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—

THE HONOURABLE DAN HAYS
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

OFFICIAL REPORT

CORRECTION

Hon. Marcel Prud'homme: Honourable senators, because many people read our debates, I asked yesterday for a correction, but I do not see it in today's Hansard. What I said yesterday would make no sense otherwise. I refer to page 927, the third paragraph, where it says in English:

Honourable senators, when you look at the geography of Canada, you can understand what the new Russia must cope with.

If I said that, it was a mistake. I ask for a correction, in both French and English, for the passage to read:

Honourable senators, when you look at the geography of Russia, you can understand what the new Russia must cope with.

As we know, Russia extends from Vladivostok to Europe. In order to understand, one must look at Russia's geography, not the geography of Canada. I want to change the word "Canada" to "Russia" so that those who read the *Debates of the Senate* in the future will know that I made sense.

THE SENATE

Wednesday, May 30, 2001

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

Prayers.

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

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

ROUTINE PROCEEDINGS

MISCELLANEOUS STATUTE LAW AMENDMENT PROPOSALS

REPORT TABLED

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, I have the honour to lay upon the Table a document entitled, "Proposals to correct certain anomalies, inconsistencies and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada and to repeal an Act and certain provisions that have expired, lapsed or otherwise ceased to have effect."

[Translation]

It would be greatly appreciated if these documents were referred to the Standing Senate Committee on Legal and Constitutional Affairs for its consideration.

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, Thursday, May 31, 2001, at 1:30 p.m.

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

Hon. Senators: Agreed.

Motion agreed to.

[English]

YOUTH CRIMINAL JUSTICE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, in respect of criminal justice for young persons and to amend and repeal other acts.

Bill read first time.

QUESTION PERIOD

NATIONAL DEFENCE

REPLACEMENT OF SEA KING HELICOPTERS—CHANGES TO BASIC VEHICLE REQUIREMENTS

Hon. J. Michael Forrestall: Honourable senators, my question is for the Leader of the Government in the Senate. I hope the minister has come well briefed. Yesterday, she made the point that the Maritime Helicopter Project Statement of Requirement has not changed from August 2000, and she was correct. What she would not answer is why the Basic Vehicle Requirement Specifications, or BVRS, sent to industry, and upon which they will base their bids, has changed significantly. The endurance requirement for the maritime helicopter has been dropped to two hours and 20 minutes, as per the BVRS 3.5.3.3.1.3.2. That number will elicit magic responses if it is tapped into the right source.

Will the minister admit that she was wrong and that the proposed maritime helicopter endurance has dropped to two hours and 20 minutes without operational justification?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, the honourable senator continues to present the chamber each day with interesting questions. I do my very best to be briefed before and after his questions because they are always provocative. They always tweak the desire for more information on my behalf.

• (1340)

The reality is that the specifications, which I think the honourable senator is referring to, because now he seems to have gone to even more depth in his question, is the minimum requirement, which is two hours and 50 minutes, plus 30 minutes fuel reserve. That specification was sent out in August 2000.

Let us go back historically a little, which I am sure the honourable senator will respect. The Honourable Senator Stratton presented a little of the historical background yesterday. The Sea Kings were originally designed to chase Soviet submarines in North America at the height of the Cold War. We are not in the Cold War any more. The new helicopters are being designed to meet the needs of Canada in the post Cold War era, and it is that kind of new defence policy that we have been trying to develop in this country, I thought, with the support of all parties in this chamber.

Senator Forrestall: Honourable senators, I have to ask if the minister is being philosophical, whether she is speaking on her own or whether she was reading that from a note. Again, I have to remind her, that the specifications that went out to the industry, and on which it will base its tenders, lowers the requirement to two hours, 20 minutes. If we want to get into that kind of a match, I can refer her to the Vice Chief of the Defence Staff, Vice-Admiral Garnett, and I can refer her to some other documents I have had in my possession for some time, while trying to deal properly with what was otherwise a private communication.

As I told the minister yesterday, ISA 20 is not exceedingly hot weather. That is 35 degrees Celsius, a nice spring day. Even in Halifax, that is a warm day, but it is not very hot.

Would the minister like to know what the average high is for Victoria or Halifax for July and August? What about the Gulf, where we routinely deploy a frigate and a helicopter, or in the Pacific Rim? What about a part of the world that I love dearly, Barbados, where we routinely send the fleet for southern exercises? Would it be in the range of 40 degrees Celsius there? ISA 20 reduces endurance by seven minutes, not 30 minutes, as found in the Basic Vehicle Requirement Specifications, BVRS.

Can the minister tell us why this key document shows a substantial lowering of the endurance requirement, when, in fact, temperature did not have much to do with it at all? There is another reason, and we would like the minister to set us off on the right side, as I know she wants to. Could she give us some help?

Senator Carstairs: Honourable Senator Forrestall, I try to give you as much help as I possibly can. If the honourable senator is asking if I am reading from notes, I have to tell him that I do that on practically every single day. There is no way that, as government leader in the Senate, I can be briefed on every single department, and have all of that information at my fingertips. Therefore, yes, I depend to a great extent on notes that I receive from various government departments, and from the Prime Minister's Office. That is how I do Question Period. I have to be very clear on that.

In terms of the average temperatures and extreme heat conditions, I have never experienced a day of 100 degrees in Halifax, and I tend to use the Fahrenheit scale. I know it has become conventional for most to use the other, but I am stuck in "old think" as far as temperature calculations are concerned.

I will repeat for him that the two hours and 20 minutes with the 30-minute fuel reserve is under extreme heat conditions, and that the base is not two hours, 20 minutes, with a 30-minute reserve, but is two hours, 50 minutes, with a 30-minute reserve.

Senator Forrestall: Honourable senators, I sometimes wonder what is the point of asking questions in this chamber. The position that the VCDS has left us with is the fact that the military requirement outlined to the government one thing, and that has now been changed.

Senator Kinsella: Why?

Senator Forrestall: Any suggestion to the contrary read to me in this chamber by the Leader of the Government in the Senate is not acceptable because it bears little resemblance to the truth. It becomes close to being evasive and misleading.

I could suggest that the execution of a simple search and rescue operation, for example, 100 miles off Sydney, Nova Scotia, where we have no extreme conditions, would take more than three hours. Would the minister just let her intelligence and her mind read between the lines, count up the distances involved, and let us know whether or not the Eurocopter, in fact, is a useful vehicle. The government may not want it to be a war vehicle. It may not want it to be a search and rescue vehicle. The government may not want it to be many things, but it was built to fit on the back of a war machine for purposes of Canada's national security and its external policies. Does the minister have a response?

Senator Carstairs: I do have a response, but it is unlikely to be the response that the honourable senator wants. As I have repeated for the past two days, the tender that is presently out for bid is the result of extensive military analysis to meet military requirements.

Senator Forrestall: And the minister changed it.

Senator Carstairs: We are trying to get for the military the best possible piece of equipment at the best possible price. That is not only what the military wants, but, quite frankly, it is what the taxpayers of this country want.

We have now confirmed my briefing with the procurement office. It will take place on June 11. We will still be sitting. If I get any more updated information at that briefing, I assure honourable senators that I will get it to you as soon as possible.

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

Hon. Terry Stratton: Honourable senators, certain coincidences keep occurring throughout this whole series of events, and they seem to be tied into the Eurocopter Cougar. The question to the Leader of the Government in the Senate is this: Can the Eurocopter Cougar, at its maximum gross weight, hover if it loses one engine on take-off at ISA 20?

Hon. Sharon Carstairs (Leader of the Government): With the greatest respect to Honourable Senator Stratton, I do not have that information, but I will ask at my briefing.

Senator Stratton: I will help the honourable senator out, if I can. The answer is no. I did not and would not expect her to know. However, there is a coincidence, and the perception is that the government has lowered the standard —

Senator Di Nino: It is a reality.

Senator Stratton: — to two hours and 20 minutes plus reserve, from the August 2000 SOR of two hours and 50 minutes plus reserve. The perception is out there. Why is the government skewing the competition to ensure that the Eurocopter Cougar wins? That is the perception.

Senator Carstairs: With the greatest respect to the honourable senator, are we skewing the process as he seems to think, or is the honourable senator a lobbyist?

Senator Stratton: Hold it right there.

• (1350)

Some Hon. Senators: Oh, oh.

Senator Stratton: I think the Leader of the Government in the Senate has gone a tad too far. I would have expected better from her in this chamber. I am sorry, but I think that is really beyond what I expect as regards behaviour in this chamber.

Senator Carstairs: Honourable senators, there is only one aircraft that honourable senators on the other side ever recommend. They apparently do not want the government to look at all possible bids. They do not want the government to look at all of the possible qualifications that other aircraft may have.

Senator Forrestall: That is not true.

Senator Carstairs: They have already made up their minds. If they have made up their minds, then clearly they are speaking for one particular company. That company is the one that they have identified as being the only one that can do the job.

Quite frankly, I applaud the government for sitting back, looking at all the potential bidders in a project and making up its mind based on best value for the military and best value for the Canadian taxpayer.

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I take exception to the remark that we are here promoting one company over the others. We are trying to find out why one company has been eliminated from the bidding process. That is the question before this house.

