it in the same light as Premier Lord, as something to get off of, as something to contribute to rather than receive, then public acceptance might improve and perhaps some of the old myths that have grown up, particularly around Atlantic Canada, might quietly fade away.

Honourable senators who attended today's National Finance Committee meeting will agree that Newfoundland's Finance Minister Aylward made an impressive presentation.

Essentially, the position of the Government of Newfoundland and Labrador on Bill C-18 is that the ceiling should be struck from the program; failing that, if a ceiling is imposed, it should be fair and it should be reasonable.

Finance Minister Aylward's position, the position of the other Atlantic Ministers and the Manitoba Finance Minister, based on testimony in the other place is that the ceiling, even after Bill C-18, is not fair. It is not fair and it is not reasonable, and that is a bad precedent that could have dire implications for the future adequacy of the equalization program.

Minister Aylward's testimony attempted to define a fair and reasonable ceiling in view of the government's insistence on maintaining a ceiling.

At a minimum, the ceiling should be re-based to a more realistic starting point...The Government of Newfoundland and Labrador is of the view that at a minimum, the new starting point should be the actual total entitlement for 1999-2000, and I would note that even this minimum, in our view, is more restrictive than the ceiling should be to be consistent with the federal statements on ceiling objectives.

Manitoba Finance Minister Selinger's testimony in the other place supports Newfoundland and Labrador's position.

With respect to Bill C-18, our position is very clear: lift the ceiling. Failing that, re-base it at the actual amount in the year that it was lifted and let it grow consistent with GDP after that.

That would imply a base of about \$10.78 billion as the new starting point for growth. By re-basing it back down to \$10 billion, we lose ground.

The new starting point would be a significant improvement for the provinces. That is the position supported by all 10 provinces, and I think it is important to reiterate that consensus.

In my view, and to paraphrase Minister Selinger, times have changed. The ceiling was first introduced during the period when the federal government had large and growing deficits. We are now experiencing a period of unprecedented surpluses, exceeding \$10 billion. It is going way too far for the federal government to grow its surpluses by restricting or clawing back entitlements from the seven least affluent provinces in Canada.

• (1840)

Again, honourable senators, as New Brunswick's Finance Minister, Norm Betts, testified in the other place:

Concerns about the ceiling and its potential impact are not limited to equalization recipient provinces. At the August 2000 annual premiers conference, premiers joined together to issue a call for the removal of the ceiling on equalization payments, in concert with other fiscal reform.

Minister Betts concluded his testimony in the other place by arguing:

...it is conceivable that under the proposed Bill C-18, entitlements for 2000-2001 could be restricted to a level below that of the 1999-2000 formula-determined entitlements. This would result in the ceiling allowing for negative growth, as opposed to growth, on a year-over-year basis.

[ Senator Robertson ]

This bill fails in this regard.

Much has been said about the need to strengthen the equalization program. Senator Rompkey's remarks were particularly good in this regard, and I agree with him and with my other colleagues that specific aspects of the program require a closer examination.

I know that provincial Ministers of Finance are looking at several improvements to the program, and I can think of no better contribution by the Senate than to give an order of reference to the National Finance Committee to undertake a complete study of equalization in the fall when we return.

Together with the provincial finance ministers and the federal government, the Senate may very well contribute to modernizing the equalization formulation and the program generally. In this way, we will have served our mandate by strengthening our regions while strengthening the country.

[*Translation*]

**Hon. Roch Bolduc:** Honourable senators, in the context of the problems of equalization payments, I wish to endorse what has already been said, as well as to underscore a number of significant trends reported to us by the witnesses during the committee sessions.

In the Manitoba government's budget, for one, there are certain trends. First of all, in 1961, the federal and provincial contributions to government program expenditures were divided about 50-50. By the year 2000, they were about 30 per cent for the federal government and 70 per cent for the provincial. As far as program contributions are concerned, there is a marked difference over these 40 years.

My second comment concerns the contribution of federal transfer funds to provincial government receipts. In 1980, the figure was about 23 or 24 per cent, while now it is around 15 per cent. Thus, another drop. As for federal government expenditures as a percentage of the GDP, they were around 17 or 18 per cent, and are now around the 12 per cent mark. This tendency also shows up in expenditures. As for the debt to GDP ratio, this has dropped 3.6 per cent over the past seven or eight years.

