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**Tuesday, May 6, 2003**



THE HONOURABLE DAN HAYS  
SPEAKER

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## THE SENATE

Tuesday, May 6, 2003

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

Prayers.

### SENATORS' STATEMENTS

#### NATIONAL HOSPICE PALLIATIVE CARE WEEK

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, May 5 to May 11 marks National Hospice Palliative Care Week in Canada. This annual event is a time to raise awareness about palliative care issues, but it is also a time for all of us to stop and personally reflect about the way in which we, as Canadians, face the end of our lives. Quality end-of-life care is an important issue for Canadians. As Minister with Special Responsibility for Palliative Care, I do my best to ensure that every Canadian has a right to a quality end of life.

This year, in particular, I am so proud to celebrate National Hospice Palliative Care Week because the Government of Canada, together with our key partners, has achieved a great deal. For the first time, loved ones taking time off work to care for the dying will be entitled to compassionate care leave under Canada's Employment Insurance Program. I consider that a remarkable achievement.

This morning at a special breakfast in the Senate foyer, some of us gathered to celebrate our success in improving the quality and availability of palliative care for Canadians.

Caring for a loved one at the end of life is never easy; yet, every day, thousands of caregivers across this country give generously to offer care and comfort to those facing the end of their lives.

I ask honourable senators to join me in congratulating and thanking these very special people who quietly and bravely provide dignity and support to the dying. Quality palliative care would simply not be possible without the countless volunteers, health professionals and community workers who, every day, contribute to our high level of palliative care.

This year, almost 10,000 volunteers and participants gave to palliative care in a different way. They took part in the first-ever national fundraiser for hospice palliative care. The Hike for Hospice was held on Sunday in 78 different communities across Canada, and I was pleased to walk with them in Winnipeg. The walks raised awareness and close to \$300,000 for hospice palliative care. I congratulate everyone who donned walking shoes to Hike for Hospice. I am sure this event will continue well into the future.

#### SIXTIETH ANNIVERSARY OF BATTLE OF THE ATLANTIC

**Hon. Donald H. Oliver:** Honourable senators, the sun came out Sunday morning at Sailors' Memorial at Point Pleasant Park in Halifax to shine on the ceremonies marking the sixtieth anniversary of the Battle of the Atlantic. At a colourful ceremony, rows of uniformed veterans paid tribute to the Canadians who lost their lives during the battle.

The Battle of the Atlantic was the longest and, arguably, the most critical campaign of the Second World War. From the beginning of the war in September 1939 until its end in May 1945, Canadian sailors and merchant seamen endured raging storms, pack ice, bitter cold and the dense darkness of the North Atlantic nights in an attempt to deliver supplies to England.

In 1943, the Allies managed to turn the tide against the German submarine fleet and take control of the Atlantic sea lanes. Canadian ships sank 27 enemy submarines and sank, captured or destroyed 42 enemy ships. During the war, merchant ships carried 182 million tons of cargo to the United Kingdom under Canadian escort. Some 90,000 tons of war supplies passed daily toward the battlefields in Europe.

Dozens of wreaths were laid in remembrance of the more than 900 aircrew killed during the Battle of the Atlantic. Between 1939 and 1945, over 1,700 navy personnel lost their lives due to enemy action. A moving moment at the ceremony was when a wreath was laid by 93-year-old retired Rear Admiral Desmond Piers of Chester. The commemorative ceremony in Halifax was attended by hundreds and consisted of prayer readings and the battle's Last Post roll calls of the HMC ships and the Canadian merchant ships.

Honourable senators, Nova Scotia's role in the protection of Canada during World War II was significant. Nova Scotia's 580-kilometre-long peninsula is surrounded by water. With an area of 55,000 square kilometres and average width of 128 kilometres, no part of the province is far from the sea. Canadian Forces service people monitored messages transmitted by German boats in the Atlantic Ocean and detected their location based on the signal. Without such monitoring services, Canada would not have been secured during the Second World War.

The Second World War also emphasized the importance of Halifax, Nova Scotia's capital, as one of the world's major military ports. Halifax was the marshalling point for ships crossing the North Atlantic in convoys during World War II.

Honourable senators, as the sun set Sunday evening, I was reminded of the day's events. The importance of Halifax during the war, like the soldiers who lost their lives, will not be forgotten.

• (1410)

## MULTIPLE SCLEROSIS AWARENESS MONTH

**Hon. Catherine S. Callbeck:** Honourable senators, I rise today to draw your attention to the fact that this month is Multiple Sclerosis Awareness Month.

Multiple sclerosis is a disease of the central nervous system that can be very disabling. It is among the most common of neurological diseases in Canada, with more than three people being diagnosed with the disease each day — women developing the disease twice as often as men. MS can lead to a loss of balance, impaired speech, impaired vision, paralysis and extreme fatigue.

The causes of this disease are not yet known. However, researchers are learning more about the disease every day. There are some medications that have been approved in Canada to help decrease the frequency and severity of MS attacks. Researchers working with the MS Society are working on six areas: repairing and growing myelin, a protective covering of the brain and spinal cord that is attacked by MS; the immune system; virus research; genetics; MRI studies; and health research. Together, this research is aimed at understanding the disease, looking for a cure, and helping people diagnosed with MS to cope with the disease.

I would like to congratulate the MS Society of Canada and all the volunteers for their hard work. This society was founded by volunteers and is maintained by the dedication of approximately 13,500 volunteers across the country. Last year, during the annual carnation campaign, volunteers sold \$1-million worth of carnations to support MS research. Volunteers are also crucial to service and support activities that help people with MS to manage and cope with the disease.

I would also like to thank all of those who have supported MS research. I am sure that this year's carnation campaign, being held on Mother's Day weekend, will be as successful as last year's and will help to bring us closer to understanding and treating this disease.

[Translation]

## NEW BRUNSWICK

### RECENT EVENTS IN ACADIAN COMMUNITY

**Hon. Rose-Marie Losier-Cool:** Honourable senators, living in a democratic country such as Canada, with the right to express our joys and sorrows, enables us to constantly question our true values. This is the situation today for the residents of the Acadian peninsula and the entire province of New Brunswick. On Sunday, April 20, a young Acadian named Wilfred LeBouthillier filled all Acadians with pride as he performed before 4 million television viewers all over the country.

With his talent, perseverance and naturalness, Wilfred has been a fabulous ambassador for Acadia.

[English]

Honourable senators, this morning's *The Globe and Mail*, May 6, presents Wilfred LeBouthillier as an Acadian idol. He was crowned champion of *Star Académie*, Quebec television's hit version of American Idol. Quoting *The Globe and Mail*:

Hysterical fans literally kiss the pavement in front of his family's house.

It is true.

[Translation]

Sceptics may say that it is just a big media operation for seeking votes, but to quote our colleague, artist Viola Léger, charisma and talent cannot be bought at any price. Wilfred is an example of this.

Unfortunately, two weeks later, on May 2 and 3, the same Acadian peninsula was reeling with shock and dismay at the fires and damage in Shippagan. We must all speak out loud and clear against such acts of violence.

Premier Bernard Lord has done so, saying that such actions are unacceptable and that there is absolutely no justification for such behaviour.

Yesterday evening I was pleased to see Mr. Noël, the president of the traditional fishers association — those responsible for distributing the quotas — telling Radio-Canada's Stéphan Bureau that his association opposed such violence.

So, the pride, joy and euphoria stirred up by Wilfredmania has been replaced by a storm of violence and destruction. Historically, Acadians are not a violent people. Senator Robichaud has said: "We were deported in 1755, and we did not react with violence."

In closing, I would like to quote Serge Roussel, Dean of the Faculty of Law at the University of Moncton, who wrote, in the *Acadie Nouvelle*:

In no way must we condone and accept, in a country such as ours, the use of violence and arson to demonstrate and express frustration and anger.

However, the images of these events are hardly enviable; those of Wilfred better represent us.

Honourable senators, I would invite you all to come to visit Acadia, to witness for yourselves the joy, spirit and hospitality of the Acadian people.

## ONTARIO

### TVONTARIO—AVAILABILITY OF FRENCH LANGUAGE PROGRAMMING

**Hon. Jean-Robert Gauthier:** Honourable senators, there are two educational television channels in Ontario: TVO, the English channel, and TFO, the French.

Until recently, *Signal*, the bilingual, bi-monthly television guide, gave programming information for both educational channels.

Recently, without notice, TVOntario started distributing *Signal* in English only. This decision to publish only in one official language surprised a great many television viewers.

The real reasons for separating the English and French schedules was not made public. Neither members of the TFO board, nor francophones or francophiles, of which there are many in Ontario, were given advance notice of this change. For some subscribers, this decision is unacceptable and is a step backward for Franco-Ontarians. I would even go so far as to say that this administrative decision is divisive for the linguistic communities.

In a letter addressed to Ms. Bassett, CEO of TVO/TFO, I asked her to reverse the decision and set things right by publishing *Signal* in both official languages again. If the decision was made for financial reasons, Ms. Bassett was given poor advice, and I ask her to reconsider.

Ontario is home to 1,319,715 bilingual people. Whether their names are Gauthier, Smith, Lesley, Tranchemontagne or Fraser is of no importance; the names do not indicate the language they use every day or the educational television they watch in Ontario. Educational television is for both anglophones and francophones.

In my letter, I told Ms. Bassett that if she intended to separate the management of TVO and TFO, many people would support her. People have been saying for a long time that educational television ought to be managed by the French-language community. If she really wants to separate the two networks, she is on the right track.

Educational television is an educational institution just like a school, a college or a university. Perhaps it is time to ask the courts for an interpretation and to transfer this right to the francophone community. The anglophone majority manages educational television in Ontario at present. Perhaps they want to change the system — we shall see.

[English]

## ROUTINE PROCEEDINGS

### STUDY ON THE ADMINISTRATION AND OPERATION OF THE BANKRUPTCY AND INSOLVENCY ACT AND THE COMPANIES' CREDITORS ARRANGEMENT ACT

#### NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO EXTEND DATE OF FINAL REPORT

**Hon. E. Leo Kolber:** Honourable senators, I give notice that at the next sitting of the Senate, I will move:

That the date for the presentation by the Standing Senate Committee on Banking, Trade and Commerce of the final report on its study of the administration and operation of the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act, which was authorized by the Senate on October 29, 2002, be extended to Thursday, December 18, 2003.

[ Senator Gauthier ]

• (1420)

## ACCESS TO CENSUS INFORMATION

### PRESENTATION OF PETITIONS

**Hon. Lorna Milne:** Honourable senators, once again, I have the honour to present a petition bearing 431 signatures from Canadians in the province of B.C., including the municipalities of Maple Ridge, Quesnel, Campbell River, Prince Rupert, Nanaimo, Port Coquitlam; Canadians in the province of Ontario, including the city of Toronto and the municipalities of Don Mills, Unionville, Bracebridge, Newmarket, Peterborough and Milton; and Canadians in the province of Nova Scotia, including the city of Halifax and the municipalities of Trenton and New Glasgow. These people who signed this petition are researching their ancestry.