Senator Carstairs: No company has been eliminated from the bidding process. The bidding specifications are out. All companies that have the potential to bid on this project are being given the opportunity to do so. When those bids come in, all of those bids will be looked at in an appropriate fashion, and then a decision will be made.

Senator Lynch-Staunton: It is quite obvious that the bidding requirements have been tailored in such a manner that one company in particular will have great difficulty in meeting the specifications with whatever equipment it can offer.

I would like the Leader of the Government in the Senate to take back any suggestion she has made that this side is representing the interests of one company in particular. We are representing the unfairness of the bidding process, which may eliminate more than one company and favour others. We are trying to get from the government a denial that the process has been tailored in such a way that some companies are being favoured and at least one is being disfavoured.

Senator Carstairs: There are no companies being favoured by this government; there are no companies being disfavoured by this government. The military analysis has been completed. The specifications have been put out. Bids will be brought in on the basis of those specifications. All will be included in the process.

Senator Lynch-Staunton: Finally, will the Leader of the Government in the Senate take back her suggestion that we are favouring one company over any other?

Senator Carstairs: I will take it back if senators on the other side will not consistently, in their questions, give only commentary on one particular aircraft, over and over again.

Senator Lynch-Staunton: We have not heard that.

REPLACEMENT OF SEA KING HELICOPTERS—CHANGES TO BASIC VEHICLE REQUIREMENTS

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I must confess that I know nothing about helicopters. I know nothing about a lot of things, and helicopters are on that list.

What I have been hearing in Question Period in this house is that the Government of Canada has changed the specifications on the helicopters that they are seeking to acquire in replacement for the Sea Kings. Would the minister either confirm or deny that those specifications have been changed?

Hon. Sharon Carstairs (Leader of the Government): I thank the honourable senator for his question. Let me make it clear that I am certainly not an expert on helicopter technology either. We share a lack of detailed knowledge on that particular file.

The issue is whether the specifications have been changed at any time. The answer is yes. If one looks at the original requirements for the Sea Kings when they were originally built many years ago and asks, "Is this what we need for now?" then yes, one could say that the requirements have been changed.

What I said yesterday, and what Honourable Senator Forrestall agreed with today in his question, is that the bidding process was begun in August of 2000, and those specifications have not been changed since then.

The Hon. the Speaker: Senator Forrestall, our rules provide only one question per Question Period.

Hon. J. Michael Forrestall: That question will not remain on the floor of this chamber unanswered by the Leader of the Government. I have a question of privilege, and I will give it some consideration. I resent that very much. In my thirty-seven years as a legislator, I have never run up against such stubbornness or such mule-headedness. This government could not care less about the military. The Leader of the Government in the Senate does not care enough to obtain a briefing from people who understand what is going on. Perhaps it is time that she did.

AGRICULTURE AND AGRI-FOOD

DOWNTURN IN GRAINS AND OILSEED SECTORS

Hon. Leonard J. Gustafson: Honourable senators, I should like to ask a question about the state of agriculture. I myself have spent a couple of weeks out in my fields seeding. I have also been talking to a lot of young farmers, and I must tell you that I have never before seen them so discouraged and depressed that where they did not know what to seed.

I returned here yesterday to read in the *National Post* that farm income is on the rise. Before I left Regina, I read in the *Leader-Post* that the average income for farmers is \$7,000 per year, and that includes off-farm income.

We are facing a very serious national problem. I have yet to meet a farmer who has received the monies that were supposed to be put in place by the government to help plant the crop. I can tell you, Madam Minister, that agriculture is in big trouble, especially in the grains and oilseeds sectors. There is some positive movement in the cattle industry and so on, but in grains and oilseeds, the input costs will not be returned unless something happens in terms of the marketplace. My question is very simple: Does the government feel that this is an acceptable situation?

Senator Stratton: Let them grow cake.

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, the questions raised by Senator Gustafson today are important because this is an example of where a media story can be very misleading. The media story said that farm income had increased. In fact, if one looks at all farm income across the country, yes, farm income has increased. However, if one looks at crop income versus livestock income, crop income has gone down to a six-year low and livestock revenues have gone to a record high. That is where the media confused the situation and, regrettably, that gives Canadians who are not in the farm economy the sense that things are fine on the farm. Senator Gustafson and I, both coming from rural provinces, know that that is simply not the case.

In terms of the monies that have not been received by farmers for planting the crop, I did not know that that money had not yet been received. I thought it had been sent out. I will try to get an answer for honourable senators on that point as quickly as possible.

As to the question with respect to the marketplace, the government, as you know, has poured more money into subsidies in the last several years than has ever been done before. However, that is simply not addressing the overall concerns of the marketplace. That is why the Prime Minister has put together a task force of our own caucus members to get out to speak with farmers. Three members of this chamber are members of that task force, and I am hopeful that we can come up with some positive ideas for change in the future.

Senator Gustafson: As a supplementary question, honourable senators, the minister is right. The grains and oilseeds sector has really taken an awful blow in these last six years. The problem that is arising is bigger than just farming. It is with respect to rural Canada. What is happening to rural Canada? It is the responsibility of the government to communicate to the people of Canada that we have a problem so that there is the political will to do something about it.

• (1400)

We are already losing farmers and, although a farmer does not lose a crop in May, the outlook is not very good. If there is a drought on the Prairies, farmers will go down like I have never seen in my 50 years of farming.

Has the government a plan in place for long-term support in regard to this very serious situation?

Senator Carstairs: Honourable senators, we clearly need some new and innovative ideas that will change the direction in agriculture. That will not happen overnight.

Last evening, I was watching the CBC and saw an interesting presentation on a genesis project in Senator Gustafson's province. It was about young farmers being aided by church groups. One young farmer is renting his land at a nominal price from the church in order to get a start. That farmer is in the livestock industry. He is growing alfalfa and hopes to eventually develop livestock.

That is the kind of innovation, honourable senators, that we will have to consider. That is the kind of innovation that I hope the Senate Agriculture Committee will look into. It is also the kind of project that this task force will look into.

Senator Gustafson: Honourable senators, I phoned Ralph Goodale today and suggested that he send a representative to the meeting in Saskatoon that is considering areas into which farmers can diversify. We have talked about diversification for a long time and farmers have tried to diversify. We have tried canola, mustard and various other crops. However, there has not been an effective long-term program on the Prairies since we lost the GRIP program.

As an example, in my situation and that of most farmers, crop insurance will only cover about one-third of the input costs for planting a crop this spring. There are no long-term programs to help agriculture through the difficult times and then be reimbursed in the good times.

Senator Carstairs: Honourable senators, Senator Gustafson spoke of diversification. I am surprised that he did not mention the phrase “value-added” because those two buzzwords have been in use in Western Canada for a long time. We have heard repeatedly that if everyone would just diversify or get into value-added production, that would solve agricultural problems in perpetuity.

That is not enough, honourable senators. That will not solve agricultural problems in either the short term or the long term.

I hope that Minister Goodale accepts Senator Gustafson’s suggestion to send a representative to the meeting in Saskatoon because we must come up with and carefully examine new and innovative ideas.

FOREIGN AFFAIRS

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

Hon. Douglas Roche: Honourable senators, my question is directed to the Leader of the Government in the Senate. On May 17, in Question Period, I raised the issue of the briefing that an American team gave Canadian officials on the missile defence system. I asked whether they left documentation with Canadian officials that could be made available. The minister undertook to inquire into the availability of such documentation.

I repeat the question today. In the House of Commons on May 15, the Prime Minister said that briefings given by U.S. officials should be made available to parliamentarians as well as the public so that the public can be informed and we can have a debate on this very important issue.

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I do not have information available for Senator Roche today. We requested it the very day he asked the question. We are trying to answer questions as quickly as we can. However, there is some good news that reflects well on what is happening on this file.

Minister Manley joined with his NATO counterparts only “...yesterday in telling the United States its proposed ballistic missile defence system will have to demonstrably increase global stability before it gets alliance support.” There appears to be a firming up of the position that the United States must do better than it has done thus far. Some of us also take a little hope from what has happened recently in the American Senate.

UNITED STATES—MISSILE DEFENCE SYSTEM—COMMENTS BY MINISTER AT MEETING OF NATO FOREIGN MINISTERS

Hon. Douglas Roche: Honourable senators, will the minister undertake to make available comments made by the Canadian Minister of Foreign Affairs to the NATO meeting yesterday?

I reiterate my urgent request for the original documentation that the American officials “probably” left with Canadian officials.

Hon. Senator Carstairs (Leader of the Government): Honourable senators, I have no information as to whether the American officials left material behind. I have no more information on that matter than does the honourable senator, although I have made the request. I will make a further request for the comments of the Minister of Foreign Affairs, and I will attempt to get both sets of information to the senator as soon as possible.

AGRICULTURE AND AGRI-FOOD

GOVERNMENT ASSISTANCE TO FARMING INDUSTRY

Hon. Herbert O. Sparrow: Honourable senators, the Leader of the Government in the Senate has suggested that some new and innovative ideas might come forward to assist the agriculture industry. Would the minister take back to the cabinet the innovative idea that more money should be put into the agriculture industry? That innovative idea might include returning to the level of assistance that farmers were getting in 1995. Agricultural assistance has dwindled to a very small amount of money, yet we keep hearing that the amount of assistance has increased. It is not even close to the 1995 level.