On the one hand, we have the trends, on the other, the tax points handed over to the provinces at their request. Afterward, the federal debt increased.

What I find striking is the increase in specifically federal programs over recent years. These programs affect a number of different areas, whether industry, innovation through the various foundations, granting bodies, expenditures for agriculture, fisheries, culture or the environment. We find a series of expenditures for specific federal government programs, ones that are not statutory in the same sense as transfer payments are.

I note that the federal government, in the 1960s, built a system which, on the one hand, includes the transfers, especially in the fields of education and health. Indeed, both the federal and provincial governments, considering that these services were essential, took over these fields. The governments had a base for funding them and they also had equalization payments. I note that this part decreases, while government spending increases in the areas that are also linked from time to time to health and education. The Foundations for Innovation, which are subsidies for university teaching to a large extent and, in certain cases, for hospitals and medical research, are the proof.

On the other hand, we find other programs that concern health care more specifically, so we move from a statutory regime where a federal-provincial agreement exists to regimes in which the federal government spends its money as it wishes.

This was the trend in the 1990s compared with that of the 1960s. It is time to look at that properly, otherwise it will lead to inconsistencies, as they are finding in the Government of Manitoba. In fact, we note that they are in a losing position, compared with the other provinces if we add equalization payments to the transfer payments. When the specific subsidies are granted by various government programs, it is generally according to population, which means that the most populous provinces receive more. From the standpoint of equity, it is not fair for a country to do that.

I wanted to draw your attention to these weighty trends, which will soon require a thorough examination of not only equalization payments but of transfer payments, as Senator Rompkey indicated.

**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 third time and passed.

[*English*]

## PUBLIC SERVICE WHISTLE-BLOWING BILL

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Keon, for the third reading of Bill S-6, 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.—(*Honourable Senator Kinsella*).

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, I shall only take a few moments. I rise to begin again, but not conclude, my remarks for the launch of our

debate at third reading on Bill S-6, the whistle-blowing bill. Let me explain.

Honourable senators will have noted that a fair amount of time has elapsed since the Senate adopted the report of the Standing Senate Committee on National Finance. This report contained amendments, supported unanimously in committee and accepted unanimously by this chamber.

The third reading debate is only beginning again today because there have been discussions with the minister most affected by this proposal, namely, the President of the Treasury Board, discussions including the minister's testimony before the National Finance Committee on May 30. We have learned that she is working on a whistle-blowing policy, which policy is to be made public any day now. Naturally, our debate would have greater fullness if we could undertake it having the whistle-blowing policy of the minister known to us during that debate.

I believe that it is the common objective of all honourable senators on both sides of this house to see that whistle-blowing legislation is adopted by Parliament and that we are less preoccupied with the authorship as such.

- (1850)

The bipartisan work that senators from both sides have done on Bill S-6 is underscored by the fact that the sponsorship of the bill is bipartisan and also that the amendments to the bill made in committee were bipartisan.

Furthermore, it is the articulated policy of the Liberal Party of Canada and the articulated policy of the Progressive Conservative Party of Canada, as explicitly stated in our respective election platforms, that we commit to undertake this type of legislation. It appears in the Red Book and it appears in the PC platform.

Also, honourable senators, it is noteworthy that members in the other place representing each party have publicly given support for the legislation. I will go no farther than that and will move the adjournment of the debate.

On motion of Senator Kinsella, debate adjourned.

[*Translation*]

## PRIVACY RIGHTS CHARTER BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming debate on the motion of the Honourable Senator Finestone, P.C., seconded by the Honourable Senator Rompkey, P.C., for the second reading of Bill S-21, to guarantee the human right to privacy.—(*Subject matter referred to Standing Senate Committee on Social Affairs, Science and Technology on April 26, 2001*).

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, as was agreed when the subject matter of this bill was referred to the Standing Senate Committee on Social Affairs, Science and Technology, I move:

That, notwithstanding rule 27(3), this item on the Orders of the Day remain on the *Order Paper* for 15 consecutive days.