As well, I have signatures from 69 people from the United States and one from the United Kingdom who are researching their Canadian roots. A total of 501 people are petitioning the following:

Your petitioners call upon Parliament to take whatever steps necessary to retroactively amend Confidentiality-Privacy clauses of Statistics Acts since 1906, to allow release to the Public, after a reasonable period of time, of Post 1901 Census reports starting with the 1906 Census.

I have now presented petitions with 20,987 signatures to this Thirty-seventh Parliament and petitions with over 6,000 to the Thirty-sixth Parliament, all calling for immediate action on this important piece of Canadian history, which, I hope, we can soon give them.

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

## QUESTION PERIOD

### FISHERIES AND OCEANS

#### SHIPPAGAN, NEW BRUNSWICK— REDUCTION IN SNOW CRAB QUOTAS

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, I have a question for the Leader of the Government in the Senate. Canadians have recently learned from Minister Copps that some of her cabinet colleagues go missing in action when their ministry is facing a crisis.

In the aftermath of the violence in Shippagan, New Brunswick, due to the decision of the Minister of Fisheries to reduce snow crab quotas, when will the Minister of Fisheries go to Shippagan or, like other Paul Martin ministers, will he choose to be absent from the action?

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, I do not accept any of the preamble of the honourable senator's question.

However, my understanding is that the Minister of Fisheries and Oceans is quite prepared to meet with fishers in the crab industry later this week.

**Senator Kinsella:** Honourable senators, can the Leader of the Government tell the house, then, why the Minister of Fisheries and Oceans reduced the total allowable catch for the snow crab fisheries in New Brunswick by 5,000 metric tonnes after he failed to reach an agreement with the fishers? What factors were taken into account when he made that decision?

**Senator Carstairs:** Honourable senators, first, let us be clear as to what this is. It is a quota reduction. It is certainly not a fisheries shut down, which, unfortunately, had to happen with respect to the cod fishery.

The minister is acting in the manner in which he is because the issue of conservation is paramount and it is absolutely critical that the Minister of Fisheries and Oceans protect crab as a stock. It is a valuable stock not only for the Province of New Brunswick but also for the Provinces of Quebec, Nova Scotia and Prince Edward Island. The value of this stock must be protected to the very best of the department's ability.

**Senator Kinsella:** Honourable senators, what is disturbing in this file is that, after extreme violence in Shippagan, the Minister of Fisheries is musing about amending his earlier decision by increasing the quotas from 3,000 or 4,000 metric tonnes, almost a complete reversal of his decision to reduce the fishery quota this year by 5,000 metric tonnes and, as I understand it, for the good reasons that the minister in this house has indicated, namely, ecological reasons.

The question must then be asked: If the minister is so musing, has he considered the repercussions of such a decision that he has already made to the ecology and the politics in that area, or must one conclude that the Minister of Fisheries' earlier decision to reduce the fishery was ill-conceived or that he is buckling under the pressure of the use of violence as a tool for negotiation?

**Senator Carstairs:** Honourable senators, the operable and most important issue to keep in mind is co-management and the need to reach a co-management agreement in which not only the Department of Fisheries is involved in managing the crab stocks but so, too, are the fishers themselves. That has not been achieved, and that must be achieved if we are to protect this valuable resource.

**Senator Kinsella:** Honourable senators, I trust, then, that the minister and his officials are sticking to the ecological goals of fishery management and are not being motivated by the violence that we have seen.

In light of the violence that occurred in relation to the cod stock, why was the minister not suitably prepared so that the violence that we saw in Shippagan would not have taken place?

Where was the minister? We continue to ask that question. Why did he not ensure that precautions would be taken, knowing, as anyone would have known, that such an eventuality might present itself? Furthermore, given the loss of property that we have seen, will the minister go to Shippagan?

**Senator Carstairs:** Honourable senators, as the honourable senator indicated, there was a series of violent activities. Interestingly enough, my information indicates that the minister had discussions with the fishers and the fisher organizations. They indicated that they were unhappy with a reduction in quota but they also indicated that they did not believe that any overt action would be taken, and certainly no violent action.

Honourable senators, I want to comment on the role of the RCMP in this matter. RCMP officers, who found themselves quite overwhelmed by this incident, acted with great calm and great maturity in maintaining as their primary concern, as always it must be, the protection of human life.

**Senator Kinsella:** Honourable senators will be pleased to know that, in the Province of New Brunswick, Premier Lord has two provincial cabinet ministers in the Acadian peninsula today, just as Premier Eves of Ontario had his Minister of Health go to Geneva to meet with officials of the WHO. Conversely, it seems that this government's ministers go into hiding when a crisis has to be faced.

**Senator Carstairs:** Honourable senators, that is quite wrong. The minister has not gone into hiding. The minister has been working with his officials and with the fishers in the community in order to provide calm. I do not think it would be wise at this time to have a meeting unless we know that appropriate controls are in place so that the meeting can be a fruitful one.

**Hon. Gerald J. Comeau:** Honourable senators, in response to Senator Kinsella's first question, the minister stated that this 5,000-ton reduction of quota was a conservation measure. Later on, she mentioned the issue of co-management. Do I understand correctly that the reduction of the original TAC by 5,000 tons was a tactic by the department to entice the fishermen to come to the table so that, at that point, the total allowable catch could be raised by that 5,000 tons?

**Senator Carstairs:** Honourable senators, the issue is one of co-management. There is no question that the minister would like the crab stocks to be a co-managed resource. He thinks it is critical for the industry. He believes that, if they can reach a co-management agreement, there may be an opportunity to increase the amount of quota. However, it would very much depend on the willingness of all the fishers, be they inland or offshore, to fully participate in the co-management of this resource.

**Senator Comeau:** My understanding — and I am not as familiar with the management regime in the Shippagan area as probably I would want to be — is that a co-management regime has been in place in that area for quite a number of years whereby the crab fishermen pay for most of the science that the department was unwilling to contribute towards.

• (1430)

There was, in fact, a co-management system. Is it a tactic of the government, then, to reduce the TAC to get more of what the department wants from the crab fishermen? Is this a new tactic? This is the first time I have heard about it.

**Senator Carstairs:** Honourable senators, the purpose of any co-management agreement is exactly the same as reducing quota. It is meant to ensure that there is adequate crab available to the fishers not just this year or next year but well into the future. This is an extremely valuable resource. The cod fishers, frankly, would only wish to have the kind of incomes obtainable by those who fish for crab. However, that income will not be sustainable unless supply is managed properly, and co-management is absolutely critical.

**Senator Comeau:** Honourable senators, I still have difficulty understanding. I am trying to get to the nature of the problem. I understand the concept of co-management. The department, along with fishermen, implements a system of control and conservation measures. What I do not understand is the new tactic of reducing the TAC so the department can get what it wants. I understood that the crab fishermen in that area were fishing to quota, not going over quota, and that they were in fact meeting all conservation measures.

What is the department trying to get from the crab fishermen? As far as I know, the goal was certainly not to increase conservation measures, nor to exact conservation ethics out of the crab fishermen.

**Senator Carstairs:** To the best of my knowledge, honourable senators, the purpose of this initiative is to get a co-management agreement, which does not exist at this point. That is what they are doing. The past agreement, to which the honourable senator has alluded, has now expired. It must be re-achieved to ensure that appropriate conservation measures are taken.

## NATIONAL DEFENCE

### REPLACEMENT OF SEA KING HELICOPTERS— E-MAIL FROM AMBASSADOR TO FRANCE TO OFFICIALS IN PRIME MINISTER'S OFFICE REGARDING EUROCOPTER

**Hon. J. Michael Forrestall:** Honourable senators, my question is for the Leader of the Government of the Senate on the subject of maritime helicopters.

I have a document acquired under the Access to Information Act, an e-mail from Raymond Chrétien, Ambassador to France, sent to the PMO's Jean Pelletier and Eddie Goldenberg, to PCO's Mel Cappe and to then-Deputy Prime Minister Herb Gray, dated April 3, 2001. That is a couple of years ago. The e-mail outlines three changes that Eurocopter required to compete for the Maritime Helicopter Project. The e-mail ends with this sentence:

This is a tremendously important file from both the commercial and political perspectives.

[ Senator Comeau ]

Can the Leader of the Government tell us why the Ambassador to France, a nephew of the Prime Minister, would write about Eurocopter's concerns to the Prime Minister's key aides and political advisers in the PMO, the PCO and cabinet and yet not write to Public Works nor to Treasury Board nor to the Department of National Defence? Why would Raymond Chrétien involve the PMO and the PCO? Was he under direction?

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, with the greatest respect, I do not know. I suspect the honourable senator did not think I would have an answer about an e-mail that I have never seen. I will take the question as notice and try to obtain the information requested with as much speed as I can.

**Senator Forrestall:** Honourable senators, I have two brief supplementary questions.

On the document, there is a minute address to André Juneau and François Guimont that asks if Eurocopter's concerns are true and, if so, why was their number three concern not picked up in the Letter of Interest process. That is signed, I believe, by Mel Cappe. Can the leader tell us why the former Clerk of the Privy Council Office has his hands all over this file?

**Senator Carstairs:** Honourable senators, no, I cannot give an explanation for that today. As with the earlier question, I will take it as notice and do my best to obtain the answer that the honourable senator desires.

**Senator Forrestall:** Honourable senators, I assume that the Leader of the Government, who was a member of the government at the time, may not know the answer to my next question either. Can she tell us why it is that Raymond Chrétien referred to the Maritime Helicopter Project as a "tremendously important file from...political perspectives."

**Senator Carstairs:** Honourable senators, I will not try to interpret the words of Raymond Chrétien, the Ambassador to France and an individual with great expertise. Mr. Chrétien has been a very professional bureaucrat within the Department of Foreign Affairs for a number of years. I think the best thing to do is to ask for that information to be provided to the honourable senator.

### REPLACEMENT OF SEA KING HELICOPTERS— CHANGES TO OPERATIONAL AND MISSION REQUIREMENTS TO ACCOMMODATE EUROCOPTER

**Hon. J. Michael Forrestall:** Honourable senators, this is my final question. I am sure the minister can cope with this one. It has to do with her constant reminder to me that the operational requirements have not changed in spite of changes being made in the configuration and capability of the aircraft under a variety of circumstances, and in spite of my insisting that it is not the operational requirement changes but the mission requirements that have changed. Would the minister now be in a position to indicate to me whether changes reflecting the mission requirement, if not the operational requirement, not just of Eurocopter but of industry generally, were or were not made?



**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, let me be clear. I will read this once again. I know I have read this before, but I do so again because I think it is important to do so: The Maritime Helicopter Requirement Specifications, MHRS, which are the detailed technical specifications for the maritime helicopter, continue to be governed by the principles established in the Statement of Operational Requirements. Changes to the technical specifications were the result of an unprecedented level of open and transparent dialogue with industry and stakeholders. The authors of the Statement of Operational Requirements reviewed all of the changes that were made to the technical specifications and were comfortable with those changes. They believe that the technical specifications conform completely with the Statement of Operational Requirements.

**Senator Forrestall:** Honourable senators, the operational requirement, as we pointed out many times, calls for a vehicle capable of hovering after the loss of one engine. The Eurocopter has two engines and cannot — I repeat, cannot — hover at the level required under the Statement of Operational Requirements for the period of time required. Interestingly enough, the Cormorant and the Sikorsky are three-engine and two-engine aircraft respectively. The loss of one engine would leave them with one, enabling them to operate.