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I hate to be the one to give the very bad news that putting more money in is not considered a particularly innovative initiative. It may be a good initiative and a very positive initiative, but it is not terribly innovative. That solution has been tried in the past and has not been terribly successful.

I know that Senator Sparrow will agree that the 1995 figures were higher because of a special program.

[Translation]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, I have the honour to table delayed answers to five questions on the Commission on the Future of Health Care in Canada, namely: the question raised by Senator Kinsella on April 3, 2001, on the involvement of the Senate Committee; the question raised by Senator Keon on April 5, 2001, on the schedule of issues to be reviewed; the questions raised by Senators Robertson and Murray on April 4 and 5, 2001, on the terms of reference and the question raised by Senator Andreychuk on April 5, 2001, on the mandate of the commissioner.

HEALTH

POSSIBILITY OF STUDY ON NATIONAL PROGRAM—INVOLVEMENT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE

(Response to question raised by Hon. Noël A. Kinsella on April 3, 2001)

As most of the recent health care system studies have focused on the immediate pressures, the Commission will build on those studies, but concentrate its work on the longer term. The first part of the Commission's work will focus on fact-finding; renewing and updating all the relevant research that has been done here in Canada and elsewhere. The second part of the Commission's work will focus on consulting with Canadians and undertaking the key questions in order to formulate recommendations.

The work of the Senate Committee on Social Affairs, Science and Technology and the Commission will be complementary. Clearly, the question of how to ensure the sustainability of Canada's health care system encompasses a very broad range of considerations that will benefit from the different perspectives that each review will bring. Given the importance of health and access to health services to Canadians, it is appropriate to be looking into how to ensure the long-term sustainability of our health care system.

Further information regarding the Commission on the Future of Health Care in Canada can be accessed through their website at: <http://www.healthcarecommission.ca>.

COMMISSION ON THE FUTURE OF HEALTH CARE—REQUEST FOR SCHEDULE OF ISSUES TO BE REVIEWED

(Response to question raised by Hon. Wilbert J. Keon on April 5, 2001)

The Commission on the Future of Health Care in Canada has been tasked with recommending policies and measures required to ensure a sustainable, universally, publicly funded accessible health system over the longer term, a system that offers quality services to Canadians and strikes an appropriate balance between investments in prevention and the maintenance of health with investments in care and treatment.

In addition to its review, the Commission has been asked to conduct a dialogue with Canadians. Given the importance of health and access to health services to Canadians, it is appropriate to be seeking their views now on our health care system. In a statement by Mr. Romanow on May 1, 2001, he clearly stated his intention to review all aspects of the Canadian health care system.

Further information regarding the Commission on the Future of Health Care in Canada can be accessed through their website at: <http://www.healthcarecommission.ca>.

STUDY OF NATIONAL PROGRAM—MANDATE OF COMMISSIONER—COMMISSION ON THE FUTURE OF HEALTH CARE—TERMS OF REFERENCE

(Response to questions raised by Hon. Brenda M. Robertson on April 4, 2001, and Hon. Lowell Murray on April 5, 2001)

Established under Part 1 of the *Inquiries Act*, the Commission on the Future of Health Care in Canada, chaired by former Saskatchewan premier Roy Romanow, will report to Canadians and Parliament through the Prime Minister. Mr. Romanow will be the sole Commissioner.

The Commission's mandate is to inquire into and undertake dialogue with Canadians on the future of Canada's public health care system, and to recommend policies and measures respectful of the jurisdictions and powers in Canada required to ensure over the long term the sustainability of a universally accessible, publicly funded health system, that offers quality services to Canadians and strikes an appropriate balance between investments in prevention and health maintenance and those directed to care and treatment.

For your reference, a copy of the Order in Council authorizing the Commission is attached.

Further information regarding the Commission on the Future of Health Care in Canada can be accessed through their website at: <http://www.healthcarecommission.ca>.

(For text of Order in Council, see appendix, p. 981)

COMMISSION ON THE FUTURE OF HEALTH CARE—MANDATE OF COMMISSIONER

(Response to question raised by Hon. A. Raynell Andreychuk on April 5, 2001)

Established under Part 1 of the *Inquiries Act*, the Commission on the Future of Health Care in Canada will report to Canadians and Parliament through the Prime Minister.

The Commission's mandate is to inquire into and undertake dialogue with Canadians on the future of Canada's public health care system, and to recommend policies and measures respectful of the jurisdictions and powers in Canada required to ensure over the long term the sustainability of a universally accessible, publicly funded health system, that offers quality services to Canadians and strikes an appropriate balance between investments in prevention and health maintenance and those directed to care and treatment.

The Order in Council which established the Commission provides the Commissioner, Mr. Romanow, with the ability to appoint advisors; rent space and facilities; engage the services of experts; and directs the Commission to file papers and records of the inquiry with the Clerk of the Privy Council as soon as is reasonably possible after the conclusion of the inquiry.

For your reference, a copy of the Order in Council authorizing the Commission is attached.

Further information regarding the Commission on the Future of Health Care in Canada can be accessed through their website at: <http://www.healthcarecommission.ca>.

(For text of Order in Council, see appendix, p. 981.)

and observation to include me. Indeed, I am left with a sense that perhaps I provoked the comment.

I want to leave honourable senators with the sense that I must now consider my own privilege. I will do that over the next day or two because I am offended. I feel that members of the Canadian Armed Forces have been offended by that comment. I feel that the air industry in North America and in Europe has been offended. If the Leader of the Government has some demonstration to prove otherwise, I wish she would bring it forward, or cease and desist.

The Hon. the Speaker: Honourable senators, if there are no other comments, I will make a comment from the Chair. Before I do so, however, I wish to draw to Senator Forrestall's attention the *Rules of the Senate* as they relate to privilege and the requirement of raising a question of privilege at the first opportunity. I make that observation, given that Senator Forrestall has claimed privilege as an issue.

Honourable senators, I will now comment on the matter raised by Senator Lynch-Staunton. His point of order related to parliamentary language and an accusation, or not, by the Leader of the Government in the Senate, Senator Carstairs, in answering a question by Senator Stratton and stating "or is the honourable senator a lobbyist?" I am relying on memory, but I believe those were the words.

Honourable senators, this matter is of sufficient importance that I should like an opportunity to review the record to confirm whether I have stated correctly what was said. I wish also to observe that I am on my feet commenting on the point of order in the absence of the senator who is the subject matter of the point of order. Perhaps it would be better if I dealt with this issue when Senator Carstairs is present in the chamber.

Senator Carstairs is now present in the chamber. With the permission of honourable senators, I would invite her, if she wishes, to comment on the point of order.

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I do not know exactly what the point of order was about, but if anyone has taken offence at my comment, I gladly apologize to individual senators and to the Senate as a whole.

Senator Lynch-Staunton: The point of order was based on the fact that the Leader of the Government in the Senate strongly suggested that Senator Stratton's questions were the result of his lobbying for a particular company. That kind of accusation does not need only an apology; it must be withdrawn. That was the disorder that was created in this chamber.

Senator Carstairs: Honourable senators, I withdraw unequivocally the suggestion that Senator Stratton — because I think it was Senator Stratton — was acting as a lobbyist.

[English]

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, I should like to introduce a guest page from the House of Commons. Janina Kanonas, on my right, is pursuing her studies in finance at the University of Ottawa, in the Faculty of Administration. Janina is from Saint-Hubert, Quebec.

• (1410)

POINT OF ORDER

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, I rise on a point of order. I do not think it was only on this side that there was a bit of shock when the Leader of the Government suggested that Senator Stratton was a lobbyist for a particular company. I would ask His Honour to rule whether or not the Leader of the Government was out of order — not to say something else — in suggesting that one of our colleagues was asking questions in this chamber to favour the interests of a particular private corporation. I find that suggestion to be not only false but one that should not even be considered as part of our debate.

The Hon. the Speaker: Do other senators wish to intervene or comment on the point of order raised by Senator Lynch-Staunton?

Hon. J. Michael Forrestall: Honourable senators, to the degree that the comment in question was broad and encompassing, and inasmuch as the Senate will be aware of the number of times I have risen to my feet in an attempt to get an answer to one or two simple questions, I consider that comment

[Senator Robichaud]

LIBRARY OF PARLIAMENT

[Translation]

FIRST REPORT OF JOINT COMMITTEE PRESENTED

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. John G. Bryden, Joint Chair of the Standing Joint Committee on the Library of Parliament, presented the following report:

Wednesday, May 30, 2001

The Standing Joint Committee on the Library of Parliament has the honour to present its

FIRST REPORT

Your Committee recommends that it be authorized to assist the Speaker of the Senate and the Speaker of the House of Commons in directing and controlling the Library of Parliament; and that it be authorized to make recommendations to the Speaker of the Senate and the Speaker of the House of Commons regarding the governance of the Library and the proper expenditure of moneys voted by Parliament for the purchase of books, maps or other articles to be deposited therein.