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

**Hon. Senators:** Agreed.

Motion agreed to.

[*English*]

## HUMAN RIGHTS

### BUDGET—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Senate Committee on Human Rights (budget) presented in the Senate on June 7, 2001. —(*Honourable Senator Andreychuk*).

**Hon. A. Raynell Andreychuk** moved the adoption of the report.

Motion agreed to and report adopted.

## ASIAN HERITAGE

### MOTION TO DECLARE MAY AS MONTH OF RECOGNITION— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Poy, seconded by the Honourable Senator Carney, P.C.:

That May be recognized as Asian Heritage Month, given the important contributions of Asian Canadians to the settlement, growth and development of Canada, the diversity of the Asian community, and its present significance to this country. —(*Honourable Senator Oliver*).

**Hon. Donald H. Oliver:** Honourable senators, I am pleased to rise today to speak to Senator Poy's motion to declare the month of May as Asian Heritage Month. Given the important contribution that Asian Canadians have made to the continued success and prosperity of this country, I certainly commend Senator Poy on this important initiative.

From the very earliest days of this Confederation, people of Asian descent have come to Canada to seek a better life for themselves and their families. In many instances, Asian immigrants left difficult living conditions and travelled long distances in order to come to Canada. As Senator Poy noted in her comments last month, Asians from virtually every major region of the continent have made remarkable contributions to the symbols, institutions and industries that have had profound economic implications for this country and have helped galvanize the federation as we know it. As she rightly noted, Chinese immigrants helped build the Canadian railway, Japanese immigrants fished the oceans and South Asians worked the lumber mills.

Honourable senators, I have long felt strongly that we should do more to recognize the significant contribution that the Chinese and Japanese have made to our country. My work with the APPF and the Canada-Japan group have given me profound insight into the invaluable work they have done in making our Canadian diversity something very special.

In addition to the contributions in helping to build Canada, modern-day Asian successes can be measured through a wide variety of other areas such as the financial service, business and the technological sectors, as well as within mass media and the legal profession. Even the political realm, which historically has been inaccessible to Asians, is starting to become more inclusive in several provinces, most notably British Columbia.

I do have some concerns with the declaration of an Asian Heritage Month and I wish to very briefly discuss some of them with honourable senators.

As senators are aware, Greater Asia is a contested notion in that there is no concrete definition as to where the cultural borders of Asia proper, Asia Minor and the Eurasian land mass begin and end. In fact, the panoply of cultural groups that inhabit Asia is scattered across vast geographic expanses, state borders and political jurisdictions. Some identify themselves as Asians, others as Middle Eastern and some as Europeans. The point is that what is Asian is a constructed notion, difficult to define and a subject worthy of further debate in this chamber.

Asia is one of the world's largest continents and single most ethnically and culturally diverse grouping of humans. This super-continent, so-called, includes several billion people scattered across the Middle East including Israel, biblical lands and Arab states; South Asia including India, Pakistan, Bangladesh and Sri Lanka; Eurasia; Greater China; the Koreas; Japan and the outlying Pacific Islands; and Southeast Asia including Thailand, Burma, Vietnam, Indonesia, Malaysia and the Philippines.

Although people from all of these areas are Asian *per se*, they do not share a common history, value system or identity. In fact, the history of Asia is often one of conflicting values, national interests and cultural rivalry.

To declare an Asian Heritage Month here in Canada implies that there is a common bond that joins together Canada's Asian community and that there is a shared historical and cultural relationship between all Asians in Canada. I think it is clear that this is not a fact.

My second reservation pertains to Senator Poy's invocation of the American case example of declaring an Asian Pacific American heritage month. I should like to point out that contrary to the model of American citizenship, which is best described as "a melting pot" where immigrants often surrender a degree of their cultural heritage in favour of "the America way" or "American identity," Canada is often times referred to as a "cultural mosaic."

Drawing from this model, Canada's protection of cultural heritage flows directly from its status as a community of communities, referred to today by Senator Cohen in her final remarks, rather than being one large monoculture.