**Senator Carstairs:** The honourable senator has clearly made up his mind which helicopter he thinks would best address the needs of the Canadian military. That is his right as a member of this chamber. However —

**Senator Forrestall:** Answer the question.

**Senator Carstairs:** — I believe it is not only the right but the responsibility of the Government of Canada to get the very best helicopter for the armed services of this country.

• (1440)

**Senator Forrestall:** Honourable senators, it is also the duty and obligation of the Government of Canada to be open, honest, frank and transparent to the taxpayers of this country about the shenanigans that have been happening with respect to this contract. I suggest the leader read carefully the e-mail from which I quoted a few moments ago. We will have another go at this tomorrow.

**Senator Carstairs:** With the greatest respect to the honourable senator, it is hard to be more open, transparent and honest than to put everything on the Web site.

## CITIZENSHIP AND IMMIGRATION

### TRACKING OF FAILED REFUGEE CLAIMANTS

**Hon. Donald H. Oliver:** Honourable senators, my question is for the Leader of the Government in the Senate. It deals with immigration matters. The recent Auditor General's report stated that the Department of Citizenship and Immigration has been very slow to remove people from Canada who have been deemed

or found to be inadmissible. As a result, over the last six years, the federal government has lost track of about 36,000 failed refugee claimants. In addition, 50,000 claimants are waiting for hearings, and it is expected that some of them may also go missing as they wait as long as two years to be processed.

The Auditor General has called this situation a "national security risk." My question for the Leader of the Government in the Senate is: Will additional resources be allocated to the department in order to enforce the removal of claimants considered inadmissible to Canada?

**Hon. Sharon Carstairs (Leader of the Government):** The honourable senator knows that additional funds were made available in the budget to the Department of Citizenship and Immigration. Use of those funds, hopefully, will result in speeding up files that the honourable senator has addressed.

## BANK OF CANADA

### PROCUREMENT POLICY—SOLE-SOURCE CONTRACTS

**Hon. W. David Angus:** Honourable senators, we learned yesterday from a report dated December 4, 2002, obtained by a national newspaper under the Access to Information Act, that the Bank of Canada has broken its internal financial rules by sole-source awarding of consulting contracts to McKinsey & Company and to an arm of KPMG Consulting, having a total value of \$4.3 million, rather than seeking competing bids as per the bank's internal policies.

Honourable senators, perhaps the information that I will request is not readily available at the present time. However, I would like to ask the government leader in the Senate to please, now or later, provide details as to the nature of these contracts, the process followed in granting them, the method of billing and what the Bank of Canada is doing to assure Canadians that such troublesome gaffes will not occur again?

**Hon. Sharon Carstairs (Leader of the Government):** As the honourable senator is well aware, the Bank of Canada is an arm's-length body from the Government of Canada. I would suggest that the best source for that information would be the Governor of the Bank of Canada, and that those questions be put to him the next time he appears before the Standing Senate Committee on Banking, Trade and Commerce, of which the honourable senator is a member.

**Senator Angus:** Honourable senators, you may be sure that these questions will be put to the Governor of the Bank of Canada at his next appearance. Unfortunately, he appeared only last week and did not tell us anything about these matters.

The bank's internal rules require that any contract valued at more than \$100,000 must be put to tender, except under special circumstances. Since these embarrassing incidents involving McKinsey and KPMG for contracts in excess of \$100,000 in value, it has been proposed that the bank's procurement policy be changed, lowering the requirement of tendered contracts from \$100,000 to \$5,000.

This proposal, apparently, will be voted upon by the bank's board of directors, who are not appointed by the Governor of the Bank of Canada, later this week. Can the Leader of the Government please assure honourable senators that these directors will vote in favour of these improved new rules and also assure us that the bank will adhere to its own rules in future?

**Senator Carstairs:** Honourable senators, I would certainly hope that they would adhere to their own rules. However, it is unrealistic to ask them to go from \$100,000 to \$5,000. There are those times when it is necessary to work rapidly, times that do lend themselves to a tendering process, which I am sure was the reason for establishing the \$100,000 limit in the first place.

I will not accept the advice of the honourable senator, and I will not take to the Minister of Finance the recommendation that people vote for a reduction to \$5,000.

**Senator Angus:** Honourable senators, it is reported that the bank has commissioned a study following the revelation of these so-called mistakes. The deputy governor drove the examination that led to this report to which I referred, dated December 4, 2002. It, indeed, recommends that the limit be dropped to \$5,000. I understand that the management of the bank is in favour of that.

It is obvious that the Leader of the Government knows something about that. Is there some feeling that the management of the bank should not be supported by its politically appointed board?

**Senator Carstairs:** Honourable senators, I am sure that if the board, in particular the governor, comes forward with a request to the board members, the board members will comply. I do not have any information about this.

I am merely telling the honourable senator that, in the logical operations of governments, \$5,000 is not a helpful amount for the day-to-day operations of any corporation, including the Bank of Canada.

## INTERNATIONAL TRADE

### UNITED STATES—DUTY INCREASES TO WHEAT

**Hon. Leonard J. Gustafson:** Honourable senators, my question relates to the decision of the U.S. Department of Commerce to impose an additional 8.15 per cent duty on high-quality durum and a 6.12 per cent duty on spring wheat. These duties come on the heels of a 4 per cent increase in duties that the Americans imposed in March. A serious problem faces agriculture and the farmers growing grains, especially.

Could the Leader of the Government in the Senate inform this chamber of what measures the Canadian government is taking to respond to these moves by the American government?

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, as the honourable senator is aware, it is a preliminary finding of the Department of Commerce of the United States to

impose these countervailing duties. The next step in their process is to make the final determination. It is obviously our determination that we will challenge this decision as best we possibly can.

This is not the first time, as the honourable senator well knows, that the United States government, through its Department of Commerce, has challenged wheat and the Canadian Wheat Board. Every time they have done so in the past, they have lost. It is my hope that they will lose this time as well.

**Senator Gustafson:** Honourable senators, the Leader of the Government in the Senate must admit that these are high duties and could cost agriculture and grain farmers as much as \$47 million per year. The Minister responsible for the Canadian Wheat Board has indicated that this is a very serious problem for Canada. Is the government considering doing anything for the farmers if we cannot get the American government to change its position?

**Senator Carstairs:** Honourable senators, the preliminary decision was made on March 4, 2003, which is the one to which the honourable senator refers. The final decision will not be made until July 2003. Our primary objective must now be to present the necessary information to the Department of Commerce of the United States to prove that they are wrong in trying to impose these duties on Canadian wheat.

It is also important that we engage the purchasers of those wheat products because, as we well know, the wheat products that would be placed under this proposed countervail cannot be produced in any quantity in the United States. They are necessary for the making of certain products in the United States. Hopefully, we can join with the users, those who take that wheat and produce products from it, to persuade the Department of Commerce that this proposal is ill-considered on their part.

• (1450)

**Senator Gustafson:** Honourable senators, I accept that the Americans cannot produce that kind of high-quality grain. On the other hand, are we to assume that we are paying the price because Canada did not become involved in the Iraq war and that farmers are being penalized for the decision of the government?

**Senator Carstairs:** Honourable senators, if we were to presume that, we would have to go back to find out why, on nine other occasions, they challenged the decisions of the Wheat Board and lost on each occasion. I do not think one can draw a parallel between our very sovereign decision made with respect to Iraq and this decision. However, it is an ongoing irritant. American farmers quite often have the ear of their government, particularly in an election year when they seem to have a bigger ear of their government. However, the decision made by the U.S. Department of Commerce is wrong and we have to convince them of that.

**Senator Gustafson:** Will the Leader of the Government in the Senate commit to take to cabinet the seriousness of this matter? I am sure that it has been discussed in the other place.

**Senator Carstairs:** Of course I will do that. I can assure the honourable senator that no one understands the importance of this issue better than the minister responsible for the Canadian Wheat Board, who is from the province of Saskatchewan. I will remind the Honourable Ralph Goodale not only of the honourable senator's concern but also of the concern of all honourable senators.

[Translation]

## ANSWERS TO ORDER PAPER QUESTIONS TABLED

### CUSTOMS AND REVENUE AGENCY— ALTERNATIVE FUELS ACT

**Hon. Fernand Robichaud (Deputy Leader of the Government)** tabled the answer to Question Nos. 11, 12 and 13 on the Order Paper—by Senator Kenny.

### CANADIAN INTERNATIONAL DEVELOPMENT AGENCY—ALTERNATIVE FUELS ACT

**Hon. Fernand Robichaud (Deputy Leader of the Government)** tabled the answer to Question No. 55 on the Order Paper—by Senator Kenny.

### ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC—ALTERNATIVE FUELS ACT

**Hon. Fernand Robichaud (Deputy Leader of the Government)** tabled the answer to Question No. 61 on the Order Paper—by Senator Kenny.

### NATIONAL BATTLEFIELDS COMMISSION— ALTERNATIVE FUELS ACT

**Hon. Fernand Robichaud (Deputy Leader of the Government)** tabled the answer to Question No. 101 on the Order Paper—by Senator Kenny.

[English]

## ORDERS OF THE DAY

### YUKON ENVIRONMENTAL AND SOCIO-ECONOMIC ASSESSMENT BILL

#### THIRD READING

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

Motion agreed to and bill read third time and passed.

[Translation]

## NATIONAL ANTHEM ACT

### BILL TO AMEND—SECOND READING— DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Corbin, for the second reading of Bill S-14, *An Act to amend the National Anthem Act to reflect the linguistic duality of Canada.*—(Honourable Senator Cools).

**Hon. Gerald J. Comeau:** Honourable senators, I will be brief. I first want to commend Senator Kinsella for this initiative. Senator Robichaud and I often meet francophones and anglophones in the course of our activities, and we would like to be able to sing the national anthem in both official languages, without turning it into the Tower of Babel.

I have had the opportunity to study this bill, and I believe that it is well suited to this type of activity. I encourage all senators to support this initiative, which has reached second reading.

In support of this bill, I would like to read a letter sent by Stéphane Dallaire from the office of the Minister of Canadian Heritage. The letter is addressed to Senator Kinsella and reads as follows:

[English]

On behalf of the Honourable Sheila Copps, Minister of Canadian Heritage, thank you for your correspondence of February 13, 2003, and accompanying documentation, regarding Bill S-14, *An Act to amend the National Anthem Act to reflect the linguistic duality of Canada.*

Ms. Copps appreciates your advising her of your views on this matter. It should be noted that the Minister supports this bill and feels that this initiative is an excellent way to promote Canadian identity. The national anthem is one of Canada's best-known symbols; for this symbol to further reflect our linguistic duality is certainly important.

As indicated in your correspondence, bilingual versions of the anthem are being performed across Canada, including an unofficial version sung at federal government events. An official bilingual version of the anthem is needed.

Please accept our best wishes.

Yours sincerely,

[Translation]

I would like to table this letter in case anyone would like to read it.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to have the honourable senator table the letter?

**Hon. Senators:** Agreed.

**Senator Comeau:** For all these reasons, I encourage senators to support this motion for second reading so that the bill can be sent to committee for further consideration.

