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THE HONOURABLE DAN HAYS
SPEAKER

CONTENTS

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THE SENATE

Tuesday, March 25, 2003

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

Prayers.

gender, that the war in Iraq will be short-lived, with a minimum of casualties on both sides, and that peace, when it comes, will be just and lasting.

SENATORS' STATEMENTS

WOMEN IN SITUATIONS OF CONFLICT

Hon. Elizabeth Hubley: Honourable senators, the invasion of Iraq is well underway and, once again, women are at risk, both as combatants and as innocent civilians. Indeed, the prelude to war certainly showed us the contrast in circumstances of women at times such as now.

Just last week, at a secret military staging area inside Kuwait, a 60-year-old grandmother prepared to fly her helicopter into combat, while in the Iraqi capital of Baghdad, a pregnant woman rushed to have her unborn baby delivered by Cesarean section before the bombs started to fall. Of course, the bombs did fall and they continue to fall — not harmlessly, as some would like us to believe, but with terrible consequences.

Both of these women, I am sure, hope for a better world. Both of them, almost certainly, would prefer to be safe at home with their families with only peace on the horizon. Unfortunately, this is not the reality that either of these women is facing.

Honourable senators, I should like to join with other members of the Canadian Committee on Women, Peace and Security, a joint initiative of parliamentarians, government officials and others, in asking you to take time this year to consider the plight of women in serious situations of armed conflict.

I would also ask that honourable senators keep in mind that while women are victims of the violence and helpless refugees, they are also peace negotiators, leaders and activists.

United Nations Security Council Resolution 1325 on Women, Peace and Security was passed unanimously in 2000. It reaffirms the important role that women play in the prevention and resolution of conflicts and calls on member states to involve women in all aspects of negotiating and implementing peace agreements. If progress is to be made toward building a more peaceful, cooperative and just society, where human security is valued and is paramount, women need to be involved as equal partners in peacemaking and in peace-building work.

Honourable senators, March 8 was International Women's Day. Women throughout the world desire to be at the peace tables rather than on the battlefields. It is my hope, as I know that it is the hope shared by every person in this chamber, regardless of

CANADA-UNITED STATES RELATIONS

WAR WITH IRAQ

Hon. E. Leo Kolber: Honourable senators, I rise to speak to the war in Iraq and to the matter of Canada's decision not to participate and its impact on Canada's relations with the United States.

It is one thing to disagree with the United States, as the government has done in the exercise of our sovereignty, but it is quite another for some members of Parliament, including members of my own caucus, to state their position in a language that would be deemed unparliamentary, either in this place or in the other place.

I also deeply regret the burning of American flags by peace demonstrators and the booing of the American National Anthem at a hockey game in Montreal. We Canadians would be the first to be scandalized by the burning of our flag or by the booing of our anthem in the United States. We should not be surprised, then, if some Americans vote with their wallets by deciding not to visit Canada or buy Canadian products.

Honourable senators, let me be clear. Some of the outbursts of anti-American sentiment that we have been hearing within the very precincts of Parliament are both intemperate and intolerant. Suffice it to say that discrimination comes in many pernicious forms, whether against Jews, cultural communities or Americans. Anti-Americanism is just as detestable and unacceptable as anti-Semitic or anti-Arabic sentiment or the dissemination of hatred against "any identifiable group." That is not just a matter of opinion; it is a matter of legal fact in the Criminal Code. It is also a matter of decency. Good neighbours do not spit across the back fence; they talk across it. Good neighbours also mend fences when need be rather than tearing them down.

We all acknowledge that this is a difficult time. America and Britain made a difficult decision to go to war in Iraq. Canada made an equally difficult decision not to participate because the use of force was not authorized by the Security Council. We can disagree with Americans on this matter, as we have, but there is no need in exercising our sovereignty to be sanctimonious or obnoxious. If the choice is between the U.S. and the Iraqi regime, there is no moral equivalency between the two.

We have been reminded since the beginning of war that, as predicted, Iraqi forces set fire to their oil wells in southern Iraq with no thought to the loss of their own nation's wealth or the potential environmental consequences for the entire Persian Gulf region. As predicted, Iraqi forces are placing human shields between their own positions and advancing coalition forces. As

suspected, terrorist camps have been identified in the north, where a journalist was killed on the weekend by a suicide car bomber. As we know, Saddam Hussein cuts out the tongues of Iraqis who speak against him, leaving them to bleed to death in the street. His torture methods include rape of wives and daughters in front of their families. As we know, he pays blood money to the families of suicide bombers to blow up innocent Israelis.

No, honourable senators, I do not see a problem in choosing between Saddam Hussein and George W. Bush. Choosing war is difficult; choosing sides is not.

In 1939, on the eve of the Second World War —

The Hon. the Speaker: Honourable senators, I regret to inform Senator Kolber that his speaking time has expired.

Hon. Gerry St. Germain: Honourable senators, like many of you, I am disturbed by the situation in Iraq. Many Canadians are saying, "Shame on the Government of Canada for not standing with our allies and friends." For 135 years Canada has made and has had a common cause with the Americans, the Australians and the British. Now we have abandoned our allies when they came calling for help.

• (1410)

Our Prime Minister seemed to be defending Saddam Hussein's right to power when he said, "It is for the local people to change the government." Saddam's opponents have not been able to nominate anyone else who might hold Iraq together. Anyone seen as a threat to Saddam's control was simply eliminated.

People are in constant fear of being denounced as opponents to the regime. Saddam is responsible for the deaths of hundreds of thousands of his people. He has bulldozed 4,000 villages and used a variety of weapons, including chemical agents, on his own people. Fear is Saddam's chosen method for staying in power.

The UN has issued 18 resolutions condemning Iraq's human rights record and instructing it to stop production of and destroy weapons of mass destruction. Iraq has refused to account for at least 3.9 tons of VX, the deadliest form of nerve gas, and at least 600 tons of chemicals used to make it. Iraq had an advanced biological weapons program that included known production of anthrax, botulism, gas gangrene and Aflatoxin, as well as the possible production of smallpox virus. UN inspectors never learned the full extent of this program.

Iraq has been developing radiological weapons at least since 1987. As Senator Kolber pointed out, Iraq has been funding suicide bombers to attack innocent people in Israel.

Honourable senators, I am questioning the government's decision. Under the regime of Saddam Hussein, Iraq continues to suppress its people, threaten the region and obstruct international effort to provide humanitarian relief.

Why did Canada decide to go to Kosovo, the former Yugoslavia, but not to Iraq? This does not make any sense. The government is governing by conducting polls, and this is the obvious method of choice of Prime Minister Chrétien, the former Minister of Finance, Paul Martin, and the Liberals in general. They are trying to do what is popular instead of showing leadership and doing what is right.

We need to help the Iraqi people in their efforts to bring about a regime that is committed to living in peace with its neighbours and respecting the rights of its citizens.

The issue of war has been debated several times at Westminster with leaders on both sides articulating their views in detail. Why was there no Senate debate? Where is the Senate leadership?

Honourable senators, this attack is not against any particular group of people. It is an attack against Saddam Hussein and we, as a government and as a country, should re-evaluate the position we have taken.

[Translation]

SITUATION IN THE MIDDLE EAST

Hon. Marcel Prud'homme: Honourable senators, I had decided not to speak on any items on the Orders of the Day standing in my name.

[English]

Honourable senators on the other side may laugh as much as they like. However, the situation is too sad for people to even smile at what I have said. I can put names on these fake smiles.

I totally agree with the conduct of the Prime Minister of Canada.

Some Hon. Senators: Hear, hear!

Senator Prud'homme: Perhaps I do not agree for the reasons stated. I shall explain later, in my motion, why I do agree. When I make my speech on the Middle East, "Canadian Policy in the Middle-East," I will call a spade a spade, and go over what I have seen over 40 years of hypocrisy.

[Translation]

The lies I have heard over the years, for instance those about the slush funds, the decisions that were not in the interests of world peace, of the Liberal Party of Canada or of what we all seek: justice for all.

Not only is this war stirring up hatred in the hearts of millions of people, but certain statements are also stirring up hatred in the hearts of tens of millions of young people. We will all have to face the consequences.

I am therefore not ashamed to state that I fully support the attitude of the Prime Minister of Canada in this conflict.

[English]

Be careful of this issue when you see over 200,000 people taking to the streets of Montreal and throughout Quebec and 10,000 people in Toronto. That must be a signal for what may come in the future. Views are so varied.

If you watch only CNN, you will have a certain point of view. I wish that all honourable senators would have their staff inform them of what occurs on TV5 every night in order that they might be better educated.

I wish that the Chairman of the Standing Senate Committee on Foreign Affairs — the committee that should be the most prominent — would do his duty and have briefing sessions for all senators.

I agree with the Honourable Senator St. Germain on one point. We should debate this issue when the mother country of the parliamentary system is debating it every day.

CANADA-UNITED STATES RELATIONS

WAR WITH IRAQ

Hon. John Buchanan: Honourable senators, I wish to speak about this matter later, on a resolution, but I wish to say something right now. I hope to be allowed one half hour to two hours.

I totally disagree with what the honourable senator just said. Can you imagine?

Hon. B. Alasdair Graham: A speech is not debatable during Senators' Statements.

Senator Buchanan: I am not debating the honourable senator.

The Hon. the Speaker: Honourable Senator Buchanan, the point made is quite correct. Senators' Statements is for just that. It is not in our rules to debate. If you wish to make a statement, please proceed.

Senator Buchanan: Honourable senators, I was making a statement, and I hope His Honour will not take a minute off my time!

What would have happened if, in Toronto or Montreal, two, three or four planes had flown into the tallest buildings or hit the Centre Block in Ottawa and hundreds, maybe thousands, were killed? Would we be saying, "Let us wait until Saddam Hussein really gets some nuclear weapons. Let us wait until he gets biological weapons. Let us wait until he gets more missiles. Let us wait for authority from the UN to do it all?"

No way, that would not happen! However, it happened to our friends.

[Senator Prud'homme]

Who are our friends in this world? Who have been our friends for over the last 100 years? The United States is our best neighbour, our best friend. The United States, Britain, Australia, Denmark and Holland are our friends, and we have turned our backs on them.

Do not forget it. We have turned our backs on them. That is a fact.

Honourable senators, what are we doing? Here in Canada, we are saying, "Oh we want to have this all sanctioned by the Security Council of the United Nations. Never mind the genocide and murder that is taking place in Iraq."

What a double standard, what hypocrisy! When there was genocide and murder in Kosovo and Serbia, we did not need sanctions from the United Nations to move ahead. We did move ahead in those areas. That is the double standard. That is the hypocrisy. We moved ahead there, but we cannot do it here. We will back off, and we will let our friends do everything to protect us.

What would happen, honourable senators, if Canada were attacked? We have brave soldiers, airmen and sailors. I know many of them. However, we do not have the wherewithal to defend ourselves, and we all know that. Who will protect us? Will France, Germany, or Russia, who has provided weapons to Saddam Hussein, or China protect us?

Hon. Laurier L. LaPierre: So did the Americans!

Senator Buchanan: Do not start that. I will enter a debate with that senator sometime as well.

Honourable senators, in 24 years of elected life, I found out one thing. You go with your friends and you build on your strengths.

Senator LaPierre: You build on the truth!

Senator Buchanan: Honourable senators, why are we not with our friends now? There are many reasons, but we will get into it later.

Some Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

BANKING, TRADE AND COMMERCE

BUDGET—REPORT OF COMMITTEE ON STUDY ON STATE OF DOMESTIC AND INTERNATIONAL FINANCIAL SYSTEM PRESENTED

Hon. E. Leo Kolber, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, March 25, 2003

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

EIGHTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, October 23, 2002, to examine and report upon the present state of the domestic and international financial system, now, respectfully requests approval of funds for 2003-2004.

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

Respectfully submitted,

E. LEO KOLBER
Chairman

• (1420)

(For text of the appendix to the report, see today's Journals of the Senate, Appendix A, p. 587.)

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

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

THE ESTIMATES, 2002-03

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED

Hon. Lowell Murray: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on National Finance which deals with the Supplementary Estimates (B), 2002-03, for the fiscal year ending March 31, 2003.

(For text of the report, see today's Journals of the Senate, Appendix B, p. 593.)

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

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 58(1)(g), report placed on the Orders of the Day for consideration later this day.

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

Hon. Lowell Murray: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on National Finance, which deals with the Estimates for the fiscal year ending March 31, 2003.

(For text of the report, see today's Journals of the Senate, Appendix C, p. 598.)

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

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 58(1)(g), report placed on the Orders of the Day for consideration later this day.

THE ESTIMATES, 2003-04

FIRST INTERIM REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

Hon. Lowell Murray: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on National Finance, which deals with the 2003-04 Estimates, first interim report.

(For text of the report, see today's Journals of the Senate, Appendix D, p. 602.)

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

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 58(1)(g), report placed on the Orders of the Day for consideration later this day.

[Translation]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY BILL

FIRST READING

Hon. Roch Bolduc presented Bill S-17, respecting the Canadian International Development Agency, to provide, in particular, for its continuation, governance, administration and accountability.

Bill read first time.

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

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

FISHERIES AND OCEANS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

That the Standing Senate Committee on Fisheries and Oceans have the power to sit while the Senate is sitting tonight, Tuesday, March 25, 2003, and that rule 95(4) be suspended in relation thereto.

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

• (1430)

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

COMMITTEES AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, to follow-up on Senator Comeau's motion, since some committees have to meet this afternoon at 5 p.m. and it is possible that the Senate will sit later than 7 p.m. this evening, I believe there would be agreement, with leave of the Senate, for these committees to meet this afternoon even if the Senate has not adjourned.

Hon. Marcel Prud'homme: Honourable senators, I have to be consistent. In the past, I said I had no objection. We all know the respect Senator Comeau has for the *Rules of the Senate* and his desire to work, but how many committees are asking for leave?

It is always the same thing. It is unpleasant when a senator seems to want to say no. I am not saying no, but I would like to know if there are many committees that are asking for leave. We will act accordingly. If there are five committees, the whip will have difficulty maintaining a quorum. It would be good to know in advance which committees intend to meet this afternoon. Clearly, I would accept.

[English]

Hon. Gerry St. Germain: Honourable senators, briefly, Senator Robichaud is excellent, generally, in advising us of what is coming down. If there is something coming down as far as committees or sittings, or what have you, we would appreciate a phone call. If his office is the one doing that, then I would urge that it continue.

[Translation]

Senator Robichaud: I acknowledge what the Honourable Senator St. Germain is saying. It is true that I have a habit of doing this. Honourable senators, three committees are supposed to meet this afternoon at 5 p.m.: the Standing Senate Committee on Foreign Affairs, the Standing Senate Committee on Agriculture and Forestry and the Standing Senate Committee on Energy, the Environment and Natural Resources. This exception would apply to these three committees.

[English]

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

Hon. Senators: Agreed.

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

Motion agreed to.

QUESTION PERIOD

FOREIGN AFFAIRS

WAR WITH IRAQ—POLICY ON RECONSTRUCTION

Hon. A. Raynell Andreychuk: Honourable senators, I had planned to pursue some of the questions that I asked last week. However, in light of the heated debate I perceived regarding Senators' Statements today, I will ask a very different question. I think we will be debating Canada's position with this Iraqi situation for some considerable time. Again, I encourage the government to put forth, in more succinct terms, its reasons for staying out of the allied intervention in Iraq.

We hear, as we did in Kosovo, that we went in for humanitarian reasons. Then we heard from our European colleagues that it was really a question of escalating refugees and it was a security problem for the neighbouring states. We will long debate as to what we are or are not doing in Iraq, but as we speak, we know that there will be an immediate need to help civilians and the reconstruction of Iraq. We also know that Kofi Annan has indicated that the United Nations will be there for the Iraqi people, in providing certain support. We also know that the United States has indicated that it is moving in with reconstruction plans.

Where does Canada stand on reconstruction? Does it have a plan to work with the United Nations? If so, is it a plan to which we can all be privy? Is it a plan that Canada is discussing and negotiating with the United States, or are we simply providing certain financial support in the routine manner we have in the past, when there has been a humanitarian crisis?

Hon. Sharon Carstairs (Leader of the Government): I thank the honourable senator for her question. I hope that this will not go on, in terms of a debate, for a considerable length of time. I think, like all Canadians, honourable senators hope that the war will be as short as possible because we want peace to be returned to the nation of Iraq.

In terms of the reconstruction policy, it is the intention of the government to work with the United Nations. As I indicated last week, those plans are already being negotiated with the United Nations. For example, some senators may have heard about a \$5.6-million contribution to the planning phase. The United Nations actually asked for \$126 million from all member states. Canada immediately made a payment of \$5.6 million, which is almost 5 per cent of the requested amount asked from all nations, so that the planning and preparation phase could be ongoing.

We also know that Mr. Kofi Annan will ask for a broader funding for humanitarian aid, which will probably occur tomorrow. I can assure the honourable senator that Canada will be there in response.

Senator Andreychuk: The humanitarian disaster is already upon us. Is there a plan now, or are we simply entering into discussions and negotiations?

Surely, when Canada did not enter into the Iraq invasion with the United States, we knew there would inevitably be a humanitarian crisis, whether the war were to be short or long. Every indication is that the war will be longer than many people had wished.

Canada has played a lead role in humanitarian issues. Are we now playing that role? Is Canada putting forward a plan to bring together the forces that did not work in war, to work in peace? In other words, has Canada put forward a humanitarian plan to which other countries can buy into, or will we wait for Kofi Annan to do so and then see what part we will play?