I further submit that although Canada may not have the large Asian studies programs that are seen in the United States, as pointed out by Senator Poy, we live in a country whose practice of multiculturalism is enshrined in legislation and public policy and is reflected in the spirit of the nation. Although I and many of my colleagues in this chamber have pointed out problems in the practice of multiculturalism and equal access in Canada, it is important to give due credit to our non-assimilationist system.

All of this is to say that comparisons to the American case example are tangential to the Canadian experience that encourages cultural communities to maintain their roots and origins in daily life rather than assimilate into the greater community.

Honourable senators, by moving that the month of May be recognized as Asian Heritage Month, Senator Poy champions a very worthy cause. I, too, have a deep respect for the people of Asian countries and I do not hesitate to acknowledge the positive contribution that they have made as immigrants and citizens of Canada. I hasten to add, however, that as a result of our Asian population, Canada's trade with Asian nations has consistently improved. For example, Canada's leading trading partner is the United States, but our second largest trading partner is Japan.

In recent days, International Trade Minister Pierre Pettigrew announced that he would be heading a visiting delegation to India. A few months ago, the Prime Minister headed a Team Canada trip to China. These are all signs that a considerable portion of Canada's national trade interest is shifting from the Atlantic region to the Pacific divide and that Asian countries and peoples will become further involved in our evolving national interest.

I see this as a very positive development, and I am confident that a concerted effort to maximize our relations with Asian countries will result in an acceleration of our national growth.

That said, my third concern pertains to the way in which we choose to mark the accomplishments and contributions of our Asian citizens and establish the foundations for their continued prosperity in Canada. On May 29, 2001, Senator Poy noted:

Honourable senators, while the effect of this motion is largely symbolic, I believe that such symbols are necessary to indicate that our federal government remains committed to encouraging Canada's multicultural communities, both in policy and in practice.

In light of the senator's remarks, I agree that it is necessary for the federal government to adopt the necessary measures to promote our multicultural communities and lay down the foundations for a stronger Canada. It is my contention, however, that the best way to promote greater achievements by our Asian communities is not through cultural promotion, but through identification of core interests that affect all people at the level of public policy. After all, promotion of one's heritage is hollow if other essential components of daily life are allowed to suffer.

One example is that income and payroll taxes in Canada continue to be among the highest in the industrialized world, resulting in a growing divide between the economic disparity between the rich and the poor. This has particular implications on many Asian immigrants to Canada, who escaped impoverishment, in some cases, in their home countries and who seek to improve their station in life in Canada.

A second example is that in spite of advances, Parliament and many provincial legislatures remain out of reach to people of Asian and other minority ethnic backgrounds. Efforts to diversify political office through policies such as proportional representation, however, have failed completely.

Honourable senators, by advocating sound, public policy that is not specific to any one particular community but, rather, seeks to improve the overall quality of life in Canada, we make a tangible, concrete contribution to the continued success of our multicultural, diverse communities.

The United Kingdom, like Canada, embraces the cultural diversity that immigration brings. However, U.K. policy instruments are aimed at ensuring equal access to government and society, rather than at promoting special heritage days. Pursuant to this commitment to substantial as opposed to cosmetic multiculturalism, the main instruments of the United Kingdom's ethnic policies are the Commission for Racial Equality, the Race Relations Act and the Social Exclusion Unit. In that system of government, fostered by the logic of prudence and pragmatism, equality policies are embedded in all central governmental planning and procedures, with the main goal being equality in citizenship.

In conclusion, honourable senators, while I support the general intention of Senator Poy's motion, I am unsure about what the motion will accomplish if adopted at the federal level. Rather, based on the evidence that I have presented, I believe that the federal government can best promote that higher quality of life for Asians and all immigrants to Canada by ensuring sound public policy, structural reform and citizenship and immigration legislation.

On motion of Senator Kinsella, debate adjourned.

## NATIONAL FINANCE

### COMMITTEE AUTHORIZED TO STUDY EFFECTIVENESS OF PRESENT EQUALIZATION POLICY

**Hon. Bill Rompkey**, pursuant to notice of June 11, 2001, moved:

That the Standing Senate Committee on National Finance be authorized to examine and report on the effectiveness of the present equalization policy in ensuring that provincial governments have sufficient revenues to provide reasonably comparable levels of public service at reasonably comparable levels of taxation; and

That the Committee report no later than December 21, 2001.