On motion of Senator Prud'homme, debate adjourned.

• (1500)

[English]

## LOUIS RIEL BILL

### SECOND READING

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 Cools*).

**Hon. Mira Spivak:** Honourable senators, I am pleased to join in this debate about one of the most quixotic and fascinating figures in Canadian history — Louis David Riel, the founder of my province of Manitoba.

This historical figure has been the subject of much scholarly research, debate and writing — both fiction and non-fiction. We now have more than a dozen full-length biographies, 20 stage plays, an opera, radio dramas and several television series about Riel. They are a significant part of our uniquely Canadian culture.

No historical figure has been the subject of so much debate in Parliament, particularly in the other place. One speech was delivered in the House of Commons on April 13, 1871, less than a year after Manitoba entered Confederation. It was delivered by John Christian Schultz, member of Parliament for Lisgar, Manitoba, and Riel's nemesis. He was speaking to Supplementary Estimates that included \$40,000 in relief to government loyalists who had lost property in the Red River uprising.

The speech is remembered for a theory that most historians have dismissed. According to Dr. Schultz, Riel was less the Metis hero who defended land, language and religion, and more a co-conspirator with officers of the Hudson Bay Company in Red River, who saw Canada's purchase of the Northwest Territory as the end to their way of life and livelihood — and naturally opposed it. As I said, historians have given that view little credence and paid much more attention to the portions of the demands of Riel's provisional government that found their way into the Manitoba Act.

A patriot or a traitor? A visionary or a madman? President of a legitimate provisional government under threat or a manic murderer who ordered the execution of Thomas Scott against the best advice of his followers? In today's parlance, where you stand depends on where you sit, and it was ever thus.

Sir John A. Macdonald, in a February 23, 1870 letter to a former cabinet colleague, suggested that President Riel be made a senator. A few months later, after Scott's execution, he had entirely different thoughts. He shared the view of Dr. Schultz that Riel was a cold-blooded murderer. In the spring of 1890, Dr. Schultz spoke to a crowd of more than 10,000 in Toronto and stirred Orange Ontario against Riel. That spring, he also testified before a Senate hearing.

The Parliament record is heavy with debate about Riel, including the debate on the motion to expel him from Parliament after his election as a Manitoba MP. The grounds for the motion were that Riel was a fugitive from justice — the government having denied him amnesty — and, understandably, he had failed to obey an order to attend the House.

The United States Senate also held a special session in March 1889, in which President Benjamin Harrison, responding to a Senate resolution, made public correspondence between Riel, from his Regina jailhouse, and the head of the U.S. consulate in Winnipeg, James W. Taylor. The President also tabled petitions from Lawrence, Massachusetts; Rochester, New York; and Wayland, Massachusetts — petitions that pleaded with the government to intervene to save U.S. citizen Riel from the gallows. Those petitions described Riel as an "apparent victim of fanaticism"; his trial as "not impartial" and the death sentence hanging over his head as "an abuse of justice."

In this country, it is safe to say that no historical figure continues to rouse such strong feeling, as we have seen again in this chamber in recent weeks.

After more than 100 years, there is a consensus that Riel's tragic and fatal mistake was to submit prisoner Thomas Scott to a trial of sorts, then order his execution on March 4, 1870, outside of the walls of Upper Fort Garry, in front of more than 100 bystanders. He had relented on executions of other prisoners in the fort. On Scott, he would not relent. It was the single act that determined the rest of his life and played no small part in shaping the political fault lines of Canada to this day.

After more than 100 years, there is also a strong case that Scott's execution and the furor it stirred in Orange Ontario was the driver that led to Riel's hanging — not the charge of treason on which he was tried. Protestant Ontario wanted his head; Quebecers were outraged by his trial and the death sentence. Riel had spent two years in Quebec asylums. They thought he was truly mad and should not be executed. Sir John A. Macdonald, like Riel, chose not to relent. Some believe it was an equally tragic mistake on the part of the Prime Minister.

Manitoba scholar, J. M. Bumsted, has written extensively about the Red River Rebellion and Riel. He put it this way:

The vast majority of French Canadians believed that Riel had died because he was French Canadian and Catholic... Quebec suddenly discovered that it was being deprived of a legitimate share in Western Canada. It had learned that it had no power in the national government. It

responded, as one pamphlet put it, with cries of French-Canadian nationalism: "The Province of Quebec is ours; it is our property, and let's tell the English we intend to keep it. No concessions: absolute power in our own house, French governments throughout."

By 1886, Honore Mercier was arguing in the provincial election that the Quebec conservatives had failed to defend the autonomy of Quebec. From the standpoint of the history of Canada, the death of Riel led inexorably to the election of a government that labelled itself national and devoted itself to the defence of Quebec autonomy. A large step toward separatism had been taken.

Whether we agree with that interpretation of history, there is no doubt that the life and death of Louis Riel was a major force in shaping not only Manitoba and the West, but allegiances to political parties — and therefore, the federal government — for a very long time.

As we know well, almost a century passed before voters in Quebec saw the wisdom of electing a Conservative prime minister from their province. Now they have made the wise decision to elect a former Conservative leader as their premier. Some of this history is unpleasant, but we should not be afraid to encourage people to study it.

Bill S-9 does not attempt to rewrite history — at least on the major issue. It does not, as Bill S-25 did, seek a posthumous pardon. Otherwise, I would not support it. What was done was done by honourable men, the best men of their times, men we have already recognized by proclaiming days in their honour — January 11 for Sir John A. Macdonald and November 20 for Sir Wilfrid Laurier, who debated fiercely on Riel's behalf. It is not for this generation to pronounce sentence on their decisions and to reverse them.

What this bill does, and I concur with it, is to establish May 12 as Louis Riel Day — May 12 because it is the day the Governor General assented to the Manitoba Act. I would like to see a Louis Riel Day enacted perhaps for different reasons than some of the previous speakers. They have spoken about the need to give young Metis a hero, a role model to inspire them. I would like to see all young people of all provinces, especially Manitoba, delve into this fascinating history that I have briefly touched upon. I would like to see history teachers in Manitoba mark Louis Riel Day. I would like their students to read of the people that formed part of Riel's story and survive largely as city street names — Bannatyne, Hargrave, Lagimodiere and Tache. I would like to see Manitobans of all ages and backgrounds drawn to the St. Boniface museum that honours Riel and inspired to read their own history.

I would like to see Riel's part in our history revived, on an annual basis, because he is the greatest single window on our past that helps us understand who we are today.

As historian Thomas Flanagan wrote in the 1980s:

As long as Canada exists, its citizens will want to read about Louis Riel because his life summarizes in a unique way the

tensions of being Canadian: English versus French, native versus white, east versus west, Canadian versus American.

• (1510)

This bill could go some way to ensuring that he is correct. We need to study the roots of these tensions, not to perpetuate them but to lessen them.

The bill talks about affecting reconciliation and bringing harmony to Canada's national story by honouring Louis Riel and the Metis people. I do not interpret this as an invitation to whitewash history, or to make of Riel a cardboard, Disney-like character. It would be impossible to do that without tossing out huge portions of his life. Nor do I see it as just a way to uncover old wounds and keep alive old enmities. Reconciliation, in the best sense of the word, is "to make friends again."

We "make friends again" by trying to remove the sting of past decisions. That is something the Mulroney government certainly tried to do in its resolution 11 years ago. We reconcile by keeping forgotten promises. Again, the Conservative government of the 1980s strongly supported bilingualism in Manitoba and Saskatchewan. We "make friends again" by reading history from its many perspectives and seeing the human frailties of all leaders, the miscues that led to the misunderstandings and, particularly in those days of the Red River settlement, the immense difficulties in communications.

When emissaries had to travel by rail through the U.S. and on snowshoe or horseback between the end of the rail line and the Red River, small wonder that Riel's government became legitimate through happenstance. Lieutenant-Governor-in-waiting William McDougall prematurely ended the Hudson's Bay Company rule, unaware that here, in Ottawa, the government had delayed the date of the transfer of the Northwest to Canada.

I certainly hope that this bill will encourage varied reading and discussion by many people. I hope it will not lead to attempts to construct a single harmonized, sanitized official history. There should be no new political correctness arising from this bill.

It does, however, establish Riel as a Metis patriot and a Canadian hero. I have no problem with the former, but a Canadian hero? I do not know. He more resembles the hero of a Shakespearean tragedy, possessing passions that were larger than life, at times delusional, and a flaw that was his undoing — not usually Canadian traits except in very rare circumstances, and I can think of one.

Riel was also a poet. There is a prophetic quality in some of his earliest works, written while he was studying for priesthood in Montreal. He wrote of the mice successfully rebelling against the cat. He wrote of a young man dying. In later years, he wrote of his political enemies and what he had tried to accomplish in Red River. I would like to quote one stanza from one poem that says, in his words, what his struggles were all about.

[Translation]

It was not afraid to defend  
Property rights,  
The honour every man is entitled to  
Civil rights; freedom  
Both religious and  
Political freedom;  
Precious human life  
God the Father counts each second.

[English]

“Hero” or “legend” or “mythical figure,” perhaps it does not matter which word or phrase we use in this bill, but I would suggest that either of the latter two would be a better fit.

Finally, in my support for this bill, I have to deal with a criticism that we already have too many “days,” and the more we create, the more it diminishes those we have already established. When you look at this month’s calendar, you will see that, in May, we have World Press Freedom Day, World Red Cross Day, Canada Health Day which falls on May 12, as does International Nurses Day. We have International Day of the Families, National Missing Children’s Day and World No-Tobacco Day.

The reality is that no one marks all these days. They are kept by various segments of our society and, from time to time, here on Parliament Hill we are reminded of some of them. While I hope that educators and others in many provinces will choose to mark Louis Riel Day, the reality is that it will be kept, in the main, by the Metis of Canada and by some Manitobans, just as International Nurse’s Day is far more likely to be kept by nurses than by engineers.

Should we deny the Metis and the Manitobans a Louis Riel Day? It would be mean-spirited, considering that we have passed bills for a Sir John. A. Macdonald Day and Sir Wilfrid Laurier Day. In principle, I support this bill and hope it moves quickly to committee. I promise honourable senators who study it that, if they dig no further than our own archives and our Library of Parliament, they will find a treasure trove.

**Hon. Thelma J. Chalifoux:** Honourable senators, in conversation with Senator Cools, she told me that she does not wish to speak to this bill and that all her concerns have been answered. I would therefore suggest that we proceed to a motion to have this bill referred to the Standing Senate Committee on Aboriginal Peoples.

**The Hon. the Speaker:** I will deal with the original motion.

Senator Chalifoux’s interjection is helpful in that the matter stood in the name of Senator Cools.

**Hon. Terry Stratton:** Honourable senators, I am rather curious as to why the bill would be referred to the Aboriginal Committee, since we have just been told that that committee is overloaded with work. The human rights study on Aboriginal matrimonial rights and property rights for Aboriginal women could not be

referred to the Aboriginal committee because it was too busy. Would the honourable senator perhaps suggest that it be referred to another committee?

**The Hon. the Speaker:** I am taking this as comments on Senator Spivak’s speech. We are at a point where the question on the motion for second reading is in order or an honourable senator may wish to move the adjournment of the debate. We are getting a bit ahead of ourselves.