Senator Carstairs: As I already indicated to the honourable senator, we are already working. The planning is ongoing. We are working with relevant United Nations bodies, such as UNICEF, the World Food Program and the United Nations High Commissioner for Refugees, to provide humanitarian assistance. The planning is also ongoing for reconstruction.

In terms of the policy planning in Canada, the following objectives are part of that plan: to alleviate the suffering of the Iraqi people through humanitarian assistance; to assist Iraq in rebuilding its economic and social base so that it can take advantage of its considerable oil resources to pursue its own development; to assist Iraq in developing effective governance and security structures; to mitigate the regional impact of the conflict; and to demonstrate international commitment to neighbouring Arab countries.

Senator Andreychuk: I thank the leader for her comments about the objectives. Objectives were put forward when we went into Kosovo. One of the dilemmas in Kosovo was that the United Nations agencies were not working together, nor were the countries. Much of the time that was taken up in trying to get the bureaucracy to work together cost lives and needless suffering to many civilians.

This time around, will Canada take a leadership role? Will Canada put forward a plan and be a facilitator to ensure that those countries that did not participate in the war will work equally with those that did? France has indicated that if Britain and the United States are in the war, they will have to pay for the reconstruction. I think this would be an untenable position for Canada or for France to take.

Is Canada exercising its usual role of facilitation, as it has in the past, to attempt to bring some cohesiveness to the relief process and to the future reconstruction of Iraq in light of the looming humanitarian disaster?

Senator Carstairs: To answer for the third time, honourable senators, Canada is very much a part of that ongoing planning. The United Nations has, on this particular occasion, gone out in front of the planning stage. The UN asked for \$126 million to help put the preparations in place. That is why the Government of Canada responded with a contribution of \$5.6 million.

To give the honourable senator some specific examples, the Office for the Coordination of Humanitarian Affairs has already established humanitarian coordination centres in Cyprus and Jordan. The UNHCR is ready to provide assistance to 300,000 people in neighbouring countries. The WFP has pre-positioned enough food in neighbouring countries to feed 2 million people for one month. The planning has begun to be put in place and Canada is very much a part of that planning process.

Senator Andreychuk: Many Canadian humanitarian agencies have worked in Iraq and in neighbouring countries for a number of years. Has Canada put them on the forefront for both financial resources and planning?

Senator Carstairs: We received appeals from the Red Cross and the Red Crescent on March 20. Canada is now deciding how that aid will be given.

POLICY ON WAR WITH IRAQ

Hon. Consiglio Di Nino: Honourable senators, the Liberal government argued only last week that one of its reasons for not joining the coalition of the willing in the war against Iraq is the stated aim of the U.S. to topple the regime of Saddam Hussein. However, yesterday the Foreign Affairs Minister stated, "We as a government are supportive of the United States' desire to get rid of Saddam Hussein."

• (1440)

Honourable senators, you cannot have it both ways. My question for the Leader of the Government in the Senate is, do we support the U.S. war aims or not? If we do, why are we not fighting alongside our allies to oust the heinous and inhumane regime run by a cruel criminal?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, it is clear that the Canadian government has never supported Saddam Hussein and his leadership of that country. However, we maintain our position that it is not the right of any country, including Canada, to choose to change the regime of another. That is up to the people of that country.

Senator Di Nino: Honourable senators, only last week I heard the Foreign Affairs Minister and the Prime Minister say that they do not support a regime change. I believe I asked a question to that effect when the Prime Minister had said that it is up to the people of the country. Now we read a statement from the Minister of Foreign Affairs. Possibly the newspaper article in *The Globe and Mail* is incorrect. It says, and I repeat:

We as a government are supportive of the United States' desire to get rid of Saddam Hussein ...

Which is it, Madam Minister?

Senator Carstairs: Honourable senators, I answered that question, if the honourable senator had been listening. I said it very carefully, and I will say it again. The Government of Canada does not accept that it is the right of any country, including Canada, to change the regime of another. It is up to the people of that country.

Senator Di Nino: Minister, please tell me what the Foreign Minister means when he says, "We support the U.S. in its aims to get rid of Saddam Hussein." Tell me what it means. Perhaps I do not understand the language.

Senator Carstairs: The Honourable Minister of Foreign Affairs indicated that we do not support Saddam Hussein in terms of his treatment of his own people. However, that is quite different from the conclusion that was drawn by certain media organizations that, as a government, we believe we have the right to go into another country and change the regime. We believe that change of regime comes from within, from the people themselves.

Hon. Gerry St. Germain: Honourable senators, on the basis of that response, my question is: If the Leader of the Government in the Senate believes, as the Prime Minister stated as he came out of the cabinet this morning, that the government does not support a change of regime, how then can she possibly stand in this place and repeat it, having been part and parcel of the Kosovo intervention, the former Yugoslavia, and justify her support for the removal of the Molosevic regime? Can she explain that to us?

Senator Carstairs: The Government of Canada made the decision, quite some time ago, that we would support the multilateral process of the United Nations with respect to Iraq. We have continued to support that process, and quite frankly, will continue to support that process in the future.

Senator St. Germain: The honourable senator does not want to answer the question. She is just avoiding the obvious.

CANADA-UNITED STATES RELATIONS

WAR WITH IRAQ

Hon. Gerry St. Germain: Honourable senators, my supplementary question is a related one. Ambassador Cellucci said today that Ottawa could do a better job of controlling Liberals like Natural Resources Minister Herb Dhaliwal, who said, last week, that U.S. President Bush lacks statesmanlike qualities. Cellucci compared the way the government responded to the letter from Alberta Premier Ralph Klein, who praised Bush, and to the comments by Mr. Dhaliwal. On March 22, 2003, Mr. Klein spoke in favour of the Iraq war. On March 19, 2003, the PMO was silent when a Liberal cabinet minister said that Mr. Bush let down the world. When Mr. Klein issued strong support for the United States, the Canadian government came

down hard on him, Cellucci said. When Mr. Dhaliwal made totally inappropriate remarks about the President of the U.S., they totally ignored it.

Honourable senators, when the minister speaks here, or when Mr. Dhaliwal speaks, do they not speak for the government? As a cabinet minister in the Mulroney government, when I or any cabinet minister spoke, we spoke on behalf of the government. Are your ministers not speaking on behalf of the government? Yes or no, please.

Hon. Sharon Carstairs (Leader of the Government): It is very clear that the individuals who speak on behalf of the government, in this particular case, are the Minister of Foreign Affairs, the Prime Minister, and in this chamber, me. Other ministers, quite frankly, do not speak for the Government of Canada.

Senator St. Germain: Since when? Honourable senators, when has this rule changed? This is like Paul Martin's blind trust with 20/20 vision. When we were ministers in the Mulroney government, we had blind trusts that had no vision. Mr. Martin meets with the Ethics Counsellor and all his partners in his ventures. Are you changing the rules? Have the rules changed? There is something definitely wrong, or there has been a rule change that we are not aware of. When a minister speaks, he speaks for the government, as far as I am concerned.

Senator Carstairs: When the minister speaks with respect to his portfolio, he certainly does.

FOREIGN AFFAIRS

POLICY ON WAR WITH IRAQ

Hon. David Tkachuk: Honourable senators, I rise because I am becoming more confused, as I think are honourable senators on both sides, on what is the position of the government.

The minister has said in the past, as has the Prime Minister, that there will be no regime change and that we will not participate. The leader said that they have decided to support the multilateral approach of the United Nations. Senator Di Nino has asked a question about Minister Graham who has said that he supports the United States and changing the regime in Iraq. This is an important issue. All we want is a clear answer as to what is the position of the government. Could the minister please attempt to clarify these two points of view?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I have been, I hope, very clear, but let me try it again. The Government of Canada cannot accept that any country, including Canada, has the right to determine the regime of another country. In Kosovo, the people of Yugoslavia rose up en masse and got rid of Mr. Milosovich as their governing authority. It is the people of Iraq, should they use their wisdom, who will determine if, in fact, they are going to get rid of their leader in Iraq. It is not for Canada to make that decision.

Senator Tkachuk: Just so we are clear here, if this is the final version of the government's policy, my assumption, then, is that what Minister Graham said was wrong.

Senator Carstairs: Honourable senators, it is the first, the middle and the end position of the Government of Canada. If media choose to interpret Mr. Graham's words in a way that was never intended, then that is up to them. However, the position of the government is that expressed very clearly by the Prime Minister: We do not accept that we have the ability, as a nation, to create a regime change in any country. If we decided that we could change regimes throughout the world, then I can think of a number of other dictators, and we may decide to change their regimes as well. I do not think we have that right, in this world that we share with many peoples of many colours, backgrounds and religions, to decide for them what we think is in their best interest.

CITIZENSHIP AND IMMIGRATION

REFUGEE CLAIM OF MR. ERNST ZUNDEL— MINISTER'S DISCRETIONARY POWER TO DISMISS CLAIM

Hon. David Tkachuk: Honourable senators, I am switching gears here to follow up on a question I asked last week about Ernst Zundel. I raised questions dealing with the claim of refugee status in this country by Mr. Ernst Zundel, a well-known Holocaust denier. He is wanted in Germany on charges of inciting hate. In 1996, the Canadian Security Intelligence Service advised this government that it had assessed him as being a security risk to our country due to his ties to racist groups. Last week, in response to my question, the Leader of the Government indicated that certain processes had to be followed to facilitate his exit from this country. Mr. Zundel, no doubt, intends to make these processes as long and as costly as possible.

• (1450)

However, there is a way to remove him from Canada quickly. Under the recent Immigration and Refugee Protection Act, in national security certificate cases, other immigration proceedings are suspended until the Federal Court makes a decision on the certificate. When the Federal Court upholds a security certificate, it automatically becomes a removal order that cannot be repealed. The necessity of holding an admissibility hearing is, therefore, eliminated and the individual can be swiftly removed.

What is the purpose of giving the Minister of Citizenship and Immigration this type of power if he is not going to exercise it in cases of individuals such as Mr. Zundel, who are proven security threats?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, as I indicated to the honourable senator last week, there are processes to be followed, and those processes are being followed. It is certainly not the wish of the Canadian government that this man remain on Canadian soil any longer than is absolutely necessary. However, we believe in the rule of law.

Senator Tkachuk: Honourable senators, I believe in the rule of law, too, but the minister would not be breaking the law; he would be following and upholding the law.

Mr. Zundel is a security risk. There may be other people who come here who are security risks. In which cases would the minister use this certificate to expel people who pose a security threat from this country?

Senator Carstairs: Honourable senators, the security risk provision is used by the Government of Canada when it detects a security risk, and it will continue to be used under those circumstances.

Senator Tkachuk: Honourable senators, is my assumption correct that the Government of Canada does not believe that Mr. Ernst Zundel is a security risk?

Senator Carstairs: That is not an assumption with which I concur.

JUSTICE

COST OF FIREARMS REGISTRY PROGRAM

Hon. Gerald J. Comeau: Honourable senators, my question for the minister is with regard to gun registration. On March 19, the Minister of Justice circulated a document to dispel what he claims are some myths being spread about the firearms registry. In that paper, he refers to the \$1 billion being spent on gun registration as "myth number two."

Will the Leader of the Government in the Senate admit, in this house, that government officials have, in fact, estimated that the Canadian Firearms Program is expected to cost \$1 billion by 2004-05, and that, in fact, this \$1 billion figure is not a myth?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, the myth is that \$1 billion has already been spent. In fact, that is not true. The truth is that, in all likelihood, the cost will reach that by 2004-05.

Senator Comeau: Honourable senators, the minister is therefore playing with people when he says that this is a myth, that we are not spending \$1 billion, when the fact is, as the minister just admitted and as an official testified before the Finance Committee, in excess of \$1 billion will be spent.

The document goes on to say that approximately one third of what has been spent to date has been for registration, with the balance having been spent on other aspects. Can the minister provide us with the details of the cost of each of the elements noted by the minister in his documents; specifically, the cost of registration of firearms, the cost of licensing and screening all firearms owners, the cost of spousal notification procedures, and the cost of border control initiatives? As well, could she provide, if they exist, evaluations of the work performed in each of these areas?

Senator Carstairs: I thank the honourable senator for his question. I repeat that there is a fundamental difference between the amount of money that has been spent and the amount that will be spent by a fiscal year that we have not yet reached.

It is important to clarify this matter for Canadians because many of them believe, despite the facts to the contrary, that \$1 billion has already been spent, which is simply not true.

I will take the honourable senator's specific questions as notice and get those figures for him.

CITIZENSHIP AND IMMIGRATION

COST OF NATIONAL BIOMETRIC IDENTIFICATION CARD

Hon. Donald H. Oliver: Honourable senators, my question is directed to the Leader of the Government in the Senate. Canada's Privacy Commissioner, George Radwanski, told a House of Commons committee last week that a national identification card containing biometric information would carry a staggering price tag. The card, which has been proposed by Citizenship and Immigration Minister Denis Coderre, would include such information as fingerprints, retinal scans and facial recognition. The commissioner said that to issue the card and install the machines necessary to read them would cost \$3 billion to \$5 billion.

All honourable senators are aware of the cost overruns with the gun registry. The Liberal government originally estimated the cost of the gun registry to be \$2 million and it is today projected to be at least \$1 billion. The difference between the gun registry and the identification card system is that we are being given an idea of the true expenses of the proposed card before it is implemented, something that was not provided to Canadians in the case of the gun registry.

Will the Department of Citizenship and Immigration reconsider its support of this type of national identification card in view of the pending costs?

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, we must carefully choose our words. The national identity card was not proposed by the Honourable Minister of Immigration. He has clearly said that we should discuss whether such a card is a good idea. It is that kind of discussion that is going on, and the costs suggested by the Privacy Commissioner are obviously a significant part of that discussion. Do Canadians want such a card? Do Canadians need such a card? What would be the costs of such a card? All of those questions deserve thorough investigation and deliberation before such a card is proposed.

Senator Oliver: Honourable senators, it is never too soon to worry about the potential costs of a government initiative, as we unfortunately learned in the instance of the gun registry. Even federal departments have backed up the Privacy Commissioner's claims concerning the future costs of a biometric identification card.

Last week, Mr. Radwanski told the House Committee on Citizenship and Immigration that, in 1999, the Human Resources department estimated the price tag for such a card to be \$3.6 billion. That was back in 1999. Does the government accept the cost estimate given by Human Resources Development Canada?

[Senator Carstairs]

Senator Carstairs: Honourable senators, there is no question that it is thought that the implementation of such a proposal would cost \$3.5 billion. That is exactly why discussions are taking place on whether this is a good idea, and that is why it has never been put forward by the Minister of Immigration as a formal proposal.

[Translation]

FINANCE

THE BUDGET—INCREASE IN PENSION BENEFIT— PUBLIC SECURITY GROUPS— EXCLUSION OF CERTAIN OTHER GROUPS

Hon. Pierre Claude Nolin: Honourables senators, each year, some signs hint that winter is nearing its end and giving way to spring.

One of these signs is a group of police officers wandering within these walls in order to pay us a visit. They are members of the Canadian Police Association. My question relates to a subject of concern to the police. I am referring to the pension plan and the federal Budget 2003-04.

Honourables senators, my question is for the Leader of the Government in the Senate.

Currently, paragraph 8503(3)(g) of the Income Tax Regulations sets the total benefit accrual rate at 2 per cent. This provision applies to people in a public security occupation and who are members of a registered pension plan integrated in the Canada Pension Plan or the Quebec Pension Plan. Under paragraph 8500(1) of the same regulations, this provision only applies to police officers, firefighters, corrections officers, air traffic controllers and commercial airline pilots.

• (1500)

However, this is what concerns police officers. The federal budget tabled in February provides for an increase in the benefit accrual rate of 2.33 per cent. This provision, quite surprisingly, applies only to firefighters. Could the Honourable Senator Carstairs tell the members of this House what caused the Minister of Finance to exclude police officers and the other individuals in public security occupations from this budget initiative? In other words, why is the government discriminating against, for example, police officers?

[English]

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, I should like to respond to this subject from a more positive direction than the honourable senator opposite. Firefighters have been able to provide demographic information that would indicate that their life expectancy is considerably reduced, not only because of the stress under which they work and to which other groups work as well, but also because of the exposure to chemicals that has become more and more complex when they fight fires in this country. As a result of clear and documented evidence, firefighters have been given a special allowance under this particular budget. Should other groups be able to present similar demographic and actuarial evidence, then one would presume that similar decisions will be made.

PAGES EXCHANGE PROGRAM WITH HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, we have with us a guest page from the House of Commons.

[Translation]

Joëlle Michaud is studying international management at the University of Ottawa. She is from Cornwall, Ontario. The Senate welcomes her.

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, under Government Business, I would like to deal with bills first — Item No. 4, for the second reading of Bill C-3, then Item No. 3, and then follow with Item Nos. 1 and 2.

CANADA PENSION PLAN THE CANADA PENSION PLAN INVESTMENT BOARD ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Fitzpatrick, seconded by the Honourable Senator Corbin, for the second reading of Bill C-3, An Act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act.

Hon. Roch Bolduc: Honourable senators, I am happy to take part in the debate on Bill C-3 at second reading stage.

However, I have found that the bill, designed to modernize provisions that apply to the Canada Pension Plan, does not do much.