Your Committee recommends that its quorum be fixed at seven (7) members, provided that both Houses are represented including a Member from the Opposition as well as a Senator from the Opposition whenever a vote, resolution or other decision is taken, and that Joint Chairs be authorized to hold meetings to receive evidence and authorize the printing thereof as long as (4) Members are present including a Member from the Opposition.

Your Committee further recommends to the Senate that it be empowered to sit during sittings of the Senate.

A copy of the relevant Minutes of Proceedings (*Meeting No. 1*) is tabled.

Respectfully submitted,

SENATOR JOHN G. BRYDEN
RAYMOND LAVIGNE, M.P.
Joint Chairs

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

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

NATIONAL NETWORK OF
FRANCOPHONE TELEVISION

NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Jean-Robert Gauthier: Honourable senators, I give notice that two days hence, I will call the attention of the Senate to the needs of a national network of francophone television: le réseau des Francophonies canadiennes.

THE SENATE

NOTICE OF MOTION TO CHANGE RULE 25

Leave having been given to revert to Notices of Motions:

Hon. Jean-Robert Gauthier: Honourable senators, I give notice that on Tuesday next, June 5, 2001, I will move:

That the *Rules of the Senate* be amended, by adding the following:

25.(1.1) A Senator may request that the Government respond to a specific question placed on the Order Paper within forty-five calendar days by so indicating when filing his or her question.

[English]

• (1420)

ORDERS OF THE DAY

CANADA SHIPPING BILL, 2001

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Callbeck, seconded by the Honourable Senator Bacon, for the second reading of Bill C-14, respecting shipping and navigation and to amend the Shipping Conferences Exemption Act, 1987 and other Acts.

Hon. W. David Angus: Honourable senators, I am pleased to have this opportunity to make some observations on Bill C-14, which provides for a new and modernized Canada Shipping Act and for necessary amendments to the Shipping Conferences Exemption Act, 1987, otherwise known as SCEA.

As an honorary life member of the Canadian Maritime Law Association and as an active practitioner of maritime law in all its aspects for some 40 years, I have been intimately involved with the old Canada Shipping Act and the various related shipping and maritime statutes and treaties. In addition, as most honourable senators know, I have had occasion over the past two or three years to make many comments in this chamber, as shipping legislation has come our way as part of the government's major initiative to modernize Canada's maritime legislation and harmonize it with the laws and regulations of our many trading partners. This process has included legislation to implement a number of key international treaties and conventions which Canada signed on to but had not yet made part of our law, and generally a series of measures to enable Canada's maritime law framework to reflect contemporary public standards and needs.

I listened with interest yesterday to Senator Forrestall's speech on this important bill, and I subscribe wholeheartedly to the points he has made and the issues he has highlighted for special attention in committee. I also endorse the comments made by Senator Callbeck in her speech on May 17.

Although Bill C-14 is not perfect in all respects, it is excellent in principle, and I am sure any shortcomings can be readily rectified at or during the committee process.

Honourable senators, Canada's marine industries and our maritime community at large welcome Bill C-14 with considerable enthusiasm and approval, as do I. This legislation has been long awaited and represents the product of a major and well-conceived and conducted project by officials in Transport Canada in cooperation with their colleagues in the Department of Fisheries and Oceans.

The initiative to modernize Canada's shipping laws has been ongoing for more than two decades. I can even remember making representations here in Ottawa as to appropriate Shipping Act reforms, maybe as early as the late 1960s, when a Mr. John Mahoney had been engaged to conduct a study and prepare a report on modernizing the Canada Shipping Act.

The current project has been the most comprehensive endeavour, and it has been particularly active and focused during all of the last five or ten years. I wish particularly today to commend and salute the officials for their dedicated, excellent and thorough work, including their in-depth consultations with key stakeholders and operators in the industry both in Canada and abroad.

With the enactment of Bill C-14, following on the heels of the Marine Liability Act — in this Parliament it was Bill S-2 — and the Canada Marine Act of two years ago, Canada will once again, at long last, be at the leading edge in its capacity to participate in a modern fashion in the international maritime community, to honour its international obligations and to deal with critical contemporary issues such as maritime pollution

response, clean up and control, and protection of the environment.

In addition, the new Canada Shipping Act will enhance Canada's ability to engage in port state control activities that are designed to protect the safety of life and property at sea and of those engaged in maritime adventures. This is particularly important for Canada, which today is playing a leading and high profile role at the International Maritime Organization, the intergovernmental organization under the umbrella of the United Nations, headed up by our own William A. O'Neil, as Secretary-General. We are also active in other multilateral international organizations that are committed to uniformity and harmonization of maritime laws around the world. As well, we have an extensive coastline in the East, West and North. We are a major trading nation, relying heavily on the movement of our import and export goods by sea.

Honourable senators, I believe it is particularly fitting and appropriate that the new Canada Shipping Act is having its passage, and it is hoped a smooth one, through Parliament at this particular time, just as the Canadian Maritime Law Association is celebrating the fiftieth anniversary of its creation. A major celebration of this anniversary will take place on June 15 and 16, 2001, in Montreal. The association has worked cooperatively with Transport Canada and Fisheries and Oceans for years to endeavour to help get this legislation right so that it will not only meet the needs and exigencies of today's world but also that it will suitably endure the tests of time, and will serve Canada and its maritime industries well, going forward, especially in light of projected new technologies and natural phenomena such as global warming and consequentially changing climatic conditions.

The concept of a northwest passage for international shipping through Canada's Arctic waters has long been dreamed and written about by hardy seafarers and adventurers. With global warming and its potential far-reaching consequences, scientists are today telling us that such a northwest passage may no longer be simply a pipe dream. In as few as 20 years, some say, there may be sufficient changes in our ice conditions in the far North to permit a viable, deep sea navigation season of two to four months annually through the Canadian Arctic. The availability of such a sea route would reduce by as much as 5,000 miles the voyage of a container vessel travelling from Rotterdam, Holland to Yokohama, Japan. Imagine the fuel savings and other dynamic social and economic consequences of such a development.

Officials at the Canadian Maritime Law Association are today openly referring to the potential for a "Canama" canal, through Canada's Arctic, as a consequence of contemplated conspicuous changes in Arctic ice patterns due to global warming. As part of the CMLA's fiftieth anniversary celebrations, they are holding a seminar on this very subject in Montreal on Saturday, June 16. I will be there, honourable senators, to see just what they have to say on the subject.

In the meantime, it is important that Canada have on its books appropriate laws and regulations so that we may deal efficiently with any and all contingencies, be they environmental, navigational or socio-economic, which undoubtedly will arise in the event that a "Canama" canal does come to pass.

As to the proposed amendments to the Shipping Conferences Exemption Act, SCEA, these appear to be in order and the logical extension of a process which has been ongoing in this country since at least 1971 when Canada's first SCEA was enacted to exempt international shipping conferences from the applications of certain provisions of Canada's then antitrust legislation.

In the interim, there have been new or amended versions of SCEA enacted in 1979 and 1987. In each case, extensive study, consultation and research was carried out by government officials together with interested stakeholders to give effect to a periodic review process as mandated in each of the SCEA statutes.

The main thrust of the amendments in Bill C-14 for the SCEA legislation is to ensure that Canada's legislative provisions exempting conferences from competition law restrictions are in line with those in force in the U.S., the U.K. and other nations in Europe and elsewhere with whom we do business. It is my understanding and belief that the current proposed amendments will accomplish this effectively once again, as with the new SCEA in 1987.

Shipping conferences, honourable senators, are organizations of liner-ship operators that provide a service on a regular basis between two or more ports in different countries. They need to have the capital assets to be able to operate a regular service. To be able to provide services on these routes on a regular basis, the shipowners need some certainty, such as stability of the rate structure among other conditions that apply on these routes. It was for these reasons that, over the years, shipowners were able to prevail upon governments that had competition restrictions to provide them with an exemption, so that they would be induced to make the investment in modern tonnage that could ply these routes as liner operators.

• (1430)

Therefore, honourable senators, we fell into this mode in 1971 with our first exemption statute. As I said, we have repeated it every several years, as contemplated in the act, which provides, not for a sunset clause whereby the act would disappear at the end of the period, but, rather, for a review as to how these laws are applied, and for their modernization in the current circumstances. That is what this act does and I support it.

Honourable senators, the enactment of Bill C-14 will not fully, finally and forever conclude the modernization of Canada's shipping laws. There is still considerable important work to be done, including, for example, the implementation by Canada,

through appropriate legislation, of the international treaty relating to the United Nations Conference on the Law of the Sea, UNCLOS.

I understand that this and other key and much-needed measures are in the works and will reach Parliament in the very near future. In the meantime, Bill C-14 is a fundamental milestone in that process. I recommend its immediate referral to the Standing Senate Committee on Transport and Communications, where I know it will receive thorough and well-advised study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Callbeck, bill referred to the Standing Senate Committee on Transport and Communications.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Rompkey, P.C., seconded by the Honourable Senator Finestone, P.C., for the second reading of Bill C-18, to amend the Federal-Provincial Fiscal Arrangements Act.