He said: Honourable senators, I will say only a few words. My comments follow along on the debate on Bill C-18. We have had some discussions across the aisle and there is some agreement that we should study the bill in detail. We have discovered there is a need for the study.

We had testimony this morning which indicated that equalization is a good program but that it is not good enough. The challenge for us is to see where it can be improved. We need to examine it to see how effective or non-effective it is and, perhaps, to make some creative suggestions as to how it might be changed.

Clearly, as we have discovered, equalization is not working as it should. It is not allowing the provinces to provide reasonably equivalent services at reasonably equivalent levels of taxation. We have had items put on the record that reinforce that view.

Honourable senators, a lengthy debate is necessary at this time, but I should like to see the motion passed so that the committee can proceed with its work of examining the equalization program in some depth.

**Hon. Gerald J. Comeau:** Honourable senators, I agree with Senator Rompkey that there has been some discussion to date and that we need to look at this matter further.

I refer to the motion that proposes to examine and report on the effectiveness of the present equalization formula. We do not

[ Senator Oliver ]

dispute, and I do not think any of the witnesses dispute, that a review of the shortcomings of the present equalization program must be done. The evidence of the committee, as suggested by Senator Rompkey, was that the equalization can be more effective and that there may be means of doing that. For that reason, it would be important to examine not only the effectiveness of the program, but also the proposals and ideas for a new formula for potential improvements to the equalization program. We would not want to limit it strictly to an examination of the effectiveness of the program, but we would look at ways to make improvements to the program.

### MOTION IN AMENDMENT

**Hon. Gerald J. Comeau:** Honourable senators, I move, seconded by the Honourable Senator Lynch-Staunton:

That, at the end of line 2, after the word "effectiveness of," the phrase "and possible improvements to" be inserted.

**The Hon. the Speaker pro tempore:** Honourable senators, is it your pleasure to adopt the motion in amendment?

**Hon. Senators:** Agreed.

Motion in amendment agreed to.

**Hon. Tommy Banks:** Might I ask a question of the Honourable Senator Rompkey?

• (1910)

**The Hon. the Speaker pro tempore:** I am sorry, but it is not in order for Senator Banks to ask a question.

**Senator Banks:** Honourable senators, in that case I will make a statement in respect of the motion. I did not prepare notes, but I did speak this morning with Senator Rompkey, suggesting that, in the shortcomings that he has addressed, there is a factor that is inextricably related to the question of equalization payments. That is the question of sharing resource royalties with the province and, in particular, that thing that is colloquially referred to as "clawback."

I am wondering aloud to the house if it might not be wise to include in the referral to the Senate committee a reference to that question, in addition to the question of equalization alone.

That is my statement, honourable senators. In my opinion, that would be a good idea.

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, let me add a statement to that. It would seem to me that, in all studies of equalization, one must look at all the bases of the equalization formula. That would include the question raised by Senator Banks. I think we have covered in the motion, with the amendment of Senator Comeau, everything that Senator Banks would want. I certainly commend his suggestion to those on the committee making the study.



**Hon. Wilfred P. Moore:** Honourable senators, Senator Comeau wants to add the words “and possible improvements to” after the word “effectiveness.” I think you must delete the word “of.”

**Senator Carstairs:** For clarity, that deletion would make sense, but we could consider that a technical amendment. We can change the word “of” to “to,” and we will make that amendment without having to do it formally. It can be done by way of technical amendment.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt Senator Rompkey’s motion, as amended?

**Hon. Senators:** Agreed.

Motion as amended agreed to.

## **SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY**

COMMITTEE AUTHORIZED TO MEET DURING  
SITTING OF THE SENATE

**Hon. Sharon Carstairs (Leader of the Government),** for Hon. Michael Kirby, pursuant to notice of June 11, 2001, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit on Wednesday, June 13, 2001, at 3:30 p.m., even though the Senate may then be sitting, and that rule 95(4) be suspended in relation thereto.

Motion agreed to.

The Senate adjourned until tomorrow, Wednesday, June 13, 2001, at 1:30 p.m.

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