Under this bill, the management of CPP investments will be consolidated under the Canada Pension Plan Investment Board and the plan's account will no longer be required to maintain a three-month operating balance. Other administrative amendments, we have been told, will be made to the act. While review in committee may raise some issues, at first glance, the changes do not appear very controversial to me.

The pension plans in Canada and Quebec represent one of the three pillars of our retirement savings system.

The first pillar, of course, is the universal Old Age Security program and the supplement for low-income people. For some elderly people, this represents almost all of their income.

I would like to remind the government that the Canadian population is aging rapidly and that life expectancy is increasing. That is why the cost of social benefits such as Old Age Security is increasing at an accelerated rate and can reach \$25 billion to \$26 billion.

This government continues to seek new ways to spend money rather than pay down the debt. One fine day, the Minister of Finance will have difficulty finding money to cover the Old Age Security cheques while paying interest to the government's creditors.

The government knows that this situation is on the horizon, but this does not prevent ministers from sitting together at the table in cabinet meetings to discuss ways to spend the budgetary surplus that has come from inflated taxes.

The second pillar of our system comes in the form of individual savings, including RRSPs, pension plans and even property assets.

In the budget, the government increased the RRSP contribution ceiling to \$18,000. I congratulate the government for this. This is very good news.

However, it could have taken this opportunity to abolish the rules that limit foreign content in RRSPs and pension plans to 30 per cent. When you limit the choice of distribution for a pension plan, you also limit the possibilities of accumulating investment revenue. The result is a smaller pension or higher premiums.

The third pillar of our retirement savings system is the Canada Pension Plan and the Quebec Pension Plan, which work in tandem. Quebec chose to administer its own plan and the federal government administers the CPP on behalf of the other provinces and territories.

The Diefenbaker government laid the foundations for the inauguration of the Canada Pension Plan in 1966. For the Conservatives, the plan has always been a fundamental component of the Canadian social security safety net, an obligation the government absolutely must respect.

Close to three million Canadians outside Quebec receive retirement benefits of up to \$9,600 annually, depending on how much they contributed and over how many years. The plan also provides special benefits for disabled persons, widows or widowers, and orphans. Quebec has basically the same rules and similar benefits.

For thirty years, the CPP was operated on a pay-as-you-go basis. It was administered according to the money available, because the contributions amounted to a fund equal to only two years of benefits.

In 1997, there was only \$40 billion in the fund, whereas the cost of future benefits to be paid out was \$600 billion. If nothing were changed, contributions would, by 2030, rise to 14.2 per cent of pensionable earnings.

So, in 1997, Ottawa and the provinces agreed to some major changes to the CPP.

Contributions rose more quickly than originally forecast, and this year will be at 9.9 per cent, half contributed by the employer and half by the employee. This \$11 billion increase in annual receipts from contributions is supposed to prevent the predicted 14.2 per cent rise by 2030. At the same time, the changes brought about in 1997 slightly reduced benefits for new retirees, thus helping reduce the plan's costs.

Finally, also in 1997, the federal government adopted a key component of the Quebec Pension Plan by allowing market investment of the funds. These funds are administered by an independent body called the Canada Pension Plan Investment Board.

Before that decision was made, the policy was for funds not immediately required to pay benefits to be invested in provincial government bonds at the federal government's long-term investment interest rate. This was less than what the provinces paid for their own bonds and was also lower than what could be obtained in the marketplace with a diversified portfolio. This initiative was not great for the people in these plans.

In short, it was a very good deal for the provinces, but not so great for individuals whose retirement depended on a healthy pension plan.

The CPP actuary is telling us that the plan's long-term viability is assured by current premium rates and that everyone who is entitled will get the benefits they are owed.

Let us hope that he is not mistaken in his calculations. Canadians are entitled to be cynical about the government's forecasts, when ministers of the Crown promise us one year that the firearms registry will cost only \$2 million net, then they revise their figures and tell us five years later that the cost will be \$1 billion.

• (1510)

They have the right to be cynical about the government's estimates after having seen, year after year, the Ministers of Finance announce a huge surplus right after having forecasted a shortfall. I have been repeating this fact each year in the Senate for at least the past six years.

[Senator Bolduc]

[English]

When the government created the CPP Investment Board in December 1997 through what was then Bill C-2, Progressive Conservative senators were troubled that the new agency set up to manage a multi-billion dollar investment portfolio did not have an appropriate governance structure. Our concerns included the accountability of the board, the board appointment process and barriers to investment returns.

Bill C-2 included premium increases that could not go ahead if the bill did not pass by the end of December 1997, so the government was anxious for the bill to receive Royal Assent. We were not prepared to pass it unless the government addressed our concerns.

The compromise was a special study of the governance provisions of the CPP Investment Board. Following hearings in the winter and spring of 1998, the Senate Banking Committee issued a unanimous report that essentially reflected the concerns of PC senators.

The committee made 20 recommendations, including a call to ensure that board members have relevant skills, greater independence for the board's auditor, more stringent conflict of interest rules for the board, and lifting of the then 20 per cent foreign content limit to 30 per cent. The government did lift the foreign content limit to 30 per cent a few years ago when it did the same for other pension plans and RRSPs.

There are two things missing from this bill that ought to have been included to boost public confidence in the Canada Pension Plan. First, the government ought to name the Auditor General as the auditor of the CPP Investment Board. Canadians trust the Auditor General.

Second, while there has not been a problem to date, there remains the danger that some future Prime Minister, perhaps Ms. Copps or Mr. Manley, will regard this board as just another board. It ought to be the law that a majority of board members have pension plan expertise.

Honourable senators, I would like to draw your attention to a special report on pensions published last year in the February 16, 2002 edition of *The Economist*. It is essential reading for anyone who wants to get a grasp on what is happening to pensions, not just here in North America, but throughout the developed world.

There are several key points that run throughout this article. A critical point argued by *The Economist* is that pension structures are no longer working because they were created in a time when there were fewer old people, who were often poor and ill and who spent only a short time in retirement before passing on. Today, in Western countries, older people are often well-off and in good health, and are spending a good many years in retirement. This, *The Economist* argues, points to a need for reform.

The article points out that throughout the Western world, pay-as-you-go plans are running up against the reality of demographics. They require higher and higher premiums to deliver the same level of benefits, both because there are relatively fewer people at the bottom of the age pyramid than in the past and because those at the top of the pyramid, the pensioners, are living a lot longer. Those in these plans are now receiving benefits far in excess of what they paid for, while younger workers will get less than what they contributed.

The Economist also points out that all pension plans come with a risk. For private pensions and private retirement savings, the risk is, of course, market risk — if your investments do not pan out, you are out of luck.

For state plans such as the CPP or Social Security in the United States or for similar programs in other nations, be it France, Germany, England — any country — there is the political risk that some future government will not provide the benefits promised.

There is also the risk that “Political interference will stop such funds from being invested wisely.” In this regard, I raise a caution flag to those who are starting to argue that the CPP should put its money here or there, or to not put it here or there. CPP’s investments are there for the sole purpose of building the funds needed to deliver pension benefits, not to serve the whims and fancies of the government of the day. If any government wants to achieve a particular economic or social outcome, it should do it through the appropriate programs and laws, not by messing around with pension money.

[Translation]

We remember what happened to some of the investments made by the Caisse de dépôt et placement. I will come back to this later.

[English]

Arguing the need for pension reform that places increased emphasis on private savings and reform of public systems, *The Economist* went on to note:

Much more needs to be done. Politicians tend to act only when pension systems are heading for a crisis. With the crunch still more than a decade away, they will be tempted to procrastinate.

The Economist concluded with the warning:

Politicians want to avoid pension reform because they know it will be deeply unpopular. But if they continue to sit on their hands, they will be guilty of failing to fend off one of the most predictable economic and social crises in history.

I have one final point. It concerns recent losses in the stock markets, as this has had a dramatic effect on many pension plans. I do not want to criticize the fact that, this year, the pension board has lost \$3 billion to \$4 billion.

A few years ago, there was a big argument about who owned the surplus in private plans. Today, the issue is one of solvency. In early January, the Office of the Superintendent of Financial Institutions put 50 pension plans on a watch list in the wake of heavy stock market losses.

In February, we learned that in the first nine months of the 2002-03 fiscal year, the CPP lost \$3 billion in the stock markets, or 16 per cent of its portfolio, which is equivalent to that which was lost by many others. In spite of this, the Minister of Finance tells us that the plan is still on a sound footing. I sincerely hope that when this bill gets to committee, someone from his department will be able to provide numbers to back up that claim.

[Translation]

My last comment, honourable senators, is on reporting. As you know, the Board, under its legislation, must report to the public and the government, on a regular basis, its investment results and its investment policies, submit quarterly financial statements and publish an annual report, which is tabled in Parliament. I am not sure that this is enough.

Take the example of the Caisse de dépôt et placement, which deviated from Quebec’s clear rules. I do not want to talk about the Caisse de dépôt et placement, because we are paid to deal with federal matters. However, I wanted to mention it because we have a comparable system. We must be careful. The Caisse performed terribly in 2002, which highlighted the fact that it had clearly deviated from the simple rules that should be followed by a public organization in order to carry out its fundamental mission. One of the basic points that we have failed to highlight is the full and regular transparency that is required to communicate strategies and results achieved in order to review targets and readjust investments based on ever-changing economic conditions.

Organizations such as our pension system should be publicizing their investment strategy and results on a quarterly basis, instead of just tabling one annual report to Parliament. When markets are tight and volatile, as they are now, the public should be kept abreast of investment results and strategies — it is their right, it is their money — so that we do not have to wait for a year or two after the fact to find out about a disaster like what happened at the Caisse de dépôt et placement.

Hon. Pierre Claude Nolin: Honourable senators, I would like to ask Senator Bolduc a question. I am new to all this. Are the investment rules for Canadian shares or investments for a fund such as the one in this bill the same as for the other types of funds?

Senator Bolduc: There are limits in Canada: based on recommendations made by the Senate, these limits were raised from 20 per cent to 30 per cent. Other plans do what they want. There are rules for public pension plans. These rules do not apply to private plans.

Senator Nolin: For a public pension, the limit is 30 per cent?

Senator Bolduc: On foreign investments, yes.

Senator Nolin: Given the amounts involved in this fund, are there enough listed Canadian companies to absorb an investment this huge?

Senator Bolduc: I am glad the senator is asking this, because it is one of the first questions I raised with Paul Martin. I had predicted that the figure would get up to around \$150 billion pretty quickly. I said earlier that, in 1997, the federal plan was worth about \$40 billion and the Quebec one, with a smaller population, was worth about \$100 billion.

• (1520)

That gives you some idea of what the federal investment was, at that time. The funds were redistributed to the provinces at lower interest rates. It was quite simple. The pensioners were getting the short end of the stick and the provinces were saying nothing, because they were getting loans from Ottawa. This was perfect for them.

With the new system, it is obvious that the yield will be better. There will be volatility, as we are seeing today. The day before yesterday, there was a sudden 10 per cent rise. The system will soon be at \$115 billion, or \$120 billion. Ten billion more in one week is a huge amount.

I am familiar with companies like Domtar that had just ordinary performances this year and stocks are still at \$20. Then there are smaller companies that are making a lot of money. I look at the stock exchange index and it is not fluctuating.

That is the risk in Canada. With a fund like this one, with the Ontario Teachers' Pension Fund and with Quebec's fund, we will, just like that, have the equivalent of \$500 billion. You cannot just buy Nortel stocks and take a beating!

That is why I am telling the minister to let people do what they want. If they are wise, they will administer the funds properly. The objective is to have the best rate of return for the pensioners. The only way to do that is to invest internationally. The Canadian economy represents 2.5 per cent of the global economy. We must recognize ourselves for what we are. We may think that we are going to resolve the Iraq-U.S. problem and bring peace! We must not underestimate ourselves, but see ourselves for what we are. You cannot invest your money in the 2.5 per cent of the world economy that we represent. We must invest our money all over, in Japan and so on.

Senator Nolin: The senator anticipated my most important question. Will this bill allow us to implement a plan whose real, fundamental objective will be to optimize the rate of return of the fund? Will it be limited by the size of the Canadian economy?

Senator Bolduc: Politicians do not move fast; they use crutches. Parliament is walking on snowshoes, so not very fast. Someone eager to get ahead in the business world moves much faster than they do. As the funds increase, we must wake up. Pressure will come from all sides to change the system. We will not have any other choice. I have already told the minister that we do not need one fund but two or three. I have been telling Quebec this for the past 20 years. We do not need one Caisse de dépôt but two or three of them to measure the relative value of each. That is not

what Quebec did. Jacques Parizeau wanted it to be big; he was happy with a big monopoly. He was living completely outside the market. He was not living in North America; he was living back in 1945, in the heyday of Britain's Labour Party. Do you know what happened as a result? They lost a bundle. I did not lose money this way, but the poor lost a lot, I can tell you that.

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

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

[English]

SPECIFIC CLAIMS RESOLUTION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jack Austin moved the second reading of Bill C-6, to establish the Canadian Centre for the Independent Resolution of First Nations Specific Claims to provide for the filing, negotiation and resolution of specific claims and to make related amendments to other Acts.

He said: Honourable senators, in opening the debate on second reading of Bill C-6, the proposed specific claims resolution act, I believe I am introducing to this house a key step in the evolution of a process to deal with Canada's obligations to Indian bands due to the Crown's non-fulfilment of its promises under treaties or other agreements. The claims being dealt with under Bill C-6 are designated as "specific claims" because they are in a specifically described category of claims against Canada that generally relate to administration of land and other assets and specific treaty provisions that have not been fulfilled. We are not dealing here with the negotiation of treaties or other agreements.

Historically, we have seen a failure of successive generations of government to uphold some of the promises made. Under treaties and agreements made since the Royal Proclamation of 1763, the Crown undertook to provide sufficient lands for reserves and to manage those lands and other First Nations' assets according to a high standard of conduct, a standard described historically as "on the honour of the Crown." Over the decades, First Nations' complaints about how the Crown was discharging its responsibilities under treaties and agreements multiplied.

In the past, there were few avenues for redress. For example, between 1927 and 1951, the Indian Act hindered First Nations by requiring them to get government permission if they wanted to use their own money to advance their claims. That effectively barred First Nations from making claims against Canada. As a

result, grievances accumulated and the relationship between First Nations and the federal government suffered. In recent times, federal governments have acknowledged that ways of settling these problems had to be found. We recognize that Aboriginal people have legitimate and long-standing grievances that, as a just society, it was our responsibility to address.

In 1973, the Liberal government of the day responded by announcing a specific claims process to resolve these issues out of court. The initial goal was not only to address our legal liability but also, equally important, to begin to deal with the historical sense of injustice, on the part of many First Nations, that was impeding progress in other areas of our relationship. Since then, that policy has been clarified and expanded on two occasions, in 1982 and again in 1991. The purpose then, as now, was to introduce greater fairness and efficiency in the process, and we began to have some success in dealing with these historic grievances.

Honourable senators, for your information, at present, a total of 246 agreements, worth more than \$1.4 billion, have been ratified, adding more than 16,000 square kilometres to reserve land across the country. Quick math will show, if you average it out, that that is about \$5.6 million per claim. However successful our approach has been, over 600 claims have been added to the inventory of unsettled claims since then. In part, the growing number of claims is due to the improved research capacity all across Canada. Formerly little known areas of our national history have now come to light through the efforts of academic historians as well as government and First Nations claims researchers. In part, this growth is also due to court cases that have clarified the scope of the legal doctrines that underpin Canada's relationship with First Nations. Many earlier claims that were rejected on the basis of our understanding of the law at that time are now considered specific claims. Frankly, this growth in unsettled claims is also due to our administrative inability to move them more quickly through the current specific claims process. Delay in settling claims is costly because specific claims are historical in nature. The longer they remain unresolved, the more it costs to settle them, and the longer First Nations have to wait to receive a just settlement.

• (1530)

Honourable senators, despite the improvements brought about in 1991 when the Mulroney government beefed up the human and financial resources committed to claims resolution, the current process, besides taking far too much time, also eats up too many internal government resources. Not surprisingly, First Nations have become frustrated and resentful of the entire claims resolution process. They have come to distrust a system they believe to be unbalanced and unfair.

For a very good reason, First Nations perceive Canada to be in a conflict of interest. The Department of Indian Affairs and Northern Development controls their funding to participate in negotiations. The Department of Indian Affairs and Northern Development decides the claims it is willing to negotiate and sets out the criteria on which it is willing to base compensation. The

lack of a belief in the department's objectivity creates a lack of confidence in the process, which, in turn, makes negotiations difficult and encourages some First Nations to resort to the courts. However, honourable senators, winner-take-all solutions, as we know, are risky for all concerned. We believe that negotiation is preferable to litigation, and First Nations have also expressed that view.

We have set out, in Bill C-6, to create a more independent process for resolving claims, a more neutral system that will level the playing field for negotiation, to resolve claims more efficiently and, more important, honourable senators, a system that will allow First Nations to capitalize on their increasing opportunities for economic development by fostering a climate of trust, cooperation and certainty.

Honourable senators, the new Canadian centre for the independent resolution of First Nations specific claims envisioned under Bill C-6 would operate at arm's length from government. It would consist of both a commission to facilitate negotiations, as well as a tribunal to resolve disputes. The commission and tribunal would be distinct divisions to prevent undue influence and bias. The centre would be overseen by a chief executive officer whose responsibility would be to manage the day-to-day administration of the two divisions.