Hon. John Buchanan: Honourable senators, Bill C-18 is a very simple, one-page bill that removes a cap on equalization payments for one year. That, of course, ensures that the cap goes back on in other years, at least until the year 2004. In addition to removing the \$10-billion ceiling, it also frees up about \$800 million for transfers to provinces such as Newfoundland, New Brunswick, Nova Scotia, P.E.I., Saskatchewan and Manitoba. It is a short bill of several paragraphs. It is something that we should be able to deal with rather quickly.

However, it is not that easy. There is something below the surface of this bill that I think is very important for the Senate to discuss.

Equalization and regional disparity programs have been in this country for over 40 years. I believe they commenced back in the late 1950s, and continued through the 1960s up to 1967, and through the 1970s and 1980s. We are very fortunate in this country to do something that other countries were not able to do, and that is enshrine in our Constitution the principle and the substance of equalization. There is no question that that principle is a cornerstone of the social and economic life of this country.

I believe the present Prime Minister of Canada, when he was Minister of Justice, while at a conference on the subject, called "equalization" the fabric of Confederation. Indeed, it is, and there is no question about that. We enshrined it back in 1982. It is important that we take a serious look at what was enshrined at that time.

I will not read the whole of section 36. I recall it very well, as well as the discussion through 1979 to 1982 that made it possible for us to enshrine the principle of equalization and regional disparity. Senator Beaudoin was there. Senator Kirby was there. Senator Carney was there. Senator Carney and I signed many energy agreements that helped Nova Scotia over the years, and without her help they would not have occurred.

What did we enshrine? We enshrined the principle that the levels of government in this country are committed to promoting equal opportunities for the well-being of Canadians; promoting further economic development to reduce disparity in opportunities; providing essential public services of reasonable quality to all Canadians; and we are committed to the principle of equalization payments that ensure that provincial governments have sufficient revenues to provide reasonable, comparable levels of public services at reasonable, comparable levels of taxation.

Senator Kirby will recall some of the great discussions we had at the conference centre before we arrived at the right wording of those particular sections. At times we were helped by — it is interesting how life works — people such as Senator Beaudoin, who as a constitutional expert was advising the Government of Canada at the time, with then Prime Minister Trudeau in the chair.

One thing we must remember is that equalization is but one of the major tiers of federal-provincial sharing. The other programs, which we called EPF programs, would basically make up the block funding for medicare, health services, education and social services. When we discuss equalization in terms of what the program has done to ensure that section 36 has been adhered to — and that is providing essential public services of reasonable quality to all Canadians — we also have to look from time to time at the other programs of provincial-federal sharing to see what has happened to those programs over the past 20 years.

What is equalization? I am not an expert on equalization. I listened over the years to many experts discussing how it works, but I will tell you this: It is very complicated. It takes more than one chartered accountant to explain what it is all about.

According to a formula in legislated regulations, provinces with revenue-raising capacities below a standard receive an equalization transfer from the federal government to bring their per capita fiscal capacity up to the standard. Fiscal capacity is measured by examining the ability to raise revenue from about 30 tax bases or revenue sources. The standard measure is the fiscal capacity of the five middle provinces: Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

[Senator Buchanan]

• (1440)

The principle underlying equalization is that the federal government has a responsibility to ensure that each province has adequate revenue to provide a minimum level of public service without recourse to exceptionally high levels of taxation. This is accomplished through unconditional grants that make up the difference between actual provincial taxes or revenues and some measure of the highest average or representative levels of the same tax rates or revenues.

Equalization associated with each revenue source is determined as the difference between the average per capita yield of a revenue source in the standard set by the five middle provinces and the per capita yield in that province — Newfoundland, Nova Scotia, New Brunswick, et cetera. The amount is calculated for each revenue source. The per capita difference and excesses — because there are excesses — for all revenue sources are combined.

When a province has a net per capita deficiency, that deficiency is multiplied by the provincial population to determine the equalization entitlement. Through that exercise each year, it is determined that Alberta, Ontario, and British Columbia have no equalization entitlements.

I think honourable senators will agree with me when I say that it is a very simple situation. I do not understand much of what I just said, but I know that the system works. We have had it for a long time, so it must work.

I remember attending a federal-provincial conference. The Minister of Finance was explaining the formula, and one of the premiers asked that the minister repeat the explanation in simple English. The minister replied that he could not because he would need to speak to his bureaucrats to find out what he had said.

Honourable senators, equalization is a complicated process. In simple terms, equalization is designed to provide a province with the per capita revenues that it would receive from its own revenue sources equal to the per capita revenue set by the standard. That is the principle of equalization.

Has it worked? Yes and no. Unfortunately, over the years, equalization has not worked as well as we anticipated, or hoped, because we still have a disparity among many of our provinces. There is not the equality that we would like to see and there probably never will be.

Let me talk about Nova Scotia and Newfoundland. We have a rather special situation. We are protected for a 10-year period when our accords trigger. That would bring Nova Scotia to the year 2004. Until that time, there is a reduction in the clawback. The ratio was 90 per cent to 10 per cent, then 80 per cent to 20 per cent, and so forth through to the year 2004 when the dollar-for-dollar formula kicks in.

Some say that this is a bad formula. It certainly is if one looks at what has happened in the last 10 years or 15 years in this country.

The same technique applies in Newfoundland. I believe that the clawback in that province is currently about 25 per cent because of new revenues. In Nova Scotia, the clawback is 20 per cent to 25 per cent.

When those accords were put into effect, it was anticipated that there would be changes in the equalization formula at the end of the 10-year period. The finance minister has said that there will be no changes in the equalization formula at the present time, but he has not said that there will be no changes. He said that there will be changes in the equalization formula in the year 2004.

Those changes, of course, must ensure that those provinces that have been lagging behind while others have been steaming ahead will be assisted. Those changes must ensure that this gap of disparity is closed.

Also, we must ensure by 2003 or 2004, when there will be a new equalization formula, that the changes will enable provinces like Nova Scotia and Newfoundland to take more advantage of their new resources. It was always anticipated that Nova Scotia and Newfoundland would receive 100 per cent of all offshore resources, whether rentals, royalties or through provincial taxation. We were to get it all. We will be striving for changes over the next two years or three years.

Honourable senators, why should that be? Why should we not lose dollar for dollar at the end of the 10-year period? Let me tell senators why.

I was in the provincial legislature when programs for medical care and hospitalization came into being in the late 1950s and 1960s. The cost of those programs was shared 50-50 by the provincial and federal governments. The provinces would raise funds by direct taxation in the form of a sales tax, which at that time was called a "hospital tax" in Nova Scotia, to pay for medicare and hospitalization. The same applied in the other provinces.

That system is entirely in keeping with what was enshrined in the Constitution in 1982. Equalization addressed regional disparities in the provision of essential public services of reasonable quality to all Canadians. Thus, equalization must be tied in one way or the other to federal-provincial cost-shared programs.

Honourable senators should note that the 50-50 cost-sharing arrangement shifted during the 1970s and the early 1980s. There was a shifting of tax points to the provinces that accounted for some of the increased payments by the provinces. The provincial share has risen from 50 per cent up to about 65 per cent. In the last 10 years, the balance has shifted even more. A province such as Nova Scotia is now paying approximately 87 per cent of these

cost-shared programs and the federal government is paying 13 per cent.

What does that mean? It means that the provinces must rely more and more on unconditional grants.

The Hon. the Speaker: Honourable senators, I am sorry to interrupt the Honourable Senator Buchanan, but his 15 minutes have expired. Does he wish to continue?

Senator Buchanan: Yes.

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

[Translation]

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, as we have been in the habit of doing recently, particularly with shorter sittings, we certainly consent to an honourable senator being allowed a reasonable additional amount of time in which to conclude his speech. This should not drag out into an endless question period.

[English]

The Hon. the Speaker: Leave is extended for a reasonable period of time.

Senator Buchanan: Honourable senators, the cost-sharing programs have not been working in favour of the provinces, particularly the Atlantic provinces. I am not in any way shutting out the Western provinces, but we do have the problems of health care and other matters in the Atlantic provinces.

• (1450)

How will that be resolved, honourable senators? It is quite obvious that the federal government will not do much to shore up our problems with health care over the next few years. The federal government put new dollars in, but that only served to restore what we had in 1994. We remain in a position whereby the provinces pay over 80 per cent, and the federal government pays between 12 per cent and 15 per cent, depending on the individual province.

This funding has not actually been restored, but there has been a shift, and the provinces must use part of their equalization monies to bring them up to the reasonable standard as set out in section 36 of the Constitution. Thus, that disparity — the gap — between some of our provinces must be reduced.

Honourable senators, it is interesting to note that in Nova Scotia and Newfoundland we could do that on our own, over the next number of years. We are currently transmitting some 500 million cubic feet of natural gas per day by pipeline to the New England states. That will escalate to approximately 1 billion cubic feet of natural gas within the next three or four years. If we are able to solve our problems between Newfoundland and Nova Scotia, there will be an additional 10 to 15 trillion cubic feet of natural gas available, located between Cape Breton and Newfoundland.