If the house is ready, I will put the motion.

**Some Hon. Senators:** Question!

**The Hon. the Speaker:** Senator Chalifoux is entitled to speak, but I must advise her that, if she speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

The motion that the bill be referred to committee is not debatable.

**Senator Chalifoux:** Honourable senators, I should like the question to be put.

**The Hon. the Speaker:** I will put the question, and it will be up to the house to decide which committee shall study the bill if it is to be referred.

Is the house ready for the question?

**Hon. John Lynch-Staunton (Leader of the Opposition):** Honourable senators, since Senator Chalifoux has spoken, may I ask her a question? Perhaps that will get us out of this procedural bog into which we are headed.

Would the honourable senator agree that this bill should be referred to the Standing Senate Committee on Social Affairs, Science and Technology? I suggest that committee because its members have already studied the Macdonald bill. However, it could be referred to either that committee or the Standing Senate Committee on Legal and Constitutional Affairs. I would suggest that those are more appropriate committees than the Aboriginal committee for a study of this bill.

**Senator Chalifoux:** Honourable senators, in my brief discussions with our whip, we considered the Legal Committee, but that committee also seems to be overwhelmed with work. Perhaps it would be appropriate if I were to speak to the leadership to determine which committee would best be able to deal with this bill.

**Senator Lynch-Staunton:** I would suggest that we adjourn the debate and revisit this question tomorrow. I do not want to argue this on the floor today.

**Hon. Sharon Carstairs (Leader of the Government):** Honourable senators, I do not think that the Standing Senate Committee on Legal and Constitutional Affairs is overburdened. They should be able to complete the study of the bill they have before them relatively soon, provided the outcome of the vote that takes place

[ Senator Spivak ]

this afternoon at 5:30 is as it should be. Therefore, it would be my recommendation, honourable senators, that the bill be sent to either the Legal Committee or the Social Committee, whichever meets with the approval of honourable senators. I am of the view that the Legal Committee would be the appropriate committee to study this bill.

**Senator Chalifoux:** I am in agreement.

**Hon. Eymard G. Corbin:** Honourable senators I have one additional comment. We should be consistent in our approach in referring this type of bill to committees. Over time, committees develop a certain expertise and proficiency. The Legal Affairs Committee is already studying Senator Comeau's bill. We have had excellent testimony not only with respect to the specific topic, but also with respect to the overall designation of special days, weeks and what have you. The experience gained from that work should not be lost, and therefore I entirely support the proposition that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for that reason only.

**Some Hon. Senators:** Question!

**The Hon. the Speaker:** Is the house ready for the question? Senator Chalifoux having spoken, I have no option but to put the question. Honourable senators, it was moved by the Honourable Senator Chalifoux, seconded by the Honourable Senator Taylor, that this bill be read the second time now.

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

Motion agreed to and bill read second time.

• (1520)

#### REFERRED TO COMMITTEE

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

**Hon. Thelma J. Chalifoux:** Honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, just to make the point so it is clear in the future, the motion before us is debatable, votable and amendable. This is the stage at which the discussion that has occurred prior to second reading is dealt with. Therefore, for the future, we can vote on the principle of the bill, and then the discussion as to what committee it would go to prior to third reading is debatable.

**The Hon. the Speaker:** Honourable senators, I am treating this as a point of order because I am not sure I agree with Senator Kinsella.

[*Translation*]

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, the Leader of the Opposition took advantage of procedure to ask a question of Senator Chalifoux at exactly the right moment. That had the effect of closing the debate.

I think it was all in order, but I also agree with Senator Kinsella that the next time such a decision is made, we might put the question and then discuss the issue of referral to committee.

[*English*]

**The Hon. the Speaker:** Honourable senators, Senator Chalifoux has moved a motion. I have put the question and it now is for me to ask this house if it wishes to adopt the motion of Senator Chalifoux.

Honourable senators, is it agreed that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs?

**Hon. Senators:** Agreed.

On motion of Senator Chalifoux, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

#### TRANSPORT AND COMMUNICATIONS

##### BUDGET—REPORT OF COMMITTEE ON STUDY OF MEDIA INDUSTRIES ADOPTED

On the Order:

Resuming debate on the motion of the Honourable Senator Fraser, seconded by the Honourable Senator Gauthier, for the adoption of the fifth report of the Standing Senate Committee on Transport and Communications (budget—study of the Canadian media), presented in the Senate on April 3, 2003.—(*Honourable Senator Stratton*).

**Hon. Lise Bacon:** Honourable senators, Senator Stratton has agreed to let me speak first on the fifth report of the Standing Senate Committee on Transport and Communications regarding the budget for the committee's study of the Canadian media.

The committee has submitted a budget request for \$435,250. This was one of the largest budgets submitted. The Internal Economy Committee appreciated that the Chair of the Transport Committee indicated a willingness to spread the travel over two fiscal years, thereby reducing the demands on this year's budget. With this in mind, the Internal Economy Committee recommended the release of \$197,850.

The Internal Economy Committee has already received requests totalling some \$3 million. I wish to remind honourable senators that, in approving its Main Estimates for 2003-04, the Senate agreed to an allocation of \$2.2 million for committees. Of this amount, \$400,000 has been set aside for witness expenses and video conferencing, leaving \$1.8 million available for distribution to committees.

During the debate on committee budgets last Thursday, a number of senators indicated that the budget for committees is inadequate. Some suggested that all committees should have been asked what their needs were before the Main Estimates were submitted.

I would like to assure honourable senators that the needs of committees were taken into account in developing the Main Estimates. Previous demands as well as past spending patterns were taken into account. In the past few years, committees have spent, on average, approximately 70 per cent of the funds allocated to them, and \$2.2 million is substantially more than what normally has been spent.

I wish to remind honourable senators that we are talking about public funds and the allocation of funds within a political environment. I am sure senators recall the emphasis in the last Speech from the Throne on budgetary restraints. The Senate must be aware of the broader fiscal framework and difficult decisions must be made. The Senate, like all public institutions, must reflect financial constraints.

It may be useful to remind honourable senators of how far we have come in terms of funding Senate committees. I share Senator Lynch-Staunton's view that, to the extent possible, funding should be included in the Main Estimates. Supplementary Estimates should only be used for expenditures that could not have been foreseen.

In reviewing funding for committees over the past 10 years, it is clear that funding has increased dramatically. In 1993-94, the budget for committees was \$819,000, with a further \$58,000 for witness expenses, for a total of \$877,000.

Funding in the Main Estimates for committees remained fairly stable throughout the 1990s, though Supplementary Estimates for committees varied tremendously.

There was a dramatic jump in the Main Estimates in 2000-01, to \$1.5 million for committees, including \$300,000 for witness expenses. The total funding for committees in the Main Estimates increased to \$2 million in 2001-02 and an additional \$1.2 million was obtained through the Supplementary Estimates. In 2002-03 and 2003-04, the budget for committees was \$2.2 million. In short, the budget available to committees has increased by some 250 per cent over the past 10 years.

Clearly, the Senate values the work of its committees, and it has been prepared to show its support for committee work through increased financial support. Increased financial support does not, however, mean unlimited financial support. Historically, requests from committees have exceeded the budget available. The Standing Committee on Internal Economy, Budgets and Administration has never had an easy job and has had to review requests from committees and determine how to allocate funds in a way that would facilitate the work of committees while respecting financial constraints.

The importance that the current Internal Economy Committee places on committee budgets is demonstrated by the fact that the steering committee itself took on the task of reviewing these budgets and making recommendations to the full committee.

The steering committee invited committee chairs to present and defend their budgets. While some chairs required no more than

15 minutes to make their case, others, including the chair of the National Security and Defence Committee, took much longer, speaking for 45 minutes. The steering committee gave committee chairs ample opportunity to make their case.

The Internal Economy Committee has made a particular effort to be transparent in its decision making to ensure that committees understand the rationale for its decisions and what is being funded.

I believe that we have been fair and equitable. We have not paralyzed any committee. We have, however, questioned certain requests. For example, the budget submitted by the Standing Senate Committee on National Security and Defence for its subcommittee's study on veterans health care included a request for \$14,000 to attend veterans' commemorative events, one in Canada and one internationally.

• (1530)

In the debate on Thursday, Senator Day suggested, and I quote, "that you will get half the effort that you would have gotten otherwise," because of the reduction in the budget from \$35,000 to \$17,000.

Almost the entire cut was directly related to the decision not to fund attendance at these commemorative events, which do not appear to be related in any way to the order of reference. Even if funds were unlimited, this item does not properly belong in a budget for a study on veterans' health care and I fail to see why this cut would result in any reduction whatsoever in the ability of the subcommittee to report on veterans' health care.

I wish to remind honourable senators that there are many different ways to study a given topic and that the most expensive way is not necessarily the best way. There is no direct correlation between quality and cost. Some of the Senate's most influential studies have been very inexpensive. For example, the study "Quality End-of-Life Care: The Right of Every Canadian" cost a total of \$17,000, including \$15,500 for witness expenses. The health care study of the Standing Senate Committee on Social Affairs, Science and Technology cost a small fraction of the Royal Commission headed by Roy Romanow. The Standing Senate Committee on Legal and Constitutional Affairs has a reputation for undertaking a great deal of legislative work in Ottawa, using nearly exclusively internal resources.

Clearly, committees can produce valuable and influential reports without spending massive amounts of money. Work plans can be adjusted to take into account budgetary constraints. Instead of travelling across the country, committees can hear witnesses in Ottawa or take advantage of technological developments to hear testimony by video conference.

This brings me to the matter of the process for the approval of budgets. The process is included in Appendix II of the *Rules of the Senate*, entitled "Procedural Guidelines for the Financial Operation of Senate Committees." These guidelines are an extract from a report of the Standing Committee on Rules, Procedures and the Rights of Parliament adopted by the Senate in March 1986. The Rules Committee is empowered by the Senate



to propose amendments to the rules. However, when it comes to rules regarding budgets, it is clear that the Internal Economy Committee has a direct interest since it is responsible for the financial administrative management of the Senate. Therefore, it would appear that a working group made up of representatives of both committees would be an appropriate forum for an in-depth discussion on the budgetary process. Ideally, the chairs of both committees would be involved in the working group so that they could report to their respective committees as appropriate.

Indeed, in February of this year, I spoke to Senator Milne, Chair of the Rules Committee, making this suggestion. As all honourable senators know, the Rules Committee has been exceptionally busy, but I know that Senator Milne shares my interest in this matter and would like this issue to be examined once the Rules Committee has completed its work on the ethics package.