The commission's principal goal would be to facilitate the resolution of negotiated settlements. It would have the authority to apply a full range of dispute resolution processes, including facilitated negotiations, mediation, non-binding arbitration, and even binding arbitration, with the consent of the parties. All claims, regardless of their size, complexity or value, would have access to the commission and its services, including dispute resolution.

The tribunal's principal goal would be to make binding last resort decisions where all reasonable efforts at dispute resolution are unsuccessful. The tribunal's decisions would be guided by legal principles. It would not apply any rule or doctrine that would have the effect of limiting claims against Canada because of delays or the passage of time. This is of great importance to the First Nations.

The tribunal, when making final decisions on claim validity, can order compensation for claims up to \$7 million in value. I want to emphasize, honourable senators, that it is the federal government's belief that the majority of claims will be under \$7 million where dispute resolution cannot produce a negotiated outcome.

This centre would replace the Indian Claims Commission, which was set up in 1991 as an interim measure while the idea of an independent body was under discussion with First Nations. The Indian Claims Commission, which is limited to providing advice to Canada, and to offering mediation and other alternative dispute resolution services to the parties, has itself called for the creation of an independent body capable of making binding rulings.

Honourable senators, we should not forget that the Indian Claims Commission has enjoyed some measure of success during its tenure, and I am sure its chief commissioner will speak to this in his presentation to the Senate committee. It has demonstrated the value of developing a complete historical record, including oral evidence and history, consulting elders and involving the community in public hearings. Above all, it has shown that alternative dispute resolution processes do work.

Honourable senators, I would expect that the new centre would want to build on the experience and expertise of the Indian Claims Commission in developing its own processes and procedures. I would equally expect that the Indian Claims Commission would play a leading role in designing transition measures from the present process once the centre is up and running.

While many claimants may wish to remain in the current process, others may well wish to transfer their claims immediately to the new centre. If so, it would be imperative that their rights be protected and the progress they have made to date in advancing their claims be safeguarded during the transition to the new centre.

The centre will help Canada and First Nations negotiate in a cooperative rather than a confrontational manner. It will provide modern dispute resolution techniques that will help us reconcile our differences so that we can reach agreement more quickly.

Honourable senators, such constructive new tools would reinforce the purpose of both the federal government and First Nations to negotiate rather than litigate. The centre will also remove a key source of perceived bias by taking over funding for First Nations participation in the process, which is currently managed by the Department of Indian Affairs and Northern Development. With the emphasis on negotiation, the tribunal would be used only as a last resort.

Honourable senators, I want to stress, and I hope this will prove to be the case, that the tribunal would be used only as a last resort. In the event that negotiations do not lead to a resolution of the claim, the tribunal, however, would be able to make binding decisions about the validity of and compensation for claims of up to \$7 million.

Some have asked, "What happens to the larger claims?" The government believes these disputes are best addressed in negotiations where the parties can work out solutions assisted by the new commission. This would allow the tribunal to focus on cutting through the impasses and moving the more straightforward claims to resolution.

Honourable senators, in the interests of cost-effectiveness, efficiency and fairness to other claimants, the government does not want the tribunal to get bogged down on one or two extremely large cases and delay access to the tribunal for others. The government believes that would defeat one of the purposes for which the tribunal is being created. Should negotiations on the larger, more complex claims prove unsuccessful, the courts would continue to offer a forum in which the complexities can be carefully examined and where the parties can appeal decisions they feel are incorrect.

With respect to accountability requirements, the chief executive officer of the centre will issue annual reports outlining the activities of both the commission and the tribunal, and describing their past and projected activities with pertinent financial details. As well, quarterly reports would be submitted to the Minister of Indian Affairs and Northern Development regarding the value of all negotiated settlements facilitated by the commission and all compensation awarded by the tribunal.

Bill C-6 commits the minister to undertake a review of the centre within three to five years of its establishment. Based on that review, any changes to the centre that might be recommended would be proposed to Parliament.

Honourable senators, before deciding what the Canadian centre for the independent resolution of First Nations specific claims should look like and how it would operate, the federal government examined the international claims experience to see how these challenges were addressed in other jurisdictions. The government looked at the United States tribunal model. The Independent Claims Commission, established in 1946 in the United States, was given binding powers to deal once and for all with Indian grievances over unresolved treaty, Aboriginal title and reservation land taking and compensation issues. Prior to its creation, tribes were required to obtain explicit legislative authority to launch claims against the United States.

Academic studies have concluded that the U.S. commission's failure to establish an independent historical research capacity, as well as the adversarial nature of its proceedings based on court-like procedures, doomed it from the outset. It resulted in the same kind of costly and lengthy delays that are experienced in their formal court system. Some estimates conclude that the United States government spent over \$1 billion in administering the commission and related federal agencies, and in researching and defending claims.

• (1540)

An entirely different sort of tribunal has been operating in New Zealand since 1975 to resolve issues flowing from the Treaty of Waitangi — the constitutional instrument that regulates the special relationship between the indigenous Maori and other New Zealanders. With a mandate to inquire into treaty-related issues and to report to the New Zealand Parliament, the Waitangi Tribunal sees itself as a forum for officially acknowledging Maori grievances and for assisting in their resolution.

The process in New Zealand involves an inquiry phase during which the validity of the claim is assessed, followed by a remedy phase in which the tribunal recommends remedies to Parliament if the parties are unable to negotiate a solution following a finding of validity. The tribunal has a substantial research component and has adopted the goal of delivering reports on all historical Maori claims by the year 2005.

For all of its benefits, the Waitangi Tribunal does not resolve claims. It has no binding powers and does not make or negotiate settlement offers. Instead, it cooperates with other government agencies and departments in New Zealand as part of the overall treaty issues resolution thrust of official government policy.

The made-in-Canada approach that we have adopted in this proposed legislation reflects the fact that we have learned from the experiences of other countries, embracing the best but avoiding the mistakes that we believe exist in those other systems. They are much less likely to occur under Bill C-6 because our focus is on initial joint research; the claims resolution centre's mandate is to use alternative dispute resolution techniques to effect settlements; the tribunal may only be resorted to after all other facilitative settlement processes have been exhausted; the \$7-million cap on tribunal jurisdiction will keep larger claims out of the tribunal and in negotiation; and the primary emphasis is on commission-facilitated negotiations, which reflects the clear preference of First Nations, as expressed through the joint task force process. Bill C-6 is the result of a substantial joint Canada-First Nations task force process.

In closing, honourable senators, the proposed Canadian centre for the independent resolution of First Nations' specific claims and its commission and tribunal divisions will offer significant improvement over the current specific claims process. The centre will create a more independent, impartial and transparent system to settle long-standing disputes by reducing the risks associated with claims resolution for both parties. Equally important, by ensuring a more level playing field, there will be added rigour to the process and increased credibility with First Nations. This should make negotiations the method of choice to resolve specific claims.

No one believes, of course, that this single bill will resolve all of the challenges facing First Nations. It is just one piece of a complex situation. The proposed specific claims resolution act complements other initiatives designed to enable First Nations to accelerate their transition toward self-government. These include the proposed First Nations governance act, the proposed First Nations fiscal and statistical management act and the proposed First Nations land management act.

I am confident that, as each of these pieces falls into place, we will make meaningful progress in resolving the most contentious issues that have confronted far too many First Nations for far too long. I encourage senators to recognize the potential of this progressive legislation to strengthen Aboriginal communities. I recommend Bill C-6 to the Senate.

Hon. Bill Rompkey: Honourable senators, I have a brief question for Senator Austin. Bill C-6 is an important piece of legislation. Thus far, we have found that there has been a large backlog of claims and only a certain number of them can be dealt with in any one year. There have been only six or seven claims on the table at one time. If we are to move on settling those claims and, in particular, to move toward self-government, we must speed up the process.

Could Senator Austin tell honourable senators how Bill C-6 might speed up the process in terms of numbers? Rather than deal with six or seven claims a year, would we be able to deal with substantially more claims? Would this bill speed up the settlement process?

Senator Austin: Honourable senators, it is my understanding that the bill is intended to speed up the process in several different ways. First, there will be a greater trust between the Aboriginal community and the settlement process, which will now be at arm's length and not within the total purview of the department. The Aboriginal leadership and negotiators will be prepared to move forward much more quickly with this process in place. There have been serious concerns in the past about the government effectively being a judge, jury, prosecutor and defendant at various times.

Second, we will have a new mechanism in terms of the two divisions — the commission and the tribunal — which will provide an enlarged capacity to move forward. Some of the delay rests essentially in the multiplying of demands on existing departmental facilities. The people involved in this process were involved in many other areas of the department's programs. With Bill C-6, we will create a segregated operation with one focus, which will be the negotiation and settlement of these specific claims.

On motion of Senator Stratton, debate adjourned.

YUKON ENVIRONMENTAL AND SOCIO-ECONOMIC ASSESSMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Ione Christensen moved the second reading of Bill C-2, to establish a process for assessing the environmental and socio-economic effects of certain activities in Yukon.

She said: Honourable senators, I rise to present Bill C-2 on second reading and to provide you with background information on why we are dealing with the proposed Yukon environmental and socio-economic assessment bill and why it is an important bill for the Yukon.

I am pleased to sponsor this proposed legislation on behalf of the Government of Canada, and through our government, for the governments of Yukon and Yukon First Nations. Bill C-2 brings into effect long overdue provisions of the Umbrella Final Agreement between the Government of Canada, the Council for Yukon Indians and the Government of Yukon land claims. Its passage will also encourage and bring legal certainty to future sustainable development in Yukon. The bill ends the uncertainty that has prevailed regarding the process that developers must follow to make future investment decisions.

The Yukon Umbrella Final Agreement came into force through an act of Parliament in February 1995. This bill has been under development since that time. The umbrella final agreement served two main purposes: It set out the framework for the completion of individual Yukon First Nations comprehensive land claims and it established requirements for a number of territorial-wide resource management processes. Among these are specific obligations for the government to include legislation to implement a new development assessment process for Yukon. Bill C-2 is that proposed legislation. Enacting it will fulfil this important umbrella final agreement obligation.

I should also emphasize to honourable senators that this bill has been prepared in a manner consistent with the specific requirements of that agreement and with others that apply in the Yukon.

• (1550)

As honourable senators can see, under the process proposed in this bill, a seven person Yukon environmental and socio-economic assessment board will be created, along with six community-based designated offices located throughout the territory. This board and the designated offices will be responsible for assessing the environmental and socio-economic effects of proposed projects.

The board will then provide recommendations to whichever government or First Nation has jurisdiction over the land in which the project is located. This recommendation will provide the research information on whether the project should be allowed to proceed and what mitigating measures should be applied to it. The board must be composed in the majority of Yukon residents, and all staff will be residing in the Yukon. This will ensure that the project assessment will be under the direction of the people who live in the territory.

This will complement the implementation of the devolution of province-like responsibilities to the Government of Yukon, which will take place on April 1 of this year. Final decisions on projects will continue to rest with the First Nation or territorial or federal government with jurisdiction over the land on which the projects are proposed. The appropriate jurisdiction may accept, reject, or vary the assessment recommendations. The proposed legislation will then require them to implement their decision with full public disclosure on the rationale for the decision.

Honourable senators, I would also like to highlight some of the more noteworthy process features in this bill: the creation of a single process for project assessments in the Yukon, providing certainty for project proponents and others involved in the assessment process, avoiding or minimizing process duplication, and providing guaranteed opportunities for First Nations and others to participate in the assessment process.

Honourable senators, there are presently eight Yukon First Nations that have concluded land claims and self-government agreements and now have responsibilities for regulating activities on their settlement land.

The Gwich'in Final Agreement provides the Gwich'in of the Mackenzie Delta with settlement land in the Peel River Basin region of the Yukon. Six Yukon First Nations are still negotiating their final agreements, and we hope they will be settled before too long.

Honourable senators will recall in our last session that Bill C-39 brought about a new Yukon Act. As I mentioned earlier, on April 1 of this year, the Government of Yukon will take on management responsibilities for much of the land, water and mineral resources in the territory currently managed by the

federal government. Federal agencies such as the Department of Fisheries and Oceans and Parks Canada will continue to be active resource managers in the Yukon, as they are across the country. With all of these different levels of government managing different lands and resources, the Yukon could be faced with 16 or more different processes for assessing projects across the territory.

However, Bill C-2 will provide a single consistent process to assess projects on lands in the territory. This will help ensure that potential developers will have one set of rules to follow across the Yukon for environmental and socio-economic assessments of their proposals. Consistency and predictability in the assessment process are key requirements for encouraging responsible development, and this bill proposes to provide them.

Honourable senators, the certainty and timelines of the assessment process are featured in Bill C-2, which are important in providing a climate that encourages responsible development in the Yukon, while also providing effective environmental protection. We have heard during earlier considerations of Bill C-2 that providing greater certainty is a key objective of all parties. Certainty is needed by industry to attract investors. Certainty is needed by government to manage resources effectively. Certainty is needed by First Nations to protect their culture and to grow their economy. Certainty is needed by all residents for an open, balanced and effective assessment and decision-making process.

We have heard throughout the development of this bill, and during its consideration in the House standing committee, the importance of certainty for the Yukon mining industry. Environmental groups and First Nations have also made it clear that they wish to see certainty with respect to their participation in project assessments.

Honourable senators will see that there are many provisions in the bill that aim to provide greater process certainty. For example, binding procedural rules for the conduct of all assessments must be established by the board, including rules laying out times for assessments and project proposal requirements. These same binding rules must articulate how the public and interest groups will participate in all assessments.

We have also heard that industry and environmental interest groups want to participate in the development of these important procedural rules. A provision in the bill guarantees that the public can see early drafts of these rules and will be invited to provide input before they are finalized. I am also confident in the ability of those Yukoners who will participate on the board to be inclusive and consult thoroughly as they develop these important rules.

In addition to the rules that will provide certainty for the assessment process, First Nations, federal and territorial decision-makers will be required to respond to assessment recommendations within specific time frames that will be set out by regulation. This will ensure that decisions in response to the project assessments are timely as well.

Honourable senators, I am pleased that officials have already sought input from industry, conservation and other interest groups regarding these future regulations. In complex legislation such as this, it will be regulations that set out the process for implementation, and they are yet to be formulated. It is fair to say that it is the uncertainty of such regulations that causes the most concern to opponents of this bill.

Honourable senators will appreciate the importance of reducing or eliminating duplication in order that the regulation of development activities can be as efficient and as effective as possible. There are many provisions in Bill C-2 that are aimed at achieving this goal.

Assessments under the Canadian Environmental Assessment Act will not be required for most projects assessed under this proposed legislation. However, there will remain opportunities for the involvement of the Minister of the Environment and the Canadian Environmental Assessment Act for authorizations from the National Energy Board or where a panel review is required for transboundary projects or those under federal jurisdiction.

The bill presents a number of options for the makeup of joint project review panels involving the Minister of the Environment or others to help ensure that only a single panel review process will be applied to a given project in the Yukon.

Honourable senators, for all assessments conducted under the proposed process, those conducting the assessments will be required to collaborate and to cooperate with any other process that may be examining the potential effects of a project in order that there not be duplication of effort. The assessors, under this process, will also be able to substitute reports prepared under other processes in lieu of doing their own, thereby further reducing the potential for duplication.

These provisions will be particularly useful for the assessment of projects on the North Slope of the Yukon where the Inuvialuit Final Agreement screening and review process will still apply. I believe honourable senators will agree that these provisions to avoid process duplication will help to encourage orderly development in the territory.

• (1600)

As I mentioned in my opening, this bill represents the fulfilment of a major outstanding obligation from the Yukon Umbrella Final Agreement. A key objective of chapter 12 of that agreement, on which this bill is based, is to ensure that First Nations are involved in development assessments. Bill C-2 provides guaranteed opportunities to participants in all assessments for all First Nations, regardless of whether they have completed their final agreements. Proponents of large projects that will be assessed by the board are required to consult with affected First Nations when developing their project proposals.

The Council of Yukon First Nations will nominate half of the members of the Yukon Development Assessment Board, and must involve all the First Nations in their decisions regarding

those nominations. Those First Nations that have completed their final agreement and self-government agreements will also be decision bodies for some projects under the process proposed in this bill. They will be able to benefit from the assessment recommendations provided to them for projects on their settlement lands and will accept, reject or vary those recommendations in decision documents that they must implement.

Honourable senators, you will see in the bill many clauses to provide opportunities for the participation of public interest groups in assessments. The legislation will also require that information collected or produced by the assessors be maintained on readily accessible public registers so that it will be a transparent process that facilitates public involvement.

I should like to spend a few moments discussing the process used in preparing this bill. Bill C-2 is the result of more than six years of close collaboration of federal officials with the Yukon First Nations and the Government of Yukon, and extensive consultation with the Inuvialuit, Gwich'in Tribal Council, interest groups and the public.

Federal officials were granted special permission to use drafts of the legislation as tools for consultation. Several drafts were circulated and discussed among First Nations and the Government of Yukon, and two drafts were the focus of extensive public interest group consultation. Three territorial-wide community tours, public meetings, workshops and mail-outs were all part of the consultation process. An Internet Web site was established and maintained to provide updated information on the development of the proposed legislation. Several meetings were held with individual First Nations, the Inuvialuit, municipalities, industry representatives and environmental groups.

Federal officials reached agreement on all policy aspects of this bill with the Government of Yukon and the Council of Yukon First Nations, representing 11 of the 14 Yukon First Nations and all eight with settlement agreements. Both these parties strongly support the bill. The bill is also consistent with the Yukon Umbrella Final Agreement — an agreement among the federal government, the Government of Yukon and the Yukon First Nations.