We can do it alone; we can stand on our own two feet. That was the idea throughout the 1980s — that we could do it alone. However, we need assistance to close that gap for a few years. That is why, when the equalization discussions are underway in the next year or so, I am hopeful that that will be taken into consideration. I am hopeful that, as during the 10 years from 1994 to 2004, there will be another period of time during which we will not face clawbacks until we are able to fully stand on our own two feet, in an economic sense.

Honourable senators, it is not too much to ask for provinces such as Nova Scotia, Newfoundland and New Brunswick. The latter will have IT programs that will prove to be revenue producing. It is time for the whole country to assess the situation and do something to ensure that these provinces do not simply receive handouts.

However, we will be able to stand on our own two feet, in an economic sense, based on our own resources, and we are hopeful that they will not be clawed back. Newfoundland is expecting to achieve that goal also. We can achieve that in the next two or so years, and then we can have a new equalization formula that ensures a resolution to the disparity between “us” and “them.”

Honourable senators, what shall we do with this bill? As a result of the cutbacks in the EPF and the fact that we will reach the end of the 10-year period soon, when the clawbacks will not cease but will be 100 per cent, we should have a new formula. I believe that the Senate has a role to play in this matter.

What is the role of the Senate? The Senate was created as the house of sober second thought. There are many jokes about that phrase, but that is precisely one of the main reasons that this house was created.

The other reason was provided by the Fathers of Confederation, especially Joseph Howe, a Nova Scotian who was capable of great foresight. He knew that a time would come when Central Canada would grow and become wealthy, trampling Atlantic Canada in the process. That is why he was an anti-confederate in the 1860s. Joseph Howe was in Boston once, where he spoke to a group of Nova Scotians who were living there. He said to his fellow countrymen from Nova Scotia that they should brag about their province. He said that, whenever a Texan was in their midst talking about how big things are in Texas, they should ask about how high the tides are in Texas, because we have the highest tides in the world.

We must begin to think about the glories of places such as P.E.I., Newfoundland, Nova Scotia and New Brunswick, and the fact that the Fathers of Confederation created the Senate to protect the extremities of our country from big, bold, wealthy Ontario, Quebec and, now, Alberta.

The Senate has that role. If we could return to those basic two roles — the house of sober second thought that is here to protect, as needed, regions of Canada — then we would certainly be following the mandate that our Fathers of Confederation provided in 1867.

[Senator Buchanan]

Honourable senators, we should remove the cap from a bill such as this. It is a simple bill, and we could do more than simply remove the cap. We could, as senators, deal with this bill by having an in-depth, comprehensive study on equalization. That is what the Senate is all about, or it should be all about. This bill should be referred possibly to Senator Murray's committee, so that they could prepare such an in-depth study.

Leave the cap off the bill for a period of time, which the provinces would like to see. Do not replace the cap but, rather, leave it off and put the bill in abeyance for a period of time. In that way, a Senate committee could prepare an in-depth study.

Honourable senators, it is fine to remove the cap for one year. However, it should be permanently removed for the next number of years. As far as I am concerned, this would help, over the next number of years, to narrow the disparity — the gap — that exists between our provinces. In that way, we would ensure that we are following the mandate of the Senate.

Hon. Pat Carney: Would the honourable senator accept a question?

Senator Buchanan: Absolutely.

[Translation]

Senator Robichaud: Honourable senators, when leave was granted to Senator Buchanan to conclude his speech, that did not mean that a question period would then follow. This might prevent other senators from speaking to other bills, if they so wish.

All that the senator was granted leave to do was to conclude his speech within a reasonable period of time.

[English]

Senator Carney: On a point of order, there have been other examples in this house of permission being given to speak beyond the allotted time. It has been made clear that that permission, under the present *Rules of the Senate*, is unconditional. That would mean that I could ask my question of Senator Buchanan.

The Hon. the Speaker pro tempore: Honourable senators, I was not in the Chair when that occurred. Therefore, I will give Senator Carney leave to ask questions of Senator Buchanan, if that permission was unlimited.

[Translation]

Senator Robichaud: Honourable senators, I have an objection to make. Both sides of this chamber had agreed that we would allow honourable senators to speak longer, up to a reasonable period of time, but not further. I have no problem with the fact that Senator Buchanan exceeded this limit, but the consent was not to the effect that his time limit could be extended to include a period of questions. We had already agreed on that.

[English]

• (1500)

Senator Carney: Honourable senators, my question to Senator Buchanan deals with this question of disparity.

Senator Robichaud: Honourable senators —

The Hon. the Speaker *pro tempore*: The question is: What is a reasonable period of time? The leave granted was for a “reasonable” amount of time.

[Translation]

Senator Robichaud: Honourable senators, leave was granted to allow Senator Buchanan to conclude his speech. I did specify that we should not get into an endless period of questions afterwards. My intention was to give some time to Senator Buchanan to conclude his remarks.

[English]

Hon. John Lynch-Staunton (Leader of the Opposition): Honourable senators, if I recall Senator Robichaud’s indication, it was that he would allow Senator Buchanan to go over the 15 minutes, but for a reasonable period of time. I am trying to recall whether he said after that that it would be the end of the debate. I do not know that that was his intent, but I do not think it was as explicit as it should have been. Perhaps we could allow Senator Carney to ask her question and bring the debate to an end after she is through.

The next time the honourable senator wants to give conditional leave, let us understand that it will be for not more than five minutes, questions and speech included, rather than leaving it vague as we did today.

[Translation]

Senator Robichaud: Honourable senators, I get along very well with the Leader of the Opposition, who always does his best to make sure that things move along quickly. I agree with his suggestion to allow Senator Carney to ask a question of Senator Buchanan and to also allow him to reply.

The Hon. the Speaker *pro tempore*: Honourable senators, as you know, extending the time given to a senator is an issue that is being examined by the Standing Committee on Privileges, Standing Rules and Orders. The committee is discussing what a reasonable period of time should be.

Honourable senators, today I will allow the honourable senator to ask a single question and to get an answer.

[English]

Senator Carney: Thank you.

For the record, yesterday, Senator Bryden spoke longer than his time and was allowed questions. There needs to be consistency here.

My question deals with representations —

[Translation]

Senator Robichaud: Honourable senators, I wish to point out that Senator Bryden did not get leave of the Senate to continue his remarks. I would like to set the record straight. Senator Bryden spoke after a question was put to Senator Banks.

[English]

Senator Carney: Senator Buchanan spoke eloquently about the concept of equalization, saying that it was equalizing the disparity between public services being offered to provinces based on standards set by the middle provinces. The honourable senator made that the basis of his argument, saying that extra revenues should be taken into account.

I wish to point out the disparity of representation in the Senate between the two Western provinces that pay into the pot, Alberta and B.C., which together have a total of 12 senators, and the Maritime provinces which have 30 senators. That is a disparity of representation. If a Senate committee is to deal with this issue of equalization, how can the Senate deal with the issue that the representation on that committee will be totally biased in favour of the have-not provinces and against the have provinces?

Senator Buchanan: Honourable senators, I have a simple answer to the honourable senator’s question. I am very fair about this situation. In 1990, over at the conference centre, Premier David Peterson said, “Let us be fair in this country. We will give up some of our Senate seats in Ontario to the West, if John Buchanan and Frank McKenna will do the same.” I said, “I certainly will agree to give up one of our seats in Nova Scotia, if Frank McKenna agrees to do the same thing.” It is a good thing it did not go through. If it had, I would not be here today.

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

[Translation]

INCOME TAX AMENDMENTS BILL, 2000

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Banks, seconded by the Honourable Senator Wiebe, for the second 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. Roch Bolduc: Honourable senators, Bill C-22 amends the Income Tax Act in order to enact as law the decisions taken by the government in its February 2000 budget and its October 2000 economic statement and update.

We had two budgets in the year 2000. The winter budget was to announce tax cuts which seemed sizeable, because the minister focused on the results after five years, but were in fact minimal for the current year, so minimal in fact that his buddies in the Toronto business community tore a strip off him and informed him that his February decisions were not realistic, not in the least, for North America in the year 2000.

Honourable senators, the minister feigned surprise. I think he was well aware that his actions were not bold enough. So aware that, after a summer of reflection and the Prime Minister's strategy of going to the people in the fall, the real 2000 budget came out in October to correct the faulty aim of the previous spring.

In governmental parlance, this is called a budget update. In reality, since the minister's key decisions could be implemented from January 2001 on, we had a second year-2000 budget, with the result being that we are very unlikely to have one in the year 2001. The government will run on autopilot all year.

I do not know whether many Western democracies bring down two budgets in an election year and none the year following. Perhaps the minister, after giving the matter some thought over the coming summer, will decide in the fall to bring down a new budget. I will not describe all the tax provisions in this bill, which Senator Banks presented to us some ten days ago.

I would, however, like to point out one general feature of it: the discriminatory nature of all the measures. Under the guise of tax equity, the government is here and there changing tax tables, credits, exemptions and deductions as if to shape a true mosaic of the tax efforts of each individual according to his or her ability to pay.

No end of distinctions are being made here and there in the case of people and business. The search is for an ever more perfect equity, except that the criteria for evaluating perfect equity vary with the taxpayer. I would be tempted to paraphrase: Oh equity, what injustice is committed in thy name!