In my discussions with Senator Milne, I indicated some of the questions the working group might consider. These could include: What is the appropriate relationship between an order of reference and a budget? Should there be limits on the number of orders of reference approved by the Senate in any given period or should the control be exercised at the budgetary level? Do the *Rules of the Senate* need to be updated? Are there other issues — political, communications, education and so forth — that need to be addressed? To what extent does the prior approval of an order of reference by the Senate have any impact on the decision-making process of the Committee on Internal Economy when it comes to considering a budget submission? If budgets were submitted to Internal Economy prior to approval of the order of reference by the Senate, would the freedom of the Senate to determine which studies should be undertaken be constrained? Given that orders of reference are not always committee-generated but sometimes come from individual senators or at the request of a minister, what are the appropriate times for budgets to be considered by a committee, by the Internal Economy Committee and by the Senate? Should there be base budgets for committees? Is the fiscal year approach to budgeting the most effective? How much flexibility should there be for committees to transfer funds between various types of expenditures once their budgets have been approved? How much flexibility should there be for committees to transfer funds between various types of expenditures once an activity has been completed? Are the categories of expenditure as identified in the rules appropriate? Are expenditures being appropriately distributed between central budgets — for example, witness expenses, video conferencing and beverages — and individual committee budgets? Are the current practices for reporting budgets to the Senate appropriate?

There are other issues that could also be considered by the working group. It may wish to review the use of fact-finding, which seems to have become an increasingly popular way of gathering information. I am particularly concerned with ensuring that fact-finding is not used as a way of getting around the official languages requirements that we are bound, as an institution, to respect. I am also deeply concerned about the use of transcript from fact-finding meetings. Parliamentary privilege protects senators and witnesses alike at a formal committee meeting, but

the same cannot be said for fact-finding and great care must be taken in the use and dissemination of the information gathered. We do not want Canadians or the Senate to be put at risk.

Having discussed these issues and decided whether any rule changes or other action need to be taken, the representatives of the working group could report back to the Rules Committee and the Committee on Internal Economy with a recommendation as to how best to proceed.

Committee work is an integral part of the work of the Senate. However, we must remember that senators also have an obligation to attend the Senate chamber. Committee travel, while valuable in many circumstances, must be seen within the larger context of the work that needs to be accomplished in the Senate, here in Ottawa. The larger context also includes the political and procedural environment within which we operate.

The process followed by the Internal Economy Committee in allocating funds for 2003-04 respects the process established by the *Rules of the Senate* and the constraints imposed by the budget adopted by this chamber. Your committee has no choice but to do so. Given that demands received from committees so far are approximately \$3 million, the committee could not recommend full funding. Instead, funds were released to enable committees to plan their work through the early fall. The recommended release to date amounts to over \$1.6 million, leaving a modest contingency for the remainder of the fiscal year.

There have always been budgetary controls of some kind for committees. For example, in past years, funds have sometimes been granted through the release of a certain proportion of each of the budgets submitted, such as three-twelfths or six-twelfths. Such an approach results in the preferential treatment of committees with larger budgets and does not take into account that there is greater flexibility in managing certain types of expenditures.

For 2003-04, in order to be fair to all committees, a clawback provision was agreed to by the Senate to ensure that funds remaining at the end of an activity are returned to the central budget for reallocation. I should point out that an even stricter clawback process exists in the House of Commons.

Your Internal Economy Committee does not wish to micro-manage the operations of other committees. For example, if a committee wishes to change its dates of travel and its destination, it is for the members of that committee to decide. However, the Committee on Internal Economy must exercise strict control over the number of trips undertaken. It would not be fiscally responsible to grant funds for a trip and to allow any surplus funds to simply remain in the hands of the committee for its use for another trip. Indeed, such an approach would only encourage the padding of budgets. Given that funds were released to allow 12 senators to travel for public hearings and nine senators to travel for fact-finding, in addition to the necessary staff, it is likely that a substantial amount will be returned to the central budget, since the historical record shows that between six and eight senators participate in most trips.

• (1540)

The clawback process will enable committees to access funds that otherwise would have been unavailable to them.

I am aware that a number of senators are unhappy with the level of funding that was granted to their committees. I suspect that anything less than 100 per cent funding would have been seen as unacceptable. However, we cannot ignore political or fiscal reality. There is only so much money available. Our funds are limited.

The Internal Economy Committee has the responsibility to recommend the allocation of funds within our established framework in a prudent, fair and transparent manner. I am confident we have done so.

**Hon. Jerahmiel S. Grafstein:** Honourable senators, I have not had an opportunity to carefully consider what the honourable senator has said about the Internal Economy Committee, but I wonder whether the committee has done another analysis, that of value for money. We have heard about cost savings and focusing on costs, but I am also interested in the model of value for money. Are we getting value for the money and, if so, are we spending enough?

**Senator Bacon:** For the chairs of committees, we never spend enough. As I said, we will form a working group to come up with some valuable answers to all the questions.

**Hon. Terry Stratton:** Honourable senators, last week I adjourned the debate particularly because none of our committee members were here in Ottawa. Three or four were ill. First, I wanted to ensure we would have our committee members present. Second, I wanted to ensure that they were comfortable with the budget as it currently stands, and they are. I will remove any constraints that I had with respect to approval, only asking that, surely to goodness, we will not recommend a government-supported newspaper, as advocated by Patrick Watson. I would expect that the committee would want to hear from Mr. Frum on his recent resignation.

**Senator Carstairs:** And Patricia Pearson.

**The Hon. the Speaker:** Does the honourable senator wish to comment on Senator Stratton's speech? She might do that, or ask him a question.

**Hon. Joan Fraser:** I will comment on the two questions raised by the Honourable Senator Stratton. In regard to Patrick Watson's suggestion, I would note that we are only beginning our work, and I expect we will hear from numerous witnesses. Indeed, we heard from at least one witness this morning who is opposed to Mr. Watson's suggestion. We have a long way to go on that one.

**Senator Stratton:** I would hope so.

**Senator Fraser:** As for Mr. Frum, it will be up to him to decide whether he wishes to appear before us. However, I must say that when I learned that he had left his previous employer, my first reaction was to say, "Oh, let us see if we can get him to come to speak to us."

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

Motion agreed to and report adopted.

## CANADIAN ENVIRONMENTAL ASSESSMENT ACT

### BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-9, to amend the Canadian Environmental Assessment Act.

Bill read first time.

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

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

## FISHERIES AND OCEANS

### BUDGET AND AUTHORIZATION TO ENGAGE SERVICES AND TRAVEL—REPORT OF COMMITTEE ON STUDY OF MATTERS RELATING TO STRADDLING STOCKS AND FISH HABITAT ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Fisheries and Oceans (budget—study on straddling stocks and fish habitat) presented in the Senate on April 30, 2003.—(*Honourable Senator Comeau*).

**Hon. Gerald J. Comeau:** Honourable senators, I move the adoption of the report.

**The Hon. the Speaker:** It was moved by the Honourable Senator Comeau, seconded by the Honourable Senator Beaudoin, that this report be adopted now.

Does the Honourable Senator Comeau wish to speak?

**Senator Comeau:** No.

**Hon. John Lynch-Staunton (Leader of the Opposition):** To be consistent, honourable senators, I would like to ask Senator Comeau the same questions I have asked other chairmen who have seen their committee budgets reduced.

After listening to Senator Bacon, I think we have a better appreciation of the problems faced by her committee. I want to take this occasion to congratulate her and the members of the Internal Economy Committee for the excellent work they do under very difficult fiscal and political constraints.

That being said, Senator Comeau's committee has asked for \$245,000 in round figures and has been allotted \$167,000. Can he assure us that, with a reduced budget, his committee will be able to carry on the work with the same efficiency and care that I know it would with the original amount? Does the reduced amount handicap the committee's efforts and work at all and, if so, to what extent?

**Senator Comeau:** I thank Senator Lynch-Staunton for the question. It gives me the opportunity to congratulate Senator Bacon and her committee members for the excellent work they did in looking at all the committee budgets. I have to say, as well, that members of that committee are doing yeoman's work. It is not easy, having a group of chairmen arrive at this committee, demanding all kinds of money for work that they very much believe in. I appreciate what they do. I welcome their questions and comments. Committees and their chairmen must be on their toes in trying to arrive at realistic budgets.

In direct answer to the question posed, we will obviously do the best we can with the budget that we have. One of the areas we did agree to reduce was with regard to public hearings. We have accepted that we would conduct a fact-finding trip, which will be much less costly than holding public hearings.

I wish to reiterate that public hearings are not necessarily preferable to fact-finding trips. Public hearings have a tendency to draw in representatives of the people, representatives of fishermen, rather than the fishermen themselves. As a committee, we have always preferred having fishermen and their families and communities appear before us rather than the representatives of fishermen.

We have agreed to reduce our numbers from 12 to nine members when we travel. We will be getting a better representation of the fishing community.

We have seen, in the last couple of days, what can happen when a decision is made in Ottawa from on high, without having adequately considered what might happen when the decision is applied on the ground. That is one of the reasons our committee wants to go to various parts of Canada. We want to hear from fishing communities and the people who are directly affected by the decisions made in Ottawa.

• (1550)

With the budget reduced as it is, I think we will be able to accomplish a great part of the work that we had intended to accomplish this year. I think we will be able to come up with some very positive and uniting reports.

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

Motion agreed to and report adopted.

[Translation]

## THE SENATE

### MOTION TO CREATE SPECIAL COMMITTEE TO OVERSEE IMPLEMENTATION OF BROADCASTING PROCEEDINGS—DEBATE CONTINUED

On the Order:

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

That the Senate approve the radio and television broadcasting of its proceedings and those of its committees, with closed-captioning in real time, on principles analogous to those regulating the publication of the official record of its deliberations; and

That a special committee, composed of five senators, be appointed to oversee the implementation of this resolution.—(*Honourable Senator Gauthier*).

**Hon. Jean-Robert Gauthier:** Honourable senators, I wish to amend the latter part of my motion. I was advised to establish a committee of five senators. I know that the honourable senators are busy enough. There is no need for a special committee to examine this matter. The Committee on Internal Economy, Budgets and Administration is already responsible for all broadcasting of the business of the Senate and of its committees. I ask leave to amend my motion so that it be referred to the Committee on Internal Economy, Budgets and Administration.

Having said that, I know that the honourable senators are divided on the issue of broadcasting our proceedings. I have been thinking about this issue for a long time. I have come to the conclusion that it would be in the public interest and in the interest of the Senate to make all or part of the proceedings of the Senate and of its committees available to all Canadians.

The Senate is an integral part of Parliament, and one of its two Houses. The Senate, like the House of Commons, plays an important role in democracy. We are the house of the federation and we represent the regions. The House of Commons is the elected body: it democratically represents the people. There is a great difference between the two Houses. The broadcasting of our proceedings would not change the legislative function of the Senate in any way.

The House of Commons' experience can guide and inspire us when it comes to televising our proceedings.

I was a member of the House of Commons when that motion was adopted in 1977. There were discussions of the advantages and disadvantages. Agreement was reached on October 17, 1977, and it was voted on. It took another three years, until 1980, for the committees to get permission to broadcast their proceedings. From 1992 on, this became regular practice and was covered by an agreement with CPAC. The Senate adopted a different

approach. Rather than broadcasting our sittings regularly, we adopted a policy of videotaping meetings. Since 1997, the agreement with CPAC allows committee meetings to be broadcast when they have obtained permission from the Senate. We televised 195 hours in 2000-01, and nearly twice that in 2001-02.

The Senate does not have the necessary equipment to record its debates, so they are not broadcast. I would like this to be authorized. It is true that certain sittings of the Senate have been taped, such as the Speech from the Throne, Committees of the Whole, or evidence given by certain invited speakers. This, however, has been done by CBC or CPAC, not ourselves. In a normal year, we broadcast more or less 200 hours of committees and a few hours from the Senate chamber.