I believe we must respect not only the strict requirements of the Yukon Umbrella Final Agreement, but also the additional provisions in the bill that were strongly supported by the parties to that agreement.

Some concerns were raised during the consideration of this bill, many relating to the potential involvement by interest groups in the development of important assessment procedural rules and regulations. I have reviewed the application provisions carefully and am confident that Yukoners, who will be implementing this process, will seek advice on these matters from the key industry and conservation groups.

To summarize, this bill represents the completion of a major land claim commitment for the Government of Canada. Beyond this, the proposed legislation provides for a single, Yukon-based, effective, timely process for assessing the effects of proposed projects that minimizes duplication and provides a high degree of certainty for proponents and others.

The process will be based in the territory under the control of Yukoners. As such, the bill will provide the Yukon with a valuable tool to encourage responsible, sustainable development in the territory for many years to come.

I ask honourable senators to read this bill carefully. It is complex. I would then ask you to bring your questions and concerns to the meeting that our committee will have with the minister and his staff. This bill is a negotiated tripartite piece of proposed legislation. It has been years in the making. True, it will add to the work of the developers; but without this legislation, we would have an impossible maze. The large number of jurisdictions and the resulting lack of conformity in such a small community would be truly chaotic. Bill C-2 brings order to this process.

Honourable senators, I ask that you support this bill.

On motion of Senator Tkachuk, debate adjourned.

[Translation]

LOBBYISTS REGISTRATION ACT

BILL TO AMEND—SECOND READING—
DEBATE ADJOURNED

Hon. Bill Rompkey moved the second reading of Bill C-15, to amend the Lobbyists Registration Act.

He said: Honourable senators, it is my pleasure to move the second reading of Bill C-15, to amend the Lobbyists Registration Act.

It is not a complicated bill. In fact, the current system works well and does not require a lot of change. Canada has a transparent system for governing lobbying, and the information is easily accessible to Canadians on the Internet.

[English]

This bill addresses a few issues that have emerged over the past seven years of experience with the law as it currently stands. These are issues that the government is asking us to address in order to make a good system work even more effectively. I should point out that this bill does not stand in isolation. It is a component of the Prime Minister's eight-point plan of action on ethics. It is meant to help enhance the trust of Canadians in our public institutions.

Before I go further, let me outline the lobbyists' registration system as it exists now. That system is founded on four key principles. First, free and open access to government is an important matter of public interest. Second, lobbying public office-holders is legitimate activity. Third, it is desirable that public office-holders and the public are able to know who is attempting to influence the government. Fourth, a system of

registration of paid lobbyists should not impede free and open access to government. These principles recognize the reality and legitimacy of lobbying, matched with the importance of openness and transparency.

The current act — and this would not change with the passage of Bill C-15 — pertains to efforts by lobbyists to influence the making, developing or amending of federal legislative proposals, bills or resolutions, regulations, policies or programs, or the award of federal grants, contributions or other financial benefits. The Lobbyists Registration Act deals with the lobbying of what it defines as public office-holders in the Government of Canada.

• (1610)

Honourable senators and their staff members are included in that list, of course, as are members of the other place and their staff members. The officers and employees of federal departments and agencies, from the most senior to the most junior, as well as members of the Canadian Forces and the Royal Canadian Mounted Police, are included to provide comprehensive coverage.

I should note that the act does not cover ordinary citizens or volunteers as lobbyists. People acting out of a sense of civic interest are not expected to register and report on their activities. Instead, and quite properly, the law covers people who are paid to lobby, either as employees of a business or a non-profit organization, such as an industry or public interest association where this constitutes a significant part of their jobs, or as outside consultants.

While the current law has more elements, such as the information that lobbyists are expected to report, I only want to note one other item before I move to the substance of Bill C-15, which is the complementary Lobbyists' Code of Conduct that supports the act. That code sets standards of conduct for lobbyists and is the subject of an annual report, which is tabled in both chambers of our Parliament.

[Translation]

I should point out that the original version of the Lobbyists Registration Act was passed in 1989. However, this version was inadequate. It did not offer the necessary transparency to meet the increasingly elevated expectations of Canadians.

The government followed through on a promise it made in the 1993 election campaign and introduced more solid legislation in 1995. Parliament passed this bill, which became law in 1996.

[English]

In 2001, the Standing Committee on Industry, Science and Technology in the other place studied the act in terms of how it was working and how it might be improved. That committee looked at issues that the Minister of Industry had asked it to consider and heard from a series of witnesses. The result was a limited set of recommendations for change. They were limited simply because the evidence indicated that the system was working well, with the needed degree of transparency and effective operations.

[Senator Christensen]

In time, and after its own review of the committee report and some of the questions that members of that committee proposed for further analysis, the government introduced Bill C-15, which has come to us without any amendment from the original bill.

Honourable senators, this bill proposes three substantive changes to the current legislation. The first clarifies who must register under this act. The law, as it stands, states that a lobbyist who is attempting to influence a public office-holder must register. The question is what, exactly, does that wording about "attempting to influence" mean in practice? Where does it start and where does it stop?

In fact, concerns have been expressed that some people who are truly lobbyists might not register specific work because they may claim that they are not engaged in any "attempt to influence." They may claim that they are simply seeking information on behalf of their client, business or organization, with no influence intended.

This bill addresses that potential problem. It proposes that, in general, if there is communication with a public office-holder by someone who is doing so in connection with his or her job, there is lobbying. There is an obligation to register as a lobbyist. The key is communication, not what may or may not be an attempt to influence.

The bill exempts simple fact-finding from this definition, yet clearly defines more stringent boundaries for activities that require registration.

Honourable senators, Bill C-15 would also close what has been seen as a loophole in the existing law. As it stands now, the law does not require registration if it is a public office-holder who initiates the contact with the lobbyist, for example, to seek out an industry's views on a particular issue.

[Translation]

The bill submits all communication to the same requirements, regardless of who initiates the contact and regardless of whether or not the lobbying is well established or in its initial stages. If one of us calls a lobbyist to discuss a given topic, he or she must register. These changes will make the system more transparent and will meet the expectations of Canadians.

[English]

Honourable senators, Bill C-15 also harmonizes registration processes, which are now different for lobbyists who are employees of businesses than they are for lobbyists employed by non-profit organizations. Moreover, it simplifies the registration and deregistration requirement for all those lobbyists and their employers.

Under the law now, an employee of the business who spends 20 per cent or more of his or her time lobbying must register. Conversely, it is the senior officer of a non-profit organization, such as an industry association or a public interest group, who

must register. Even then, that only occurs if the amount of time that any of his or her staff devote to lobbying adds up to 20 per cent of the time of a single employee.

After substantial analysis and consultation on the issue, Bill C-15 would require both types of organization, whether for profit or not for profit, to follow the same rules. Quite simply, if the amount of time spent lobbying by employees adds up to 20 per cent or more of the working time of one employee, then the chief executive officer of that organization must register on its behalf. The register would show the names of everyone on the payroll who lobbies as part of their jobs, but the CEO would clearly be responsible in law for adherence to the Lobbyists Registration Act. The same kind of consistent approach would be brought to the required timing of updates to registration information.

Instead of a mix of different timetables and requirements, all lobbyists will have to renew and update their registration every six months. All lobbyists will continue to be required to update their registrations more often to reflect changes in their clients or the nature of their lobbying efforts. Lobbyists who do not update their registrations accordingly will be deregistered.

Along these lines, I should note an amendment to this bill that was made in the other place. It would require that any in-house lobbyists who had formerly worked for the Government of Canada must provide information on the positions held, adding another element of information and transparency to the process.

The final major change included in Bill C-15 imposes a new obligation on the Ethics Counsellor and his staff. That obligation would arise if the Ethics Counsellor investigates a situation, such as a complaint under the Lobbyists' Code of Conduct, and identifies a possible offence under any other law. This bill would require the Ethics Counsellor to take the matter to the police for investigation.

[Translation]

Honourable senators, Bill C-15 obviously contains other elements. However, they are basically minor technical changes. These changes include reconciling differences between the French and English versions and solving other problems related to the wording.

We have already given careful thought to this issue and we have done a lot of analysis. The main points are now clear.

[English]

The federal lobbyists registration system works well. It can work that much better with a small number of judicious changes that will make the system more transparent and more enforceable.

Passage of this bill will be an action that encourages improved public trust in the work we do as parliamentarians and in the work of all public office-holders. I encourage honourable senators to support the legislation.

• (1620)

On motion of Senator Kinsella, for Senator Di Nino, debate adjourned.

[Translation]

THE ESTIMATES 2002-03

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)— DEBATE ADJOURNED

The Senate proceeded to consideration of the third report of the Standing Senate Committee on National Finance on the Supplementary Estimates (B), presented in the Senate March 25, 2003.

Hon. Lowell Murray moved the adoption of the report.

He said: Honourable senators, the report before you deals with the Supplementary Estimates (B) for the fiscal year 2002-03. The amount is \$1.4 billion, which has been added to the \$5.7 billion already approved by Parliament in the Supplementary Estimates (A), and \$170.6 billion in the Main Estimates. The total amount is approximately \$177 billion for 2002-03.

The details of these proposed expenditures are well explained in the report.

[English]

Let me draw your attention to several features of our report, which I shall do briefly.

I believe the committee is making slow but steady progress in our campaign to tighten up Treasury Board policy and guidelines for the use of Contingency Vote 5 and restricting its use. Honourable senators will recall the concerns of our committee to the effect that this so-called contingency vote provided for each year in the Estimates was being used as a pool of funds to be accessed by ministers and by officials whenever convenient for them. We therefore find that guidelines and policy have to be tightened up.

You will note that the Minister of Finance, in his budget speech last month, more specifically tabled with his budget plan, committed to review the use of this Contingency Vote 5 and the reporting to Parliament. Treasury Board officials who appeared before our committee were even more expansive in their commitment. They stated, on behalf of Madam Robillard, that she, the President of the Treasury Board, intends to consult us on the proposed new rules and guidelines. We are making slow but steady progress on that issue.

There is a general issue concerning the quality and quantity of information on proposed government spending that is provided for Parliament. I see this issue becoming much more — not important, because it could not become more important — visible in the months ahead. For example, in these Supplementary Estimates (B) brought in at the tail end of this fiscal year, we were asked to provide and we will

provide, if the supply bill goes through, \$14.8 million to something called “The Canadian Lumber Trade Alliance,” which had been incorporated only a month earlier. The problem for the committee was that there was really no information as to who these people are or what the purpose of this funding is. The Treasury Board officials who appeared before us were remarkably innocent of detail. They did not have briefing notes that could tell them and, therefore, us, very much about it. My hunch is that this Canadian Lumber Trade Alliance is a group of operators — perhaps on the West Coast, perhaps across the country, who knows? — who will do some of the heavy lifting for the government in terms of the campaigning on the softwood lumber issue in the United States. However, that is a hunch, and it is backed up by nothing in terms of solid information from the officials who appeared before us. My colleague Senator Lynch-Staunton quite properly protested this at our meeting with the officials on these Supplementary Estimates.

Senator Lynch-Staunton also pointed us to another matter. He is emerging as the chief tormentor of the officials of the Treasury Board. There is \$96.9 million in a supplementary estimate at the tail end of the year to go to the Department of Public Works to acquire the Skyline Campus in west Ottawa. Here, again, when we inquired as to which tenants will occupy this space and what it was all about, information was really very scarce. The justification that the Treasury Board officials presented to us was, “Well, this was an opportunity that came up for the government to purchase this property.” The total investment will come eventually to \$176.8 million. They had opportunity to spend \$96.9 million on this property, and it had to be done before the end of the fiscal year.

I doubt very much that there was a lot of congestion or that there was a big crowd of potential buyers competing for this property. I suspect there was one potential buyer, which was the federal Crown. I suspect that the reason we are being asked to do this is that the government was flush with cash and wanted to spend \$96.9 million of this proposed \$176 million and charge it up to the fiscal year that ends at the end of this month. I am not unfamiliar with the practice. I am not even totally unsympathetic to it. However, I think that it is important that we have some information on these matters. We had virtually none. We were left only to thrash about and to insert into our report several complaints about the way it is being handled.

I suspect, and I do not think Treasury Board officials told us this, that this campus, so-called, will be occupied by the headquarters of the Department of National Defence. How do I know?

Senator Lynch-Staunton: Agriculture.

Senator Murray: Oh, it is Agriculture?

Senator Lynch-Staunton: The Canadian Food Inspection Agency and Agriculture will move from the Experimental Farm.

Senator LeBreton: No, no. They are going to another building.

Senator Murray: The Department of National Defence is buying another campus. There you go.

Senator Bolduc: Perhaps Senator Carstairs will tell us.

Senator Murray: You see, honourable senators? This is the way we find out, this way and through the *Ottawa Citizen*.

Let me simply say that some common sense could certainly be brought to bear on these matters. The departments concerned could try to play by the book, including a proper communications plan and some deference and respect for Parliament in the quality and quantity of information that they provide. Here I simply say we do not need excessive detail. We just want to know what the \$96.9 million dollars is going for and who will occupy the space and why they need to put it down now. If they would do that, some of these departments would be in less trouble less frequently.

With those few cheerful words, honourable senators, I commend this report to your approval.

On motion of Senator Cools, debate adjourned.

• (1630)

REPORT OF NATIONAL FINANCE COMMITTEE— DEBATE ADJOURNED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on National Finance on the Estimates for the financial year ending March 31, 2003, presented in the Senate on March 25, 2003.

Hon. Lowell Murray moved the adoption of the report.

He said: Honourable senators, as you know, we have kept this order of reference alive for the past 12 months.

[Translation]

This is the seventh report submitted on supply for fiscal 2002-03.

[English]

If you came to the conclusion, upon reading our report, that the committee has perhaps started more than we have finished, I could not object to your having drawn that inference. Nevertheless, I believe the committee has struck several small but significant blows for improved transparency, accountability, fiscal conservatism and good governance, which some of us believe are the same thing.

In addition to the reports on the Estimates that we have submitted over the past fiscal year, we also did a special study concerning the Goose Bay, Labrador airfield entitled "Managing and Marketing the Goose Bay, Labrador Airfield." I am happy to report that as a result of our report and recommendations we have had quite an encouraging reply under date of March 10 from the Minister of National Defence, the Honourable John McCallum. That letter is available to you if you are interested in reading it. I think there we have made some progress.

[Translation]

Toward the end of last March, we submitted a report on the equalization payment program. Our recommendations were very well received by the provincial premiers. Prime Minister Chrétien committed to accepting one of our most important recommendations: elimination of the ceiling on transfer payments. This is a very important initiative for the receiving provinces. We know that the transfer payment program is the object of federal-provincial discussions at the present time. I hope that the federal government will accept a number of other recommendations, particularly the one aimed at a return to a ten-province standard —

[English]

— instead of the five-province standard for calculating the equalization payments. This would be a second extremely beneficial step to take for the recipient provinces.

I have already referred to Treasury Board Vote 5, the so-called contingencies vote.

There was also the question, and it is referred to in our report, of the government's policy regarding the disposal by the National Capital Commission of surplus lands. You will recall our concern that the present policy allows the NCC to keep the proceeds from the disposal of surplus lands for its own operational purposes. We have been concerned that this creates something of an incentive for the NCC to dispose of land when it is strapped for cash. Our belief is that when the NCC disposes of land, it should return the proceeds to the Consolidated Revenue Fund and when it is strapped for cash, or even when it is not, it should come to the federal cabinet, as other agencies of government must do, and make its case.

I may say on this question that we have also had a fairly positive response from the President of the Treasury Board, Ms. Robillard, who told us that they have considered our recommendations and they believe it is time to review the real asset management funding strategy for the National Capital Commission. Ms. Robillard tells us that the Treasury Board Secretariat is examining the sale of surplus properties with the NCC and is considering funding options. We expect to bring recommendations from the study to the Treasury Board in early 2003 and Ms. Robillard will notify us of the results.

There is the question of the hosting of major international events. This interest was occasioned when, during consideration of Supplementary Estimates (A), I believe it was, we got a bill for the visit of His Holiness Pope John Paul to Canada for World Youth Day in Toronto last summer. Senator Lynch-Staunton, alert as ever, wanted to know — loyal Catholic that he is, but frugal taxpayer — how much we were paying for this and, in general when Canada hosts these events, what controls are in place for monitoring and keeping track of expenses.

This led us to some consideration of sporting events, which of course are much more significant dollar items, what with the Olympics, Commonwealth Games, Pan Am games, les Jeux de la Francophonie, et cetera. Upon investigation, we found that there

is quite a coherent policy in place aimed at protecting the federal government's interest. However, we are alarmed, simply from following the media, by the expectations of some cities that under the rubric of games they hope to attract, and which the federal government is helping them to attract, Ottawa will then be on the hook for massive investments in infrastructure, for which provincial and municipal governments ought to be primarily responsible. Therefore, with Hamilton, Vancouver and Toronto perhaps coming up with major events along these lines, Parliament needs to pay close attention. It is important that the proponents of these games outside of Parliament and in and around government and Parliament know that Parliament is paying close attention.