Look at this bill in my hand. It contains 500 pages requiring 650 pages of explanations and a two-inch-thick ring binder to explain it all to us. This is the symbol of a tax system that discriminates *ad infinitum*.

There is always a good excuse: number of children, physical state, current studies, workers' mobility, type of work, type of immigrant, the sort of business — high tech or traditional

business — sales figures, investment type, type of trust and so on.

• (1510)

We might say that, somewhere in the Department of Finance, they have an artist's sketch of the perfect taxpayer, individual or business, and are trying to transpose it into the tax system, when everyone knows that, in order to administer the range of government programs, often themselves the result of different pressures brought to bear by the ministers, the government needs revenues, which it will take out of taxpayers' pockets according to various formulae that are also the product of the various pressures brought to bear on it, especially from the most mobile voters.

Another example, honourable senators, of the tax process I want to bring to your attention is the fact that we are currently examining decisions made probably in December 1999 or January 2000, that is, some 18 months ago, and many binding decisions made since February 2000, that is, 15 months ago. It seems to me that there is a major hitch in the parliamentary process. The representatives of the people, other than the government, should be invited to vote on tax laws as quickly as possible after the budget. I appeal here to the Leader of the Government in the House of Commons to improve sessional proceedings.

We have now reached the point where tax laws are no longer important, and this is unacceptable. They are the most important laws because, as you know, taxes are a kind of organized robbery. The government can take our money. This is serious. These laws should get priority. Of course, we respect the secrecy required until the minister delivers his budget speech. However, the government should not wait six months to introduce the related bills.

Finally, the Minister of Finance, a fellow who always has a smile on his face, who is a smooth talker and a man of great humour, behaves like a Bay Street baron in our British type of Parliament.

His discretionary powers are such that one must almost be reckless to accept a job with such responsibilities. He makes the decisions about taxes, he announces binding decisions for a specific date, he manages the national debt and the borrowings without any interference on the part of the elected members of Parliament, he deals with international financial institutions such as the International Monetary Fund and the World Bank without members of Parliament having any say in the process, he forgives the debt of poor countries with a stroke of a pen, he signs international agreements that commit our country, he administers pensions without an annual review by the two Houses of Parliament, he pays salary increases resulting from collective agreements in the public service, all without the involvement of parliamentarians, and so on.

If we add to this the ministerial discretion regarding foreign relations and treaties, I can only conclude that, except for the legislation, parliamentarians impact on barely 20 per cent of the budget, at most.

It is always said to be 30 per cent, but in fact salaries account for a significant part. In the end, the discretion that we have to examine government spending covers between 15 per cent and 20 per cent.

It seems to me that this oligarchic form of management of our parliamentary system requires an in-depth reform to somewhat adjust the balance of power. There is an undue concentration at the level of the executive branch, and this could lead to terrible abuse. I call on you, honourable senators, to see if we could change the situation through a reform of the Senate, among other initiatives, to counterbalance the heavy centralizing tendency that affects our whole system.

[English]

The Hon the Speaker pro tempore: I wish to inform the Senate that if the Honourable Senator Banks speaks now, his speech will have the effect of closing debate on the motion for second reading of this bill.

Hon. Tommy Banks: Honourable senators, I am sure all honourable senators concur that we ought to do everything that we can to ensure that Parliament's responsibilities are properly carried out, with alacrity.

I also concur with the remark that this bill is discriminatory. In the view of government, I think it is fair to say that it is discriminatory in that it makes the largest tax cuts among those Canadians who need those largest tax cuts the most, a discrimination with which I am sure the honourable senator would agree.

However, in order that it be properly studied — and I hope it will be done with alacrity in order that we can make the payments which Canada's families and children will be due when this bill is passed — and I do hope we deal with it in jig time — I move that the bill be read the second time and referred to the Standing Senate Committee on Banking, Trade and Commerce.

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

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

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

[Translation]

BUDGET IMPLEMENTATION ACT, 1997 FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Morin, seconded by the Honourable Senator Gill, for the second reading of Bill C-17, An Act to amend the Budget Implementation Act, 1997 and the Financial Administration Act.

Hon. Roch Bolduc: Honourable senators, Bill C-17 amends the Budget Implementation Act, 1997 and the Financial Administration Act.

I wish to congratulate the newly arrived Senator Morin on his speech on the importance of research to the Canada of the future and on the government's efforts in this regard. I see that he has enthusiastically supported the government's points of view. Perhaps he even helped to shape them. That would not be new.

Why revisit the Budget Implementation Act, 1997? Because it was in that year's budget that the Minister of Finance announced the creation of the Canada Foundation for Innovation and funding of \$800 million to that body for the purpose of modernizing and expanding our country's research infrastructure. Since the government decided in October 2000 and February 2001 to increase the funding available to the foundation by one and a quarter billion dollars, the Budget Implementation Act, 1997, had to be amended accordingly.

You will recall, honourable senators, that, at the time, Mr. Martin had included all the funding for this foundation, which did not yet legally exist, in the 1996-97 accounts.

Not only was this an accounting practice the Auditor General had strongly and quite rightly denounced, but parliamentarians, at least those in the opposition, had harshly criticized the government for failing to respect the rules that govern our democracy. It seemed to us that an agency established by legislation should first be created by the chambers before the government allocated public funding to it.

I must say that, since this oversight by the Minister of Finance, he has been more respectful of something as elementary as sound parliamentary practice.

We on this side of the chamber have no objections to more funding for the Foundation or to the additional money for the Canada Council for the Arts and other granting bodies.

We must be aware, however, that ministerial accountability is again taking a beating. I note with regret that an administrative regime is gradually being implemented in Canada that makes it harder and harder for simple representatives of the people, MPs and senators, to carefully monitor the administration of public funds, although this should be their primary role.

Governments, and I say “governments” by design because there has been a trend for several decades now in both Ottawa and the provinces, have invented a whole range of administrative instruments over and above the departments to operate governmental programs and public services. If it is not Crown corporations or agencies, it is special agencies or relatively independent offices or administrative commissions with their own powers of administration and regulation or semi-judiciary powers.

So much so that it has become extremely difficult for the lay person, let alone the average parliamentarian, to get behind all these overlapping administrations and get a clear picture of how legislation is being enforced or funds allocated, or a clear picture of the possible discretionary abuses.

It could almost be said that our legislation is intended to confuse people, to give ministers the joy of saying yes, and to hand over to the administrative process the responsibility for administering billions of dollars in accordance with criteria that are more or less unknown to the public, with the exception of lobby groups and the administrators who deal with them. This alters people's behaviour. For example, certain academics have become specialists in the preparation of funding applications, taking away from the very precious time they have available to them. I observe these practices with regret, since they tend to erode our principles of frugality with the public purse.

Fortunately, honourable senators, the second aspect of the bill we are addressing stipulates that Parliament must in future expressly authorize any borrowing by the State. It is the responsibility of the Minister of Finance to authorize the operations, because it appears that DND, among other departments, may have bypassed this requirement in the past. I therefore feel that it is right for there to be tighter control on the level of indebtedness, and who better to have that control than the Minister of Finance?

• (1520)

Finally, honourable senators, the Canada Pension Plan Investment Board is again, like other Crown corporations, exempt from the application of Part X of the Financial Administration Act. This is the correction of a technical error in a 1998 law.

Along the lines of what I was saying earlier, I remind you that this Board invests the contributions of public sector contributors, a little like the Caisse de dépôt in Quebec. You will recall that, when the Minister of Finance appeared before our committee of

[Senator Bolduc]

the whole, a few years back, we asked the government some serious questions on this new institution, which may exercise in Canada discretionary economic powers more considerable than those of the ministers of the Crown. In the past three years, we have heard a lot of talk of this future monster, which I had asked the minister to break down into a number of units so the relative performance of this group of investors could be measured. Unfortunately, the minister ignored our appeal. We will, soon, I hope, have the opportunity to consider the Board's activities.

In conclusion, in the same bill, the government is introducing agencies not reporting directly to a minister in the distribution of public funds. In this regard, it is headed toward a sort of increased margin of discretion for administrative agencies. In the second part of the bill, the government tightens its controls over the whole bureaucracy and exempts another board so that we end up with a bill containing three principles. There is no common thread on the subject of the government's accountability, on the contrary, there are three different principles.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Morin, bill referred to the Standing Senate Committee on National Finance.

[English]

CUSTOMS ACT

BILL TO AMEND—REPORT OF COMMITTEE —DEBATE ADJOURNED

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on National Finance (Bill S-23, to amend the Customs Act and to make related amendments to other Acts, with amendments) presented in the Senate on May 17, 2001.

Hon. Tommy Banks: Honourable senators, in the unavoidable absence of the chair of the committee and of the deputy chair, and as the third member of the steering committee, I take pleasure in moving the adoption of this report.

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

Hon. W. David Angus: Honourable senators, the government has declared that this bill represents a bold and innovative step forward in its plan to modernize the processing of goods and people crossing Canada's borders and to promote Canadian competitiveness and prosperity in the world marketplace by streamlining the movement of legitimate trade and travel.