There is a great difference between the proceedings in the two chambers. I remember a very different experience in 1972 when I was elected to the House of Commons. It was a pretty noisy place. People banged on their desks, people wandered all over the place. There were curtains behind the benches and people went there to smoke and to chat. They even spoke from the curtained area. All this changed when TV came in, in 1977. Peoples' behaviour improved. They stopped using their desks to make noise, stopped yelling, stopped making disparaging comments, stopped smoking behind the curtains, eating in the House of Commons and behind the curtains. I found this absolutely correct. It was what the public wanted.

We remember the comments we got from people about the members lighting up behind the curtains. They saw it happening on their TV and commented on how unhealthy it was, which was true.

Behaviour improved following the decision and the noise was greatly reduced. It must be noted that the broadcasting of the debates comes under the authority of the Speaker of the House of Commons, who is authorized to organize and monitor the public image of the House of Commons. In the Senate, it is not the Speaker or the government leader who is responsible for this; that is up to the Chair of the Senate Committee on Internal Economy, Budgets and Administration. In the end, we will be better served by the committee, since it is the committee that is authorized to study the issue. I think that this is appropriate and necessary. The Senate projects a better image today. We are better understood. We must make ourselves seen and heard and, most importantly, we must make ourselves understood by Canadians.

• (1600)

The Senate plays an important role. This must be said and we must give Canadians the chance to see for themselves the programming they want and to follow the debates in the Senate from time to time. I regret that recent major debates have not been broadcast. There were good debates on important issues, such as public security. Canadians do not know about these debates except if they rely on the media, which is rarely here to communicate our message. If we had control of the picture and the sound that is broadcast, I think it would be a good thing.

[ Senator Gauthier ]

Some senators are hesitant, and I understand that. However, if we want to make ourselves understood by Canadians, we will have to take action, show what we do publicly and not legislate unseen.

We are living in an age of communications. Television has been said to be a hot medium that people use. A majority of Canadians get their information and news through that medium. They keep abreast of what is going on.

Nowadays, we can hear of events unfolding in China and know what is happening there. It allows Canadians to be better informed. There are consequences. Some use this medium for purposes of which I disapprove.

For example, I think it is essential that Canadians have access to the proceedings of this House and its committees on a regular basis. This should be a general rule. It will require that decisions and expenditures be made. Absolutely. Someday, we may have to take charge and decide for ourselves what we are going to do.

Years ago, when I asked why we were not broadcasting our proceedings, I was told that the Senate would make a decision, and that neither the government nor the administration would be making this decision for it. I then asked why, if this was a decision to be made by the Senate, a motion to this effect had not been introduced. That is what I am doing today.

I also asked that our broadcasts be closed-captioned to allow the three million Canadians who are hard of hearing to have regular access to news and to parliamentary proceedings on television. They can do so today.

I have regular access, on a daily basis, to a portable computer on which I can read the transcript of the proceedings in French and in English. The transcript is correct 95 per cent of the time. It keeps me informed of what is happening and allows me to take part in the debates.

The same is true for the millions of Canadians who would appreciate it greatly if the Senate were to innovate in this area. I am sure that we would be appreciated much more by individuals who are getting on in years. By the age of 70, 30 per cent of people have hearing problems. By the age of 75, 40 per cent of Canadians have hearing problems.

[English]

They are often in denial of the fact that they do not comprehend what is happening. They will increase the volume on their TV. They will say that the phone is not working properly. They will say that they are not interested in TV because they cannot follow. However, if they had subtitles, they could follow along.

Subtitles would be a very good pedagogical tool for those who want to learn a second language. Subtitles would be a good tool for our immigrants and for our young people in immersion programs because they would be able to hear and to read what is being said.

I could make a series of good arguments in support of this proposal. It is the first time that we have had a chance to discuss this publicly. I hope that decisions on this matter will be made promptly.

Honourable senators, I should like to refer this matter to the Standing Senate Committee on Internal Economy, Budgets and Administration.

[Translation]

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, may I suggest that Senator Gauthier postpone the rest of the debate to the next sitting of the Senate, in order that he might present the Senate with his amended motion to refer the motion to the Committee on Internal Economy, Budgets and Administration and, as well, a date on which this committee should report back to the Senate. In that way, the honourable senators will be better prepared to take a position on the issue because everything will be clear.

[English]

**The Hon. the Speaker:** Do you agree, Senator Gauthier?

[Translation]

**Senator Gauthier:** Honourable senators, I appreciate the comment by the Deputy Leader of the Government. I could write out my motion and present it tomorrow, without going through the notice of motion period.

I am removing the final paragraph of my motion and replacing it with "that the Committee on Internal Economy, Budgets and Administration consider this matter."

**Hon. Eymard G. Corbin:** Honourable senators, it is not as simple as that. Senator Gauthier cannot amend his motion without the unanimous consent of the Senate. I do not want him to waste his time.

[English]

**The Hon. the Speaker:** Honourable senators, the 15-minute time limit has expired. Do you wish additional time, Senator Gauthier?

**Senator Gauthier:** No, Your Honour.

**The Hon. the Speaker:** If honourable senators were to follow Senator Robichaud's suggestion that a change be considered, unanimous consent from senators for modification of the resolution would require that Senator Gauthier again have the floor.

[Translation]

**Senator Robichaud:** Honourable senators, Senator Gauthier did not ask for the consent of the Senate for additional time to present his motion. Therefore, I move that the debate be adjourned until the next sitting of the Senate.

On motion of Senator Robichaud, debate adjourned.

• (1610)

[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 Martin-Chrétien years.  
—(Honourable Senator Eytton).

**Hon. W. David Angus:** Honourable senators, I am pleased to join the debate on the inquiry launched by Senator LeBreton into the legacy of waste during the Martin-Chrétien years. Honourable senators, we have in recent weeks heard from 11 of our colleagues on this side: Senator Bolduc, Senator Buchanan, Senator Comeau, Senator Di Nino, Senator Gustafson, Senator LeBreton, Senator Oliver, Senator Stratton, Senator Forrestall, Senator Nolin and Senator Kelleher. We have heard from them a series of chilling illustrations of the abominable wastage of millions, perhaps even billions, of Canadians' hard-earned tax dollars during the Martin-Chrétien years. As well, in the context of these illustrations, we heard repeatedly very disturbing examples of outright Liberal government arrogance and stonewalling in their refusal to acknowledge or in any way to be accountable for this disgraceful and, in some cases, even criminal behaviour. Honourable senators, there is more to come: more, more and more scandalous stories that together weave a fabric depicting the horrendous legacy of waste that characterizes the Martin-Chrétien years.

Honourable senators, I was planning to devote all of my time this afternoon to the government's flagrant abuse of its so-called sponsorship program, particularly what has become known as the Groupaction scandal. However, honourable senators, we have received new revelations on what I respectfully submit is the mother of all scandals and abuses perpetrated during these pitiful Martin-Chrétien years. I speak of the infamous "Airbus Affair" in which former Prime Minister Brian Mulroney and his family were shamelessly, perniciously, publicly and unjustly persecuted over an eight-year period during an RCMP investigation initiated at the behest of officials of the Liberal government.

Notwithstanding Mr. Mulroney's successful defamation suit against the government and the RCMP, the Chrétien team has steadfastly and arrogantly refused to make a fulsome apology to the former Prime Minister and his family or to acknowledge publicly that the investigation was politically motivated. Rather, they caused the RCMP investigation to continue unabated for six more years after the settlement of the litigation was finalized, the whole causing substantial further chagrin, heartache and embarrassment to the Mulroney family and more totally unjustified and damaging gossip, rumours and speculation in the media, to say nothing of running up huge, additional, unjustified costs and expenses for the poor taxpayers.

Then suddenly on April 22, just two weeks ago, the once proud and internationally respected RCMP issued a terse press release announcing that at long last the Airbus investigation was closed, that no evidence of wrongdoing had been uncovered and that no charges would be laid. All of this came after an eight-year investigation costing taxpayers a reported \$50 million over and above the cost of defending the Mulroneys' lawsuit, which is estimated to be in the area of \$11 million. Is this not yet another shocking example of abuse and misuse of taxpayers' dollars? You bet it is, honourable senators, an absolutely classic example of the deplorable legacy of waste of the Martin-Chrétien years.

We are given to understand that it was Allan Rock, then Justice Minister, who initiated this horrendous "witch hunt" by forwarding "rumours" to the Solicitor General and thence to the RCMP, that bribes had been paid in connection with Air Canada's purchase of 34 Airbus A320 airplanes at a cost of \$1.8 billion. These rumours, we understand, were started or fed by a certain overzealous journalist who harboured a strong personal dislike of Mr. Mulroney and his family.

Mr. Rock was also the minister whose subordinates in the Department of Justice later dispatched the shocking Kimberly Prost/Fraser Fiegenwald letter of September 29, 1995, requesting investigative assistance from the Swiss government. This letter contained the incredible sentence:

This investigation is of special importance to the Canadian government because criminal activities carried out by the former Prime Minister are involved.

Later, during proceedings in the Mulroney lawsuit, we learned the equally shocking fact that the Commissioner of the RCMP had never read the said letter, as late as two years after the fact. Honourable senators, what a dismal day for justice and fair play in Canada.

*The London Free Press* reported on April 29, 2003:

Whether a man is popular or reviled, the rules of natural justice apply; the point about basic rules of fairness is they apply to all. And the way Mulroney out of office was treated by the Chrétien government was shameful. Proof of this was the statement made April 23rd by assistant RCMP Commissioner Bill Lenton. Lenton announced that the eight-year, multi-million dollar RCMP investigation of the so-called "Airbus" affair was over... "there are no more leads to follow and nothing more to substantiate the allegations that were originally levied; it is incumbent upon us to stop the investigation, which we have done"...Guess what, it turned out there were no criminal activities. There were no facts. Outside the fevered imaginations of some so-called "investigative journalists", there was nothing that would stand up to scrutiny in a law court. And the RCMP finally admitted that.

*The London Free Press* article continued:

Almost as disturbing as the way the Justice Department initiated, and the RCMP handled, the investigation, is the lack of political accountability. To date, no politician has resigned over this gross abuse of power. If the Airbus saga

warrants any conclusion, it is the danger posed to citizens by a government out of control. The Justice Department did not determine the accuracy of its information before libelling a former Prime Minister. The RCMP spent millions on a fruitless investigation.

Honourable senators, the investigation into the "Airbus Affair" may have ended but the most important questions remain unanswered. How was this travesty of justice ever allowed to occur? How much longer will Canadians tolerate the unaccountable abuse of their trust by the Chrétien government? Who will be made accountable for putting Brian Mulroney and his entire family through such unconscionable turmoil for the past eight years? Who will answer to Canadian taxpayers for the millions wasted? As we have seen since the beginning of the tacky Liberal administration in 1993, the answer is: Nobody. This government's legacy is clearly one of sleaze, arrogance and abusive waste.