Finally, on the question of these foundations that we have talked about in the past, this is a situation where the government, typically near the end of a fiscal year, pours money into these foundations, some incorporated under the Canada Corporations Act, others incorporated by legislation. As you know, our concern has been that the accountability to Parliament through ministers of these foundations is quite tenuous. Here again, the Minister of Finance, in his budget plan, promised to tighten things up fairly significantly, and I am gratified to see that slow progress is being made here. He indicates that, in the future, these things will be set up by legislation. He did not exclude the possibility of their being set up through the Canada Corporations Act, but he indicated quite strongly that, in the future, they would be set up by legislation.

• (1640)

The minister also talks about the need for annual reports to be made public. I think it is more important that those annual reports be tabled in Parliament where, if necessary, they can be referred to the appropriate parliamentary committee and discussed, because the point of all these foundations is that they are serving a public policy purpose but they are set up as private bodies.

Without going into detail, although I may do so at some future occasion, I should like to draw your attention to a paper that will appear in *Canadian Public Administration*, Spring 2003, written by Professor Peter Aucoin of Dalhousie University. He is someone in the field of public administration whom we all know very well. I believe he is one of the most respected people in that field in this country.

He has authored a paper on this issue entitled "Independent Foundations, Public Money and Public Accountability, Whither Ministerial Responsibility as Democratic Governance." Speaking of these foundations, I will read one sentence to give you the flavour of the paper, and I invite honourable senators to obtain a copy and read it in its entirety.

Essentially the criticism is that the design of these foundations constitutes the privatization of public authority to allocate public money for public purposes in ways that put them beyond the pale of the Constitution's requirement for parliamentary control.

That is the nub of the issue. It is a very good paper, to which I invite your attention in due course.

Honourable senators, that is all I have to say about this report. You have it in front of you, as you have the government documents. I invite your favourable consideration of the report.

The Hon. the Speaker: Question?

Hon. Bill Rompkey: I just wanted to make some comments, if I may.

The Hon. the Speaker: Will you adjourn, Senator Cools?

Senator Cools: Yes.

Senator Rompkey: Honourable senators, I wanted to draw attention to two of the items to which Senator Murray referred, namely, the Goose Bay study and the equalization study, and to commend him and the committee on the excellent work they did on both. Neither of these studies may have attracted a lot of national attention, but I can assure the chamber that, from a regional point of view, they were extremely important.

First, Goose Bay is a remote Northern airfield that is very vulnerable. If it is vulnerable, then the centre of Labrador is vulnerable. This was the first public comprehensive study to be done of the administration there. As I recall, the committee sat until late last June, beyond the sitting of the Senate, and tabled the report in July.

Senator Murray and the other members of the committee put in long hours hearing witnesses. The report that they presented will form the basis of future negotiations on changes in administration that will have a positive impact on that area. The letter that Senator Murray has received from Minister McCallum is an indication that the Senate played a principal and important role in developing that issue. It also reflects on the kind of work that the Senate can do and does do from time to time with positive effect.

The second item is the report on equalization. I believe this is the most important economic issue that currently faces us and those provinces that receive equalization. I can certainly speak for my own province. I believe it is the most important economic issue that we face today.

The kind of analysis that was done in committee was important and useful. It was supported and responded to positively by all four Atlantic premiers. One particularly positive outcome was the recent lifting of the cap. Hopefully, that analysis can be used to further develop policy on equalization that would be beneficial to all of those provinces that now receive equalization.

I would commend Senator Murray and the committee on the excellent work they did on those two important issues that were, perhaps, not excessively noticed.

On motion of Senator Cools, debate adjourned.

THE ESTIMATES, 2003-04

FIRST INTERIM REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on National Finance on the Estimates 2003-04, presented in the Senate on March 25, 2003.

Hon. Lowell Murray moved the adoption of the report.

He said: Honourable senators, this is our interim report on the Main Estimates for the fiscal year that begins on April 1. We will keep this order of reference alive for 12 months. We will issue interim reports on various subjects as they arise.

Let me say, if you are reading this report, there is nothing to prevent other standing committees of the Senate from exploring in more detail some of the issues to which we are drawing attention. For example, there is a reduction of \$0.5 billion in grants and contributions to the Department of Agriculture. We are told that this reflects the phasing out of the Canada Farm Income Program and other programs. However, the replacement programs are still being negotiated and so the money for them will, one assumes, be in Supplementary Estimates for 2003-04, at some point. That is as far as we could go in our consideration of that item in the Main Estimates for 2003-04. I would simply put that on the record and say to the chair, Senator Oliver, and members of the Standing Senate Committee on Agriculture and Forestry, “over to you.”

A reduction of \$30 million in the allocation to the Department of Fisheries and Oceans in several important areas also caught the attention of the committee because it was the view of several members of the committee who know something about this that these are areas where more public investment is needed. The chairman of the Standing Senate Committee on Fisheries and Oceans happens to be a member of our Finance Committee, so I am sure that he and his committee will want to take this matter up.

Once again, honourable senators, I simply state that this whole business of the quantity and quality of information on spending that is presented to Parliament is a growing issue for us. We will be, I think, dealing with it in more detail during this fiscal year, and we will continue our consideration of such matters as foundations and others that we started but did not quite finish during the fiscal year that is now drawing to a close.

Permit me to thank all members of the committee for their constant attendance, their cooperation, their hard work, and their personal consideration, as well as the clerks and members of the staff from the parliamentary library who have given us such considerable assistance during the fiscal year. I commend this report to your favourable consideration.

On motion of Senator Cools, debate adjourned.

BROADCASTING ACT

BILL TO AMEND—THIRD READING— DEBATE ADJOURNED

Hon. Noël A. Kinsella moved the third reading of Bill S-8, to amend the Broadcasting Act.—(*Honourable Senator Kinsella*).

On motion of Senator Ringuette, debate adjourned.

• (1650)

NATIONAL ANTHEM ACT

BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Poy, seconded by the Honourable Senator Banks, for the second reading of Bill S-3, to amend the National Anthem Act to include all Canadians.—(*Honourable Senator Cools*).

Hon. Joan Fraser: Honourable senators, some of you may recall that I spoke to the earlier version of this bill last April in the previous session of Parliament. I shall not abuse your patience by repeating everything I said then. However, there are a couple of points that I do wish to make today.

Honourable senators, I still oppose Bill S-3, despite the obviously estimable motives of its sponsor and despite the impressive arguments made for it by other senators. I have not been swayed by their arguments.

One point that bears some consideration is the suggestion that our symbols should reflect us favourably and that there is a problem because the national anthem does not do that. I would suggest that symbols could not actually reflect us faithfully. The whole point of a symbol is that it is a “symbol” — it symbolizes something much greater than the literal or visual reality of the symbol itself. The best example I can cite, perhaps, is the best-known symbol of Canada, surely, the scarlet maple leaf, which is known all over the world, and to every Canadian, as the symbol of this country. Scarlet maples do not grow in the West and they do not grow in the North but that has not stopped us — easterners, westerners and northerners alike — from being proud of that symbol. We know that it refers not to a particular species of vegetation that grows in Eastern Canada but to everything about this country that we cherish. We are proud to wear and to salute the maple leaf.

The difficulty in attempting to make our symbols reflect us specifically and literally is that the more detailed or the more groups of Canadians we include specifically and literally, the more we will end up hurting, wounding or offending those who are not specifically and literally included in our listing.

On this point I would like to clarify something that I said last year because it may have led to some misunderstanding. I said that, if we want to acknowledge women's concerns, why not other groups? Why not acknowledge Aboriginal people, immigrants, fishermen, bankers and software engineers? I sensed that some people thought that with those words, I was in some way belittling the importance to our country of its Aboriginal peoples. In fact, senators, the point that I was trying to make was the exact opposite. I was trying to say that if we begin by including, for specific reference, the most legitimate groups imaginable and find ourselves moving along a continuum, we would end up pressured to include all kinds of other groups who are, shall we say, far more debatable.

No one is more worthy of specific inclusion in our national anthem, if that is our wont, than are the Aboriginal peoples of this country because they truly are our First Nations. If I were to favour the reopening of the national anthem, which I do not, they would be my first priority for specific inclusion.

My point, honourable senators, was that, once we include Aboriginal peoples, surely we would have to include immigrants and the rest of us who are descended from immigrants and proud of it. Then we would have to include all of the other people who built this country. We would find ourselves pressured to include the Europeans who opened up the country to fur trading. That is no longer politically correct. What would we do about that kind of reference?

Honourable senators, even the most legitimate of inclusions may create precedents that we do not wish to have. I hope now that that is absolutely clear because the last thing I wished to do was to offend or to wound anyone.

As Senator Stratton said the other day, our national anthem is a work of art; it is a work of poetry. It is an imperfect work of art; it is not great poetry; and it is not great music, but it is ours. No human work is ever perfect but this one is ours, "warts and all." As I said one year ago, it seems to me that the value of a national anthem is not in its precise words or in its precise music but in its durability. It is the fact that generations of Canadians sing it. It is not that a Parliamentary committee decides this, that or the other word should be in or should not be in. The value is that we collectively say, "This is our anthem — the one that we, our children, our grandchildren and our great-grandchildren can sing with pride." That, honourable senators, continues to be why, with some regret, I oppose this bill.

Hon. Francis William Mahovlich: Honourable senators, I would like to ask a question of Senator Fraser. Did I hear her say that it was not great music?

Senator Fraser: The music is not as bad as some other national anthems that we have heard but it is not as great as some others we could name, in purely musical terms, in my unprofessional view. However, I love it, honourable senators, and I will sing it happily until the day I die.

[Senator Fraser]

Senator Mahovlich: I think our national anthem stands up with any anthem in the world.

Some Hon. Senators: Hear, hear!

Senator Mahovlich: I also want the honourable senator to know that I have two grandsons who are descendants of Calixa Lavallée who wrote the music for *O Canada* in 1880.

Hon. Marcel Prud'homme: I must say that it was a delight to hear the honourable senator, although I did not agree with her. I want you to know that my character is such that whether I agree is irrelevant to the relationship, just like the pleasant exchange I had a moment ago with Senator Buchanan. It was a delight to hear Senator Fraser.

Thinking about the future, and being the only surviving member, along with Senator Forestall, of Mr. Pearson's committee on this issue in 1967, and seeing more and more controversy, I think that perhaps we could suggest that, in the future, words not be used. As Senator Mahovlich just said, in some countries they ask that ladies and gentlemen please stand for the national anthem and there are no words; there is only the music.

Would that not be a pleasant way to solve the problem, eventually — by reuniting all Canadians of every origin, sex and affiliation under one anthem called "Calixa Lavallée?" Those who want to sing the anthem in English could sing in English, and those who want to sing it all in French could sing it in French.

• (1700)

I should like to get the view of honourable senators. I proposed once that at federal events we should not sing the national anthem half in English and half in French. To truly show the bilingual nature of our country, we should sing it completely in both languages. That way, people would be singing side by side in a cacophony. That is the nature of Canada.

We all agree on the music. Thank God no one has asked to change the music.

I wish that people would read the law. The national anthem is not a funeral march. We even took great care to say how it should be sung — with vigour, not as a dirge.

Senator Fraser: I thank Senator Prud'homme for his question and his suggestion.

It would be an easy solution among English Canadians to have it become customary to use only the music. It is quite amazing that since Parliament rewrote the national anthem, a number of Canadians no longer know the words. We learned it one way when we were children, and then Parliament changed it. Now, dear goodness, Parliament might change it again, and we do not know what the words will be for our national anthem. This is not true of French-speaking Canadians.

Honourable senators will bear with me, perhaps, to relate a memory. I recall that at the great pre-referendum rally in the Paul Sauvé Arena in 1980, I heard thousands of Quebecers sing *O Canada* with all their hearts because they were singing for the country that they loved and wanted to protect. However, the thing that floored me was that they sang it with all their hearts, and then they all, thousands of them, sang the second verse. I do not know a single English Canadian who could sing the second verse of *O Canada* in English. I must acknowledge that we English-speaking Canadians are at an enormous disadvantage. We are just not as good at this as are francophones.

I would not wish to make judgments for all my fellow citizens. I know there are occasions now when only the music is played, and it is treated with great solemnity by the public.

Honourable senators, since I am proposing that we not reopen the law, I must be consistent. I am proposing that we not reopen the law.

On motion of Senator Robichaud, for Senator Cools, debate adjourned.

LOUIS RIEL BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming debate on the motion of the Honourable Senator Chalifoux, seconded by the Honourable Senator Taylor, for the second reading of Bill S-9, to honour Louis Riel and the Metis People.—(*Honourable Senator LeBreton*).

Hon. Thelma J. Chalifoux: Honourable senators, I am pleased to say that my colleague across the way, Senator LeBreton, has promised to speak to this item on Thursday or next Tuesday.

Order stands.

PUBLIC SERVICE WHISTLE-BLOWING BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Murray, P.C., for the second reading of S-6, to assist in the prevention of wrongdoing in the Public Service by establishing a framework for education on ethical practices in the workplace, for dealing with allegations of wrongdoing and for protecting whistle-blowers.—(*Honourable Senator Kinsella*).

Hon. Noël A. Kinsella (Deputy Leader of the Opposition): Honourable senators, I rise today to say a few words about Bill S-6. I shall continue at a later time. I wish to explain the reason. I intend to use about five minutes of my time right now.

First, I wish to remind honourable senators that Bill S-6 is a bill to assist in the prevention of wrongdoing in the public service by establishing a framework for education and ethical practices in

the workplace for dealing with allegations of wrongdoing and for protecting whistle-blowers.

For several years, the Senate has discussed and debated the importance of legislation on whistle-blowing. In 2001, this chamber gave first and second reading to a previous version of Bill S-6 and referred it to the Standing Senate Committee on National Finance. However, Madam Robillard, President of the Treasury Board, subsequently produced a policy dealing with the issue of whistle-blowing, entitled "Policy on the Internal Disclosure of Information Concerning Wrongdoing in the Workplace." Honourable senators might recall that this policy decision of the Treasury Board resulted in the establishment of the Office of the Public Service Integrity Officer.

A period of time has elapsed since the Public Service Integrity Officer was appointed. There are a number of developments running parallel to this bill and, perhaps, developing issues as well, all of which, in my judgement, help to inform on this bill.

Honourable senators, I am thinking, in particular, of a piece of legislation that is in the other place introduced by the government dealing with reform to the Public Service Commission of Canada. As the model of a whistle-blowing officer that is contained in Bill S-6 draws on the present structure of the Public Service Commission, it may well be that the government bill, if it proceeds, might overtake this bill.

I am more interested in seeing that we have a good methodology in place. I would prefer legislation because it is only legislation that can give statutory protection to the whistle-blower, but these things become practicable when all the elements are on the table.

I will continue this debate later.

On motion of Senator Kinsella, debate adjourned.

FEDERAL NOMINATIONS BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Murray, P.C., for the second reading of Bill S-4, to provide for increased transparency and objectivity in the selection of suitable individuals to be named to certain high public positions.—(*Honourable Senator Kinsella*).

Hon. Marjory LeBreton: Honourable senators, I seek the indulgence of the Senate. This is a topic on which I had intended to speak because of some practical experience that I had in this area in my previous life in the appointments area of the Prime Minister's Office.

I would like to put the Senate on notice that I want to speak to this item. However, I promised Senator Chalifoux that I would address the Louis Riel bill and I have a health care speech. Therefore, I would like to start the clock on this item again, with the approval of honourable senators, and take the adjournment of the debate in my name.

On motion of Senator LeBreton, debate adjourned.

• (1710)

VIMY RIDGE DAY BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Poulin, seconded by the Honourable Senator Poy, for the second reading of Bill C-227, respecting a national day of remembrance of the Battle of Vimy Ridge.
—(*Honourable Senator Atkins*).

Hon. Ross Fitzpatrick: Honourable senators, I rise today to speak on Bill C-227, the Vimy Ridge Day bill, which seeks to commemorate April 9 as a national day of remembrance of the Battle of Vimy Ridge. I am pleased to do so for a number of reasons, which I would like to briefly outline.

First, as we know, the Battle of Vimy Ridge was a defining moment in the history of our country. Canada entered the First World War a colony of Britain. Only four years later, our country took its place at the table for the signing of the Treaty of Versailles as an equal sovereign state. The principal reason for this swift transformation from colony to nation was the outstanding victory of the Canadian Forces at the Battle of Vimy Ridge.

King Edward VIII of Britain made this point very forcefully. Speaking at the official unveiling of the Vimy Ridge monument to the Canadian troops in France in July 1936, he declared: "It is a memorial to no man, but a memorial for a nation." His thoughts were echoed by Brigadier-General Alexander Ross, who commanded the 28th North-West Battalion at Vimy. Also speaking at the unveiling ceremony in 1936 in his new capacity as President of the Canadian Legion, General Ross recalled thinking at the time of the battle that it was Canada from the Atlantic to the Pacific on parade. He said, "I thought then...that in those few minutes I witnessed the birth of a nation."

One of the most renowned military scholars of the First World War era has written a compelling and concise explanation of the importance of the Canadian victory at Vimy Ridge for the Allied cause. Professor John Keegan's account states:

The success of the Canadians was sensational. In a few hours the German front was penetrated to a depth of between one and three miles. Nine thousand prisoners were taken...a way cleared towards open country. In a single bound the awful bare broken slopes of Vimy Ridge, on which the French had bled to death in the thousands in 1915, was taken, the summit gained and, down through the precipitous eastern slope, the whole Douai Plain, crammed with trapped German artillery and reserves, laid open to the victors' gaze.

It is difficult for most of us to imagine the extraordinary circumstances under which Canadian troops achieved this stunning victory, but it was not difficult for our allies to recognize the importance of their accomplishment. Here are a few facts that may help to place the Canadian success in perspective.