Whilst I believe that the government has lapsed into hyperbole once again in describing the benefits likely to result directly from this bill, and although even these benefits will not be realized for years, I acknowledge that Bill S-23 is, by and large, a good bill with important potential for Canada. It represents a sound development in implementing our nation's forward-looking customs action plan.

Honourable senators, you may recall from my speech at second reading on May 3 that I highlighted a number of areas of concern with this bill. All these points were addressed when the bill was before the National Finance Committee, and I am happy to report that the majority of my concerns have been resolved. My colleagues and I, together with our staff, will continue working to resolve those matters still outstanding, but we are now comfortable that the bill and the forthcoming regulations relating to it, which are due to be enacted concerning its principal measures, have been sufficiently dealt with.

Although Bill S-23 did receive a reasonably thorough analysis and review at committee, honourable senators, there was not sufficient time to hear from all the interested parties who have become sensitized as a result of our interventions to some of the far-reaching consequences of the legislation and its potential implications through regulations.

The National Finance Committee heard from several key stakeholders, but other groups, including the sales and commodity tax section of the Canadian Bar Association and the Canadian Courier Association were, for one reason or another, unable to attend the hearings.

While I believe that the Senate has done justice to the bill in large measure, I take some comfort in knowing that these groups and others will have the time to prepare presentations to be made in committee in the other place. I am grateful to the chair of the National Finance Committee, our honourable colleague Senator Murray, for reading into the record correspondence from one of these groups but, frankly, honourable senators, I feel that their physical presence before a parliamentary committee, where a more thorough explanation of their issues could take place, would have better served the public interest. That is why I have had my staff assist these groups *inter alia* to be in touch with the appropriate committees in the other place.

Honourable senators, last week it became apparent that the impatient Liberal majority on the Senate Finance Committee was not prepared to extend the time for consideration of the bill so as to hear from additional witnesses or to agree, at least, to the annexing of a statement of observations and recommendations to the committee report. That was unfortunate but not the end of the world since, as I say, the bill must still be considered in the other place, including study there at committee stage.

For the record, though, I should like to indicate the general tenor of the statement of observations and recommendations my colleagues and I on this side have in mind. First, testimony both from industry witnesses and from officials of the Canada Customs and Revenue Agency, the CCRA, made it apparent that Bill S-23 has outstanding potential. However, they also indicated that the regulations required to implement these initiatives, and particularly the administrative monetary penalty system, AMPS, and the Customs Self-Assessment System, or the CSA program, will in actual fact contain most of substance of the measures intended to be brought in by the bill.

As such, short of seeing the regulations themselves, we would have liked the committee to formally recommend that the government table the regulations in draft form before both Houses of Parliament and refer them to the appropriate committees for review and study before enactment. As I and numerous other honourable senators have said from time to time recently, we are concerned that we are moving farther and farther down the road to rule by regulation. We do not know, when we pass the enabling legislation, what the regulations will say and how far they will go. I note that the minister and the senior officials from the CCRA assured the committee that the regulations pursuant to Bill S-23 will receive ample informal review and pre-study by all interested stakeholders.

Honourable senators, I submit that every effort should be made to ensure that that review in fact happens. The officials from the agency have confirmed that only a relatively minor percentage of the goods imported into Canada by importers will be eligible for the CSA program at its inception. Given that this program has been touted as the foremost initiative of Bill S-23 and our volumes of trade are increasing significantly, we would have welcomed the specific recommendation by the committee to the effect that the agency continue to work closely with other involved government departments to ensure that the CSA program applies immediately to many of the specifically regulated goods over which this department does not have jurisdiction, especially food and pharmaceutical products.

• (1530)

As well, given the grave concerns raised by the Privacy Commissioner as a result of reported incidents of mail being opened by customs officers, we also would have liked the committee to specifically recommend to the government, particularly the Ministers of Immigration and National Revenue, that they reconsider the recommendation of the Privacy Commissioner to refer mail that does not contain solid objects to the Department of Citizenship and Immigration Canada unopened. The CIC could then obtain warrants to open this mail if it had reasonable grounds. Since the great majority of envelopes detained for CIC do contain solid objects, this should not impose an undue administrative burden on the resources of the CIC.

Honourable senators, at second reading, I said that these concerns should be studied and that a balance should be struck between the state's need to control the possible flow of illicit items across our borders and the rights of Canadian citizens to a reasonable degree of privacy, to which they are assured under our Constitution.

The committee heard from representatives of the Canadian Bar Association — and I find this important to note — that in their opinion certain provisions of Bill S-23 are unconstitutional, being in direct violation of the Charter of Rights and Freedoms. I understand that Senator Murray will make specific reference to this particular concern next Tuesday, as the debate on third reading continues.

I would simply add that given current global phenomena, such as money laundering, illegal drug activity, the outbreak of foot and mouth disease, and the increase in human smuggling in illegal immigration, I believe more debate on these privacy issues is needed before we can definitively state that a reasonable balance has been struck.

Honourable senators, I believe it is reasonable that we should take at face value the assurances from Minister Cauchon and the officials from the CCRA that our export and import industries, and all the interested players, will receive fair and just treatment in the application of the measures under the proposed customs or monetary penalties under the AMPS program. However, I submit that we, as senators, should all be careful and vigilant to ensure that the new rules and regulations, when enacted, will in actual fact enhance, rather than inhibit, Canada's trade, as intended by the bill.

Honourable senators, those are my comments for the record in connection with this bill and in regard to the report.

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

[Translation]

BUSINESS OF THE SENATE

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, on Wednesday we try to conclude the business of the Senate as close to 3:30 p.m. as possible to permit the committees to sit. I ask that all items on the Order Paper and Notice Paper that have not been reached stand in their place.

[English]

IMPERIAL LIFE ASSURANCE COMPANY OF CANADA CERTAS DIRECT INSURANCE COMPANY

PRIVATE BILLS—MOTION TO SUSPEND RULE 115 ADOPTED

Leave having been given to revert to Notices of Motions:

Hon. Lorna Milne: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(a), I move:

That rule 115 be suspended with respect to Bill S-27, An Act to authorize The Imperial Life Assurance Company of Canada to apply to be continued as a company under the laws of the Province of Quebec, and Bill S-28, An Act to authorize Certas Direct Insurance Company to apply to be continued as a company under the laws Province of Quebec.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Thursday, May 31, 2001, at 1:30 p.m.

APPENDIX

P.C. 2001-569

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by Her Excellency the Governor General on the 3rd of April 2001

Whereas achieving and maintaining good health and ensuring universal access to quality health services is a matter of concern to all Canadians;

Whereas in September, 2000, all First Ministers on behalf of Canadians affirmed their support for a common vision for health and for the five principles embodied in the *Canada Health Act*;

Whereas all First Ministers, in addition to agreeing on specific measures, committed themselves and their governments to a partnership to strengthen and renew health services for Canadians;

And whereas the strong attachment of Canadians to a health system that meets the needs of all Canadians and the commitment of governments to work together constitute the foundation for a public dialogue on the long-term sustainability of Canada's publicly funded health care system;

Therefore, the Committee of the Privy Council, on the recommendation of the Prime Minister,

- (a) advise that a Commission do issue under Part I of the *Inquiries Act* and under the Great Seal of Canada appointing Mr. Roy J. Romanow, Q.C., as Commissioner to inquire into and undertake dialogue with Canadians on the future of Canada's public health care system, and to recommend policies and measures respectful of the jurisdictions and powers in Canada required to ensure over the long term the sustainability of a universally accessible, publicly funded health system, that offers quality services to Canadians and strikes an appropriate balance between investments in prevention and health maintenance and those directed to care and treatment;
 - (b) direct that the Commissioner be authorized to conduct the work of the inquiry in two stages, the first focusing on fact-finding resulting in an interim report and the second emphasizing dialogue with the Canadian public and interested stakeholders based on the interim report;
 - (c) direct that the Commissioner submit an interim report (based on the work conducted in stage one), in both official languages, to the Governor in Council in approximately nine months, and a final report (based on the interim report and the work conducted in stage two) with recommendations, in both official languages, to the Governor in Council on or about November, 2002; and
 - (d) advise that the Commissioner
 - (i) be authorized to appoint advisers and create advisory mechanisms as he deems appropriate for the purpose of the inquiry,
 - (ii) be authorized to consult with provinces and territories and groups and individuals having an interest in or responsibility for health care in Canada and to use the means and vehicles required to ensure that a dialogue with Canadians occurs during the course of the inquiry,
 - (iii) be authorized to adopt such procedures and methods as he may consider expedient for the proper conduct of the inquiry, and to sit at such times and in such places in Canada as he may decide,
 - (iv) be authorized to rent such space and facilities as may be required for the purposes of the inquiry, in accordance with Treasury Board policies,
 - (v) be authorized to engage the services of experts and other persons as are referred to in section 11 of the *Inquiries Act*, at such rates of remuneration and reimbursement as may be approved by the Treasury Board,
 - (vi) be directed, in making his interim and final reports, to consider and take all necessary steps to protect classified information, and
 - (vii) be directed to file the papers and records of the inquiry with the Clerk of the Privy Council as soon as is reasonably possible after the conclusion of the inquiry.
-

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