The arrogant attitude surfaced in this chamber on April 29, 2003. When asked very politely by Senator Tkachuk when this government would issue a formal apology to all those wrongly and very publicly publicized as being involved in this misadventure, the Leader of the Government in the Senate responded, three times, I believe, by saying, "...this investigation was directed by the RCMP. If the honourable senator has questions to the RCMP, I would suggest that he address them to that body." Perhaps Senator Tkachuk does not wish to wait eight years for a "nothing" RCMP response. He wants and he deserves to know when this government will do the right thing and apologize, as do all Canadians, honourable senators.

[Translation]

Honourable senators, I would now like to deal with the sponsorship program. This Liberal program was created by former Public Works Minister Alfonso Gagliano after the close referendum on Quebec sovereignty in 1995.

According to the Liberals, its purpose was to increase federal government visibility in the provinces.

[English]

This is another scandalous situation — one in which the RCMP is again involved, albeit this time for the right reasons. The key is: When will the RCMP complete its criminal investigation commenced one year ago and, if warranted, take the appropriate steps against the guilty parties in consequence of their findings? Hopefully we will not have to wait eight years for this. The program was established in 1997, allegedly to support sporting, cultural and community activities in all regions of Canada, and to encourage a positive perception of the federal government and to increase its presence and visibility in communities across our land through the use of the Canada Brand at events and on promotional material. In theory, this \$40-million-a-year program sounded like a darn good idea. Unfortunately, it has been knee-deep in scandal and controversy almost since its inception.

• (1620)

Some of the most controversial contracts given out under the program involved a Montreal-based communication or marketing agency called Groupaction, a known friend and supporter of the Liberal Party of Canada. Between 1996 and 1999, Groupaction was awarded three contracts valued respectively at \$500,000, \$550,000 and \$575,000. In March of 2002, this sponsorship program blew up in the government's face, following reports in the media and questions in the House of Commons and here in the Senate. Important concerns were raised about the program's inefficiencies and obvious examples of wasteful spending. Groupaction was caught four-square in the middle of all this controversy. After increased pressure from the media, the public and parliamentarians, the then-minister of Public Works, Don Boudria, was forced to ask the Auditor General to conduct a special audit into the three Groupaction sponsorship contracts.

The Auditor General, Ms. Sheila Fraser, agreed to the special audit. A few months later, on May 8, 2002, she tabled an extensive report in the House of Commons. She did not mince her words. She stated:

Our audit found that senior public servants responsible for managing the contracts demonstrated an appalling disregard for the *Financial Administration Act*, the Government Contracts Regulations, Treasury Board policy, and rules designed to ensure prudence and probity in government and procurement.... The government files on the three contracts are so poorly documented that many key questions remain unanswered surrounding the selection of the contractor and the basis for establishing the price and scope of work for the contracts. In our opinion, the government did not receive much of what it contracted for and paid for....

Key elements of what was specified in the Groupaction contracts were never delivered and no one has been able to find a report for the second contract, for which the government paid \$549,990.42.... Officials approved payments for work that varied considerably from what the contracts specified. In a few cases, payments were approved with the knowledge that the requirements of the contracts had not been fully met.... We found that the first contract had been amended to double its value without any documentation to support the need for the amendment... None of the documents we examined contained any explanation of how the government had determined the need for the services or why it had decided that contracting was the best way to fill the need. We found no evidence that a proper selection process was followed in awarding the first contract.... We saw little documented support for the decision to award the second and third contracts to Groupaction.... Officials did not comply with the requirements of the *Financial Administration Act* and contracting regulations, and did not verify that the amount of time billed for by the contractor was an acceptable reflection of the work that was done."

At the press conference after tabling her report, Ms. Fraser stated:

The *Financial Administration Act* and government contracting regulations are rules that apply to public servants, not to contractors. And senior public servants broke just about every rule in the book.

The Auditor General's findings respecting the Groupaction contracts prompted her to launch a government-wide audit of the entire sponsorship program. As she noted during her press conference, "You can't put three contracts this badly managed in front of the Auditor General and believe she won't want to see the rest." She went on to say, "This is a completely unacceptable way for government to do business. Canadian taxpayers deserve better."

On May 24, 2002, just barely under a year ago, the RCMP announced that it would undertake a full criminal investigation into the awarding of advertising contracts to Groupaction. Canadians are anxiously awaiting the result.

The media had a field day after Ms. Fraser reported. As an example, *The Globe and Mail* of September 18, 2002 reported:

Under the former federal sponsorship program, advertising agencies would receive hefty commissions, usually 12 per cent, to oversee the government's sponsorship of events.... Quebec-based agencies that were major donors, many of which also had executives who worked on Liberal Party election campaigns; Groupaction, Groupe Everest and Lafleur Communication Marketing Inc., received the lion's share of the contracts.... An internal Public Works audit in 2000 found that Groupaction and Groupe Everest received 63 per cent of the sponsorship money between them, in violation of government guidelines that limit any one company to no more than 25 per cent.

It gets worse, honourable senators. Groupaction was also the company of choice for another of the present government's high profile fiascos — the gun registry program. The agency managed to get \$29.3 million in contracts since 1997 for the billion-dollar program. In that regard, the *Saint John Telegraph-Journal* reported on June 18, 2002:

Groupaction's firearm registry work includes yet another missing report —

**The Hon. the Speaker:** I am sorry to interrupt, Senator Angus, but your time has expired.

**Senator Angus:** May I have leave?

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

**Hon. Senators:** Agreed.

**Senator Angus:** Honourable senators, the article continued:

The federal government is looking into yet another contract with the Montreal ad agency Groupaction Marketing, this one for \$330,000, to devise a communications strategy that was never requested by the Justice Department to sell federal gun control policy to the public.... The contract, awarded in December 1996, called for Groupaction to canvas people affected by new gun registration rules in the *Firearms Act* and develop a communications strategy for the government.... The Justice Department says it never asked for such a study and never received one from Groupaction. The deal was handled by Public Works, where it was approved by Charles Guité, a senior official who has since quietly retired.

In February of this year, Public Works Minister Ralph Goodale announced that up to seven civil servants implicated in the sponsorship program face disciplinary measures, or possibly even criminal charges. Minister Goodale also suggested that the probe could extend to former Public Works minister Alphonso Gagliano, who was responsible for the department when the scandalous activity took place.

[Translation]

Honourable senators, I could go on for hours listing the scandals of the Liberal government. Due to time constraints, however, I have restricted myself to the highly disturbing, if not downright unbelievable, facts surrounding a single communications agency, Groupaction.

We can conclude that the scandal surrounding the sponsorship program occurred when the Liberals, under the pretext of combating the separatist movement, took advantage of the situation to cut some pretty sizeable cheques for their supporters. To do so, they did not hesitate to get around, or actually break, the rules for the proper awarding of government contracts.

[English]

Using the excuse of fighting the separatist movement in Quebec, the Liberal government wrote large cheques to its loyal donors and supporters. The evidence clearly reveals that the services contracted for and so generously paid for were, in many cases, only partly delivered to the government and in all other cases, not delivered at all.

The government also appears to have been devious and deceitful by covering its tracks and leaving no paper trail for the auditors. Also, the government only decided to clean up its act after it was caught red-handed not once, but three, four or even more times.

Several days ago, honourable senators, Ralph Goodale, the minister of Public Works responsible for federal contracting practices these days, unveiled a series of new measures aimed at bringing some semblance of integrity to this huge annual expenditure of public funds on government advertising. Mr. Goodale, now known as the government's resident Mr. Integrity, acknowledged in announcing the new rules: "I think we have the process configured so it will be open,

transparent and fair.... I think what we have now is a really strong, credible set of rules." As for using advertising contracts as rewards to party faithful for services during election campaigns, Goodale said: "That's just not on any more. That may have been the old way of doing business, but that stuff won't fly with the public in this day and age, nor should it."

• (1630)

According to an editorial in the *Ottawa Sun* last Friday:

In the decade the Chrétien government has been in power, Liberal-friendly ad agencies have dined out on an estimated \$1.5 billion in federal advertising contracts. In the past year alone, federal departments have burned through close to \$200 million, advertising everything from SARS to savings bonds. By default, the lion's share has gone to a tight little circle of firms up to their executive suites in Grits.... There is no way to calculate exactly how many millions of dollars of Canadian taxpayers' money have been wasted in all this.

Honourable senators, Auditor General Fraser has indicated that the new rules for awarding government advertising contracts are a step in the right direction. I agree. However, she said:

...the proof will be in how the policies are implemented. We'll have to wait and see. In many cases the government has very good policies and procedures. It's how they are put into practice that becomes troublesome.

All of this really makes one wonder how many other such nauseating messes are in the Liberal closet, waiting to be uncovered. It is clear that these contracts were blatant pork barrel patronage, pure and simple. The more information that comes to light about this government's contract dealings, the more one can plainly observe the flagrant pattern of sleaze and abuse. The Liberals priorities are simple: reward your friends and hide the truth from Canadians.

Canadians work hard, honourable senators. Canadian taxpayers pay a significant portion of their hard-earned money to the government. Honourable senators, it is simply unacceptable that Canadians' tax dollars be wasted in this deplorable way and used to contribute to such unethical and dishonest behaviour. Those responsible must be held to account for their flagrantly improper actions.

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

**Hon. John G. Bryden:** I have a question of the Honourable Senator Angus.

I rise, honourable senators, because it came to my attention in the latter part of last week that there was a significant misunderstanding of my speech. I know I am not allowed to speak more than once on this inquiry. This mistake came to my attention because Senator Stratton put a question to the Leader of the Government in the Senate. The question put was directly out of my speech and, indeed, a great deal of my speech depended on that sentence. It was obvious to me that he had misunderstood



that particular portion. The leader said she does not have to answer for me, which is true. I could answer for myself, she said. Since I read that, I have been trying to find out how I can now answer for myself, because I am only allowed to speak once and I have already spoken.

I draw the attention of the Senate to rule 37(1) of our rules, which deals with this. It says:

No Senator shall speak more than once. However, if a material part of the Senator's speech has been misunderstood, the Senator may speak again —

**Senator Stratton:** Good try, Senator Bryden.

**Senator Bryden:** The rule continues:

— in the same debate. In such a case, the Senator, with leave of the Senate, shall be permitted no more than one period of five minutes to explain that part of the speech which was misunderstood. In so doing, the Senator shall not introduce any new matters.

**Senator Stratton:** Are you going to apologize?

**Senator Bryden:** Because I know the question was seriously put, and because the misunderstanding is obvious to me, at least, I would like leave of the Senate to spend the five minutes that I could be allotted here.

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

**Some Hon. Senators:** No.

**The Hon. the Speaker:** Leave is not granted, Honourable Senator Bryden.

**Some Hon. Senators:** Shame!

**Senator Stratton:** Next time you can take questions.

**Hon. Pierrette Ringuette:** I should like to question the honourable senator on his speech.

**Some Hon. Senators:** He has gone.

**Senator Ringuette:** I am sorry, honourable senators, that he left so fast. Thank you.

**Senator Lynch-Staunton:** Ask Senator Bryden a question.

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

## CANADA-EUROPE PARLIAMENTARY ASSOCIATION

ORGANIZATION FOR SECURITY AND  
CO-OPERATION IN EUROPE, SECOND WINTER  
SESSION, FEBRUARY 