First, it is important to remember that the Germans had held Vimy Ridge, above the Douai Plain, since 1914. In the three years leading up to the battle on April 9, 1917, they had managed to construct an incredible network of artillery-proof trenches and bunkers that were even serviced by electricity, telephones and a railway to provide supplies. By contrast, the Allies, including the Canadians, were subjected to incredible hardships in cold and water-filled trenches with no amenities and frequent failures of their supply lines.

Second, as Keegan makes reference, the French army had attempted and failed to take the ridge between May and November of 1915, at a cost of some 150,000 casualties. After that disaster, virtually no significant efforts had been launched to dislodge the Germans from the ridge.

It is in this context, then, that the achievement of the Canadians is even more remarkable. As many authors have pointed out, unlike the British and the French with their large and established career-based military, the four Canadian regiments assigned to the battle were essentially comprised of civilian volunteers. Yet this group of volunteers, from a much smaller country with no military tradition, accomplished in a day what others had been unable to do in more than two years.

The Battle of Vimy Ridge was all the more significant in that it was one of the most complete and decisive battles of the war. It also was the greatest Allied victory up to that time. Vimy Ridge had been a key element of the German defence system, and it had also served to protect a large area of France in which mines and factories were producing materials for the German war effort. Its loss was therefore of enormous significance to the overall campaign, and both sides knew it. It is hardly surprising, then, that both the British and the French were quick to recognize the significance of Canada's contribution at Vimy and to likewise adjust their view of Canada to one of an equal partner in the alliance.

I would like to turn now to the great significance of this event for individual Canadians. There is, of course, considerable evidence to suggest that it was not only our Allies who suddenly perceived Canada as a nation after the Battle of Vimy Ridge. Canadians, too, began to see their country as a sovereign nation, taking its place on the world stage. In part, this was due to the fact that it was here for the first time that all four Canadian divisions fought in unison on the same battlefield. This, in turn, had come about because of our steadfast refusal to allow the British to carry on with their traditional practice of breaking up Canadian formations and feeding Canadian soldiers into British divisions as reinforcements. Naturally, this allowed both Canadian soldiers and Canadians at home to identify with the various Canadian units and divisions, and to follow their exploits with particular interest.

The battle also served to highlight the military competence of Canadian commanders, who soon became household names. Although the four divisions were headed by British General Julian Byng, there were several outstanding Canadian commanders, such as General Sir Arthur Currie from Victoria, who was knighted as a result of his role at Vimy, and General George Pearkes, also a British Columbian, who later became Canada's Chief of Defence Staff. As well, four Canadians were awarded the Victoria Cross for bravery during the battle, only one of whom ultimately survived the war.

Of course, individual Canadians and families suffered considerable loss as a result of the Battle of Vimy Ridge. Some 3,578 Canadian soldiers were killed during the attack, and there were more than 10,000 casualties in all, many of which were severely disabling and often ultimately fatal.

Honourable senators, some of you may not be aware that my own province of British Columbia played a particularly significant role in both the Battle of Vimy Ridge and in the contribution of Canada during the First World War. Of the 620,000 Canadians who served with the Canadian Expeditionary Force, some 55,570 came from British Columbia, the highest per capita rate of enlistment in the country. I would also like to note that every eligible male between the ages of 20 and 35 from the Okanagan Head of the Lake Indian Band signed up for duty and served overseas with the Canadian Forces.

From the beginning of the war in 1914, when the first contingent to go overseas was comprised primarily of two British Columbia battalions, the province made an important contribution to the war effort. The 2nd Canadian Mounted Rifles from the Okanagan were quick to follow in 1915 and saw action at Ypres and the Somme in 1916. The 4th Canadian Division, which contained battalions from Westminster, the Kootenays and northern British Columbia, also saw action at the Somme. Of course, all of these units became part of the four Canadian divisions that participated at Vimy Ridge.

Finally, I would briefly like to speak about the bravery of my uncle, Lieutenant Howard Joseph Fitzpatrick, who, during World War I, was promoted in the field to commission rank, wounded twice in battle and awarded the Military Cross for his actions during the Battle of Cambrai. I would like to place his accomplishments on the record because, despite many efforts, I have been unable to secure the decoration that he earned but never received.

The deed of action for the Military Cross to Lieutenant Howard Joseph Fitzpatrick, gazetted in the *Military Gazette*, stated:

In the Battle of Cambrai on 27th September, 1918, and succeeding days, for great courage and devotion to duty. He led his platoon to the attack and formed a defensive flank, encountering a heavy enemy counter-attack in doing so. In

the attack on 30th September, 1918, after being somewhat badly wounded, he kept on and led his men to the attack, only going out when ordered by his superior officer.

Although this citation was published, unfortunately his medal never reached him. His last inquiry was made in a letter dated October 1920. He died a young man, undoubtedly as a result of the war, without receiving his military cross.

• (1720)

I have made requests to the Departments of National Defence and Veterans Affairs and the British High Commission to have the medal issued, but without success as they no longer issue First World War medals. I simply wanted to donate the medal to the war museum in Kelowna in his memory. Instead, I make this statement in recognition of him today.

Honourable senators, if I may, before I take my seat, I wish also to place my own father's name, Raymond Ernest Fitzpatrick, on the record. Although he was not decorated, he, too, volunteered from Kelowna for the army in 1916 and served in the trenches in Europe as a private for the duration of the war. They were all brave men who trudged through the trenches those long months in France to bring victory to the Allies.

Honourable senators, I believe all Canadians recognize the debt of gratitude we owe to the many valiant soldiers who served and died in the Great War, especially to those who participated in the Battle of Vimy Ridge. I think it is most appropriate, as time takes from us those who actually remember and participated in these momentous events, that we create a lasting tribute to their contribution.

On motion of Senator Stratton, for Senator Atkins, debate adjourned.

[Translation]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ELEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eleventh report of the Standing Committee on Internal Economy, Budgets and Administration (economic increase for unrepresented employees), presented in the Senate on March 20, 2003.—(*Honourable Senator Bacon*).

Hon. Lise Bacon: Honourable senators, the Senate wants to treat its employees not represented by a union fairly by granting them increases and social benefits comparable to those received by other unionized employees who have signed a collective agreement.

We feel that it is important to preserve the salary relativity between the Senate and the House of Commons for similar positions.

[English]

The most recent collective agreement signed with the Public Service Alliance of Canada, the Senate Protective Employees' Association and the Professional Institute of the Public Service of Canada resulted in increases of 10 to 10.5 per cent over three years, from 2001 to 2003. On April 1, 2002, unrepresented employees working for the Senate received an economic increase of 3.2 per cent and had a 2.2 per cent increment added to the top of their salary scale. This year, we recommend an economic increase of 2.8 per cent for the unrepresented employees of the Senate.

Motion agreed to and report adopted.

TWELFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twelfth report of the Standing Committee on Internal Economy, Budgets and Administration (amendment to Committee travel policy) presented in the Senate on March 20, 2003. (*Honourable Senator Bacon*).

Hon. Lise Bacon moved the adoption of the twelfth report of the Standing Committee on Internal Economy, Budgets and Administration.

She said: Honourable senators, the current travel policy for Senate committees includes the following:

Members of a travelling committee and their staff are entitled, for travel within and outside Canada, to a per diem equivalent to the Treasury Board rate or actual expenses accompanied by original receipts.

This policy was adopted in the 38th report of the Standing Senate Committee on Internal Economy, Budgets and Administration on March 29, 1990. It was adopted by the Senate on May 1, 1990.

[Translation]

The current policy does not include ceilings or restrictions, which seriously compromises accountability. Your committee recommends changing this policy as follows to make it consistent with Treasury Board policy.

[English]

Where a traveller incurs meal costs that are higher than the established meal allowances in situations outside the traveller's control, the actual and reasonable expenses incurred shall be reimbursed, based on original receipts.

Such a change would improve the policy by allowing a reasonable level of flexibility, while increasing accountability.

Motion agreed to and report adopted.

[Senator Bacon]

[Translation]

STUDY ON DOCUMENT ENTITLED "SANTÉ EN FRANÇAIS—POUR UN MEILLEUR ACCÈS À DES SERVICES DE SANTÉ EN FRANÇAIS"

REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the seventh report of the Standing Senate Committee on Social Affairs, Science and Technology (document entitled "Santé en français — Pour un meilleur accès à des services de santé en français"), tabled in the Senate on December 12, 2002.—(*Honourable Senator Morin*).

Hon. Yves Morin: Honourable senators, I will be speaking on the Action Plan on Official Languages unveiled on March 12 by Minister Dion and the Prime Minister. This action plan, in my opinion, is remarkable in that there are three parts essential to its success: specific goals, corresponding resources and an ongoing assessment process.

The Prime Minister, incidentally, shares this opinion since he stated that this action plan would give new momentum to Canada's linguistic duality and reflect one of the fundamental values of Canada today. The populations concerned, the linguistic minorities, have also welcomed this new plan, especially since the government has guaranteed funding of \$750 million over five years.

Georges Arès, chair of the Association des communautés francophones et acadienne du Canada, stated that this action plan will produce significant results in terms of reinforcing linguistic duality and developing the francophone and Acadian communities of Canada.

[English]

This is not simply an initiative that has been acclaimed by francophones, but one that addresses the needs of minority official languages communities throughout Canada. Mr. Martin Murphy, president of the Quebec Community Group Network representing 20 English-language community organizations across Quebec, has welcomed this action plan as recognition by the Government of Canada that the English-speaking population in Quebec is facing serious problems that must be addressed. We must take advantage of the commitment of substantial resources.

[Translation]

This action plan was based on three considerations: the fact that linguistic duality is a part of our heritage, that it is an asset for our future and that the federal official languages policy needs to be improved. This plan, which will be a landmark, will be carried out in three broad areas: education, a bilingual public service and the social, economic and health development of minority language communities.

I would like to refer specifically to the effects of this plan on the health of the communities involved.

• (1730)

For these communities, which are often aging, health is a particular priority, especially since more than half of francophones living outside of Quebec do not have access to health care services in their language.

This is all the more serious because a recent study by Health Canada shows that linguistic barriers have a negative impact on the quality of health care.

This pernicious impact has also been confirmed by an American study published last week by Commonwealth Funds in the United States.

The action plan makes direct references to the report of the Advisory Committee on Official Language Minority Communities, the plenipotentiaries of the Manitoba, New Brunswick and Alberta governments and senior departmental officials from Health Canada and Canadian Heritage.

The report also reiterates many of the conclusions contained in the report of the Fédération des communautés francophones et acadienne published in June 2001.

[English]

The action plan also refers to the report by the Quebec Community Groups Network. This report states in no uncertain terms that health care and social services delivery in their own language constitutes a priority for Quebec's anglophones. This is especially true for anglophones living outside greater Montreal, a population that tends to be older and more unilingual.

[Translation]

The first recommendation in the action plan deals with networking.

Given the geographical dispersion of communities and the isolation of francophone professionals, neither of which is conducive to good collaboration or a more efficient use of human resources, the advisory committee recommended community networking among the various francophone communities, francophone health professionals and health facilities.

The next recommendation deals with the crucial need for front-line care.

This, in my opinion, is the sticking point of all health service reform, regardless of language.

Linguistic minorities must do everything in their power, now that they have resources available, to ensure that bilingual multidisciplinary teams are created and assume responsibility for all health care for a given linguistic community. There is nothing more important for these groups, which are often isolated and aging.

The last recommendation in the action plan addresses health personnel training.

The advisory committee's report noted a serious shortage of professionals capable of servicing francophone communities.

It recommended the creation of a pan-Canadian consortium to train health care professionals capable of expressing themselves in French.

This national network, composed of a number of post-secondary institutions and community health care facilities, would have the mandate of following up on recruitment and training strategies for future health professionals.

I am pleased to see that this has now seen the light of day thanks to the leadership of the University of Ottawa and the University of Moncton.

These three recommendations will be implemented after consultation and in conjunction with community stakeholders; Minister Dion has made a formal commitment to this.

The Société Santé en français, which was created in December 2002, will be the spokesperson for the francophone communities. I would like to take this opportunity to pay tribute to its president, Hubert Gauthier, whose truly exceptional enthusiasm and energy have played a crucial role in what we are addressing today.

[English]

In Quebec, the Community Health and Social Services Network has stated that primary health care and the development of strong networks are top priorities for the anglophone communities. The training of health professionals for anglophones outside Montreal is, however, nowhere near the same level as it is for their minority francophone counterparts in other parts of the country.

I strongly believe that McGill University has a major responsibility for coordinating the training of health professionals for anglophones in these outlying areas in the way that the University of Ottawa and the University of Moncton have done for francophones.

[Translation]

In short, honourable senators, the action plan developed by Minister Dion follows upon the almost unanimous recommendations on health care by the various stakeholders who studied this problem.

The Standing Senate Committee on Social Affairs, Science and Technology reached the same conclusions.

In conclusion, as Minister Dion stated on March 12, the next step requires the participation of Canadians.

Minister Dion stated that:

The Government of Canada is responding to Canadians through this action plan. It is inviting them to write the next act in the fascinating adventure of our bilingual country.

On motion of Senator Pépin, debate adjourned.

[English]

LEGACY OF WASTE DURING CHRÉTIEN-MARTIN YEARS

INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator LeBreton calling the attention of the Senate to the legacy of waste during the Chrétien-Martin years.
—(Honourable Senator Bryden).

Hon. Donald H. Oliver: Honourable senators, I am pleased to rise today to speak to and participate in the debate on the inquiry of the Honourable Senator LeBreton, calling the attention of the Senate to the legacy of waste during the Chrétien-Martin years.

Jean Chrétien, Paul Martin and the Liberal government have ineptly sent people who have proved to be little more than con artists hundreds of millions of dollars in false GST refunds. Honourable senators will understand that to keep our goods competitive in foreign markets, GST is not charged on exports, and exporters get a refund on any GST that they pay. In the same way, because there is no sales tax on goods sold to status Indians, businesses selling to reserves also get their GST refunded.

The Liberals have rushed those refunds out the door without making sure that the claims are legitimate. They have written real cheques to reimburse phoney GST payments that were never made on phantom goods. Phoney sales of cars to foreign buyers and to reserves have had the highest profile, but there have been other scams involving other goods such as heavy equipment.

Until CBC news broke the story wide open in November 2002, the Liberals mainly ignored the problem, catching and prosecuting only a very small number. Only then did they promise to catch and punish the perpetrators.

The *Edmonton Journal* of November 20, 2002, put it this way:

The government was responding to a CBC report that quoted police officers saying GST rebates for retail car exports have been a cash cow for scam artists, and that the government had been warned for years that the rebates are vulnerable to fraud but has done nothing to close the loopholes.

Criminals set up phoney companies to buy and sell cars that don't exist and then invoice the federal customs and revenue agency for the automatic seven per cent GST rebate on most cars sold into the United States.

The lost revenue is likely in the hundreds of millions, but nobody knows for sure. The *Edmonton Journal* continued:

University of Victoria economist David Giles, a specialist in the underground economy, said the loss of a billion dollars annually for "this sort of activity" would be reasonable.

The GST refund for sales to foreign countries, primarily to the U.S., was intended to keep Canadian companies competitive abroad. But because the government does not normally check the validity of the GST rebate claims, the refund is susceptible to fraud.

The government dismisses the billion-dollar figure but will not provide one of its own because it has no idea of the amounts outstanding.

It was not as if the Liberals did not know about the problem. They turned a blind eye while fraud artists worked their scams. For example, on November 20, 2002, the *Halifax Chronicle-Herald* of Nova Scotia reported as follows:

Conservative MP Bill Casey, who was an auto dealer for 18 years, said Tuesday he was approached by several dealerships for help fighting the fraud in 1998 and he brought it to the attention of Revenue Canada.

• (1740)

"They said they knew about it but were reluctant to deal with it because of pressure from other departments because it was native issues," Casey alleged. "He contacted local native groups, who also wanted the matter resolved, and several individuals were eventually prosecuted."

Former Auditor General Denis Desautels also warned the government about the problem in his 1999 report, citing this example in chapter 16 of his report:

Several individuals set up corporations and registered them for GST. The corporations then filed credit returns — the input tax credits claimed exceeded the reported GST revenue. Some of the credit returns were rejected by Revenue Canada's automated validity checks, reviewed by auditors and approved for payment. In total, over \$20 million in GST refunds was paid out to the corporations.

The filing of credit returns was not unusual given the stated nature of the corporations' business. However, in reality there were no purchases or sales, and the refund claims were fraudulent.

The fraud came to light when one of the corporations was selected for a post-payment audit. Because of the way the individuals structured the corporations' affairs, Revenue Canada has not yet identified any assets that can be used to recover the amounts paid out.

[Senator Morin]

The Auditor General went on to say:

We believe that one of the best ways for Revenue Canada to deal with schemes such as this is to prevent the refund cheques from being issued in the first place.

Paul Martin did nothing to change the GST legislation to stop this, while a series of ministers at the Canada Customs and Revenue Agency failed to put in place adequate internal safeguards. Instead, in 1995, the Liberals disbanded Enforcement Services, a 40-person intelligence unit dedicated solely to GST fraud. The members of this group, which included ex-police officers and criminal investigators, were reassigned to general audit duties. While the government has now hired more auditors, it will not get back the money that has gone out the door.

CBC News of November 20, 2002, reported:

One investigator on the squad, speaking to CBC News on condition of anonymity, said the squad discovered a number of embarrassing scams, including one that had rebate cheques delivered to the Kingston penitentiary.

The Liberals were more worried about being embarrassed than they were about catching GST fraud. The report went on to say:

Internal memos suggest there was considerable opposition to the move, that some within Revenue Canada recognized a need for a centralized and specialized intelligence unit involved in enforcement and fraud detection.

Unless the new auditors the government has hired are devoted to catching fraud as it happens, or unless the rules change for rebate cheques, the only result will be more audits of the local corner grocery store while GST fraud artists continue to work their scam.

The problem is that the crooks are faster than the auditors. They set up shell companies, collect rebate cheques for a few months, and then disappear before they are caught. It never occurred to the Liberals that, if they were sending a \$10,000 monthly cheque to a post office box, something must be wrong.

As Progressive Conservative Member of Parliament Bill Casey told the CBC's *The House* on November 23, 2002:

Unless something triggers an audit, apparently normal audits on GST accounts don't happen for years. And if somebody's deliberate, they want to set up a fake company, send in a series of GST rebate forms over a year or two years, fold up the company and take off, take the money and be gone, there's no recourse.

Even when the crooks are caught, they may have already moved the money offshore or just declared bankruptcy. The result is that Ottawa cannot get its money back.

Not only did the Liberals bungle GST refund cheques, they did not bother to tell Parliament about the problem. Normally the government reports instances of theft, fraud and losses of

taxpayers' money through the Public Accounts, a detailed annual report to Parliament on the monies raised and spent by the government and of Ottawa's assets and liabilities.

Andrew McIntosh put it this way in the *National Post* of December 7, 2002:

Although federal tax officials are required by law to inform Parliament about such theft and fraud, they have failed to report either the mounting losses or the dozens of criminal cases involving GST input tax credit fraud — essentially, businesses claiming credits to which they are not entitled.

Mr. McIntosh went on to report:

Colette Gentes-Hawn, a spokeswoman for Canada Customs and Revenue, said Customs officials negotiated a deal with the treasury board that allowed them to stop reporting to Parliament the number of cases and value of its losses due to GST input tax credit fraud after 1994.

Ms. Gentes-Hawn denied officials had tried to conceal the mounting losses, arguing that the millions of dollars in losses were not really losses at all.

Because tax officials "reassessed" the tax returns of criminals and their bogus companies, and then demanded repayments of GST tax rebates fraudulently obtained, the stolen money was not actually lost.

"Instead, it merely became 'a receivable' or a debt owing," Ms. Gentes-Hawn said. "Those 'receivables' have been grouped in with other taxes owed by legitimate companies or individual taxpayers and there is no way of knowing how much has been lost or never repaid," Ms. Gentes-Hawn said.

"They didn't really belong in that spot [in the theft and fraud section of the Public Accounts] anyways because they were not losses," she said.

However, federal prosecutors, police and auditors involved in several of the larger GST fraud cases uncovered by authorities have been unable to recover most of the taxpayers' money stolen.

Ms. Gentes-Hawn said Customs officials have no way of knowing how much was never recovered. A footnote in the 1995 Public Accounts says tax officials are unable to add up losses stemming from the GST rebate frauds because Canada Customs and Revenue's own "systems in existence cannot provide the information."

In the Liberal school of creative accounting, money that you do not ever expect to see is an asset that remains on the books forever.

The irony is that Jean Chrétien and Paul Martin had led Canadians to believe that they would get rid of the GST.

The visible GST was designed to raise no more money than the hidden federal sales tax that it replaced. However, the introduction of the GST angered many voters. The Liberals exploited that anger, promising to find an alternative.

As an opposition Member of Parliament, future finance minister Paul Martin told the House of Commons on November 28, 1989, "The GST is a stupid, inept and incompetent tax." Honourable senators, I repeat, he said, "The GST is a stupid, inept and incompetent tax."

A few months later, he told Liberal leadership delegates, in a publication called *De Novo, Leadership 1990 Special Edition*, "I am committed to scrapping the GST and replacing it with an alternative."

Three years later, when he was put in a position to scrap the GST as finance minister, Paul Martin was quite content to keep it.

On September 17, 1990, Jean Chrétien told CBC *Newsworld*, "You will never see the same GST, ever, if we form the government." Ironically, on CTV's *Question Period* on September 30, 1990, Jean Chrétien was asked:

What some of the critics and some of the cynics suggest is that this has worked out very nicely for you. That Brian Mulroney can charge ahead and put in the GST.... Then, if and when you are ever Prime Minister you will have all the revenue to play with.

• (1750)

He replied by saying:

No, I say to the people that it will be my first priority, when I become Prime Minister, to have a real tax reform based on equity and fairness, and it will be done very rapidly.

He went on to say:

You know it will be done when we will be government but this tax, as is, will never be the same anymore.

Senator Lynch-Staunton: Who said that?

Senator Oliver: Jean Chrétien.

One month later, the same Jean Chrétien was quoted by the Halifax *Chronicle-Herald*, on October 22, 1990, as saying:

We could be repealing the GST altogether. It will not stay this way because it is unfair this way. Some services should never be taxed.

The 1993 Liberal Red Book *Creating Opportunity* promised to:

...replace the GST with a system that generates equivalent revenues, is fairer to consumers and to small business, minimizes disruption to small business, and promotes federal-provincial fiscal cooperation and harmonization.

Note the key words, "replace the GST."

Senator Lynch-Staunton: Who wrote that?

[Senator Oliver]

Senator Oliver: The Liberal Red Book was authored by none other than Mr. Paul Martin.

The Liberals misled Canadians. Jean Chrétien and Paul Martin not only broke their promise to get rid of the GST, but they have bungled its administration.

On motion of Senator Bryden, debate adjourned.

THE BUDGET 2003

INQUIRY—DEBATE SUSPENDED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Lynch-Staunton calling the attention of the Senate to the Budget presented by the Minister of Finance in the House of Commons on February 18, 2003.—(*Honourable Senator Carstairs, P.C.*)

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, it gives me great pleasure today to rise to speak to the latest federal budget, entitled "Building the Canada We Want." It is an apt title for this budget for it sets out a strategy to benefit Canadians that is built on a solid economic foundation.

Before I discuss the budget in more detail, I would like to address some of the concerns raised by the Honourable John Lynch-Staunton, Leader of the Opposition. I understand the merits of the argument made last week by the honourable senator. Participation in the budget process by parliamentarians should be encouraged at every opportunity, but his suggestion that the other place hold public debates about the budget should be approached with some caution. The parliamentary system of government is not easily amenable to American traditions of governing, and for that I am deeply grateful because I much prefer our parliamentary system to the American system of governing.

The honourable senator is aware, and he stated an example when he referred to the 1981 budget of our former colleague the Honourable Allan MacEachen that budget debates by parliamentarians are held, albeit within the confines of caucus meetings.

Changing our current system would involve considerable effort and examination. It is a subject that I would prefer to leave with members of our National Finance Committee to study if they think the suggestion has merit. Judging by the debate that ensued after Senator Lynch-Staunton's speech, honourable senators are already engaged in discussions on this issue.

The second matter raised by the honourable senator, that of increasing media attention before the official release of the budget, is something that I am sure all honourable senators have noticed. I do not know which direction future budget releases will take. They may, indeed, become entirely open. The current system is, in my view, a balanced approach. A wide selection of groups and individuals are consulted before the drafting of any budget, and the process is open wider today than ever before.

Many discussions were held within government and with Canadians themselves to develop a consensus on how we want to shape our country. Canadians told us clearly that health care was their number one priority and that we, at the same time, must remain a financially responsible government. For that they meant, I believe, that we should not return to deficit budgeting.

Consultations were held across country and the priorities identified by Canadians were incorporated into this budget. As I rise today, I am hopeful that other senators will speak to this budget. Consultation is a key aspect of this budget, and senators will have further opportunity to discuss the direction of the budget in the coming weeks, when legislation is introduced in Parliament.

The budget implementation bill will, I understand, be tabled today or tomorrow in the House of Commons. It will progress through the stages of debate in the other place, after which it will be referred to the Senate. During the course of the writing of this budget, the government gave a great deal of consideration to past budgets and to the sacrifices that had to be made in order to restore the country to sound financial ground.

Honourable senators, we must be clear that it is not the government that has to make the sacrifices, nor was it the government that did make the sacrifices; it was the Canadian people who made those sacrifices. When we came to government in 1993 with a \$42.2-billion deficit, it was clear that sacrifices needed to be made. The 1995 program review resulted in considerable sacrifices straight across this country.

I believe that all previous budgets and all previous cuts were made in anticipation of this budget; a day on which the deficit had been eliminated; a day on which the debt was diminishing; a day on which the economy was strong; and, therefore, a day when the government had the moral authority and the clear belief of the Canadian people that it should increase spending on matters of importance to Canadians. That is why the budget is so aptly named "Building the Canada We Want."

What matters to Canadians most of all is the preservation and strengthening of our social safety net — to begin with, our health care system, but also our national security and the future of our children. This budget makes the finances of the federal government relevant to every Canadian household. It brings improvements to, and increases spending on, the issues that matter to Canadians. Thanks to prudent financial management over the past decade, we are now in a position to address more social concerns than we were previously able to do.

Unlike many of my predecessors, including those in my own political party, I have the privilege of reporting good news on our national economy. I can confirm that our country is resting on a solid financial foundation that will ensure the continuation of this prosperity into the future.

Debate suspended.

The Hon. the Speaker: Honourable senators, it being six o'clock, pursuant to the *Rules of the Senate*, I must now leave the Chair to return at 8 p.m.

The sitting of the Senate was suspended.

[Translation]

At 8 p.m., the sitting of the Senate was resumed.

APPROPRIATIONS BILL NO. 4, 2002-03

FIRST READING

The Hon. the Speaker pro tempore informed the Senate that a message had been received from the House of Commons returning Bill C-29, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2003, and acquainting the Senate that they desire the concurrence of the Senate.

Bill read first time.

The Hon. the Speaker pro tempore: 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 at the next sitting of the Senate.

APPROPRIATIONS BILL NO. 1, 2003-04

FIRST READING

The Hon. the Speaker pro tempore informed the Senate that a message had been received from the House of Commons returning Bill C-30, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 2004, and acquainting the Senate that they desire the concurrence of the Senate.

Bill read first time.

The Hon. the Speaker pro tempore: 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 at the next sitting of the Senate.

[English]

[Translation]

THE BUDGET 2003

INQUIRY—DEBATE CONTINUED

On the Order:

Resuming debate on the inquiry of the Honourable Senator Lynch-Staunton calling the attention of the Senate to the Budget presented by the Minister of Finance in the House of Commons on February 18, 2003.—(*Honourable Senator Carstairs, P.C.*).

Hon. Sharon Carstairs (Leader of the Government): Honourable senators, as I do not wish to have you sitting here late into the evening, I move the adjournment of the debate.

On motion of Senator Carstairs, debate adjourned.

BUSINESS OF THE SENATE

The Hon. Fernand Robichaud (Deputy Leader of the Government): Honourable senators, I believe that, if it were sought, there would be consent to stand the remaining items on the Order Paper to the next sitting in the order in which they appear on the Order Paper.

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

Hon. Senators: Agreed.

The Senate adjourned until Wednesday, March 26, 2003 at 1:30 p.m.

CONTENTS

Tuesday, March 25, 2003

	PAGE		PAGE
SENATORS' STATEMENTS		Canada-United States Relations	
Women in Situations of Conflict		War with Iraq.	
Hon. Elizabeth Hubley	1000	Hon. Gerry St. Germain	1006
Canada-United States Relations		Hon. Sharon Carstairs	1006
War with Iraq.		Foreign Affairs	
Hon. E. Leo Kolber	1000	Policy on War with Iraq.	
Hon. Gerry St. Germain	1001	Hon. David Tkachuk	1006
Situation in the Middle East		Hon. Sharon Carstairs	1006
Hon. Marcel Prud'homme	1001	Citizenship and Immigration	
Canada-United States Relations		Refugee Claim of Mr. Ernst Zundel—Minister's Discretionary	
War with Iraq.		Power to Dismiss Claim.	
Hon. John Buchanan	1002	Hon. David Tkachuk	1007
Hon. B. Alasdair Graham	1002	Hon. Sharon Carstairs	1007
Hon. Laurier L. LaPierre	1002	Justice	
<hr/>		Cost of Firearms Registry Program.	
ROUTINE PROCEEDINGS		Hon. Gerald J. Comeau	1007
Banking, Trade and Commerce		Hon. Sharon Carstairs	1007
Budget—Report of Committee on Study on State of Domestic		Citizenship and Immigration	
and International Financial System Presented.		Cost of National Biometric Identification Card.	
Hon. E. Leo Kolber	1002	Hon. Donald H. Oliver	1008
The Estimates, 2002-03		Hon. Sharon Carstairs	1008
Report of National Finance Committee on Supplementary		Finance	
Estimates (B) Presented.		The Budget—Increase in Pension Benefit—	
Hon. Lowell Murray	1003	Public Security Groups—Exclusion of Certain Other Groups.	
Report of National Finance Committee Presented.		Hon. Pierre Claude Nolin	1008
Hon. Lowell Murray	1003	Hon. Sharon Carstairs	1008
The Estimates, 2003-04		Pages Exchange Program with House of Commons	
First Interim Report of National Finance Committee Presented.		The Hon. the Speaker	1009
Hon. Lowell Murray	1003	<hr/>	
Canadian International Development Agency Bill (Bill S-17)		ORDERS OF THE DAY	
First Reading.		Business of the Senate	
Hon. Roch Bolduc	1003	Hon. Fernand Robichaud	1009
Fisheries and Oceans		Canada Pension Plan	
Committee Authorized to Meet During Sitting of the Senate.		The Canada Pension Plan Investment Board Act (Bill C-3)	
Hon. Gerald J. Comeau	1003	Bill to Amend—Second Reading.	
Business of the Senate		Hon. Roch Bolduc	1009
Committees Authorized to Meet During Sitting of the Senate.		Hon. Pierre-Claude Nolin	1011
Hon. Fernand Robichaud	1004	Referred to Committee	1012
Hon. Marcel Prud'homme	1004	Specific Claims Resolution Bill (Bill C-6)	
Hon. Gerry St. Germain	1004	Second Reading—Debate Adjourned.	
<hr/>		Hon. Jack Austin	1012
QUESTION PERIOD		Hon. Bill Rompkey	1015
Foreign Affairs		Yukon Environmental and Socio-economic Assessment Bill (Bill C-2)	
War with Iraq—Policy on Reconstruction.		Second Reading—Debate Adjourned.	
Hon. A. Raynell Andreychuk	1004	Hon. Ione Christensen	1015
Hon. Sharon Carstairs	1004	Lobbyists Registration Act (Bill C-15)	
Policy on War with Iraq.		Bill to Amend—Second Reading—Debate Adjourned.	
Hon. Consiglio Di Nino	1005	Hon. Bill Rompkey	1018
Hon. Sharon Carstairs	1005	The Estimates 2002-03	
Hon. Gerry St. Germain	1006	Report of National Finance Committee on Supplementary	
		Estimates (B)—Debate Adjourned.	
		Hon. Lowell Murray	1020
		Report of National Finance Committee—Debate Adjourned.	
		Hon. Lowell Murray	1021
		Hon. Bill Rompkey	1022

	PAGE
The Estimates, 2003-04	
First Interim Report of National Finance Committee— Debate Adjourned.	
Hon. Lowell Murray	1023
Broadcasting Act (Bill S-8)	
Bill to Amend—Third Reading—Debate Adjourned.	
Hon. Noël A. Kinsella	1023
National Anthem Act (Bill S-3)	
Bill to Amend—Second Reading—Debate Continued.	
Hon. Joan Fraser	1023
Hon. Francis William Mahovlich	1024
Hon. Marcel Prud'homme	1024
Louis Riel Bill (Bill S-9)	
Second Reading—Order Stands.	
Hon. Thelma J. Chalifoux	1025
Public Service Whistle-Blowing Bill (Bill S-6)	
Second Reading—Debate Continued.	
Hon. Noël A. Kinsella	1025
Federal Nominations Bill (Bill S-4)	
Second Reading—Debate Continued.	
Hon. Marjory LeBreton	1025
Vimy Ridge Day Bill (Bill C-227)	
Second Reading—Debate Continued.	
Hon. Ross Fitzpatrick	1026

	PAGE
Internal Economy, Budgets and Administration	
Eleventh Report of Committee Adopted.	
Hon. Lise Bacon	1027
Twelfth Report of Committee Adopted.	
Hon. Lise Bacon	1028
Study on Document Entitled “Santé en français—Pour un meilleur accès à des services de santé en français”	
Report of Social Affairs, Science and Technology Committee— Debate Adjourned.	
Hon. Yves Morin	1028
Legacy of Waste During Chrétien-Martin Years	
Inquiry—Debate Continued.	
Hon. Donald H. Oliver	1030
The Budget 2003	
Inquiry—Debate Suspended.	
Hon. Sharon Carstairs	1032
Appropriations Bill No.4, 2002-03 (Bill C-29)	
First Reading	1033
Appropriations Bill No.1, 2003-04 (Bill C-30)	
First Reading	1033
The Budget 2003	
Inquiry—Debate Continued.	
Hon. Sharon Carstairs	1034
Business of the Senate	
The Hon. Fernand Robichaud	1034
Hon. Sharon Carstairs	1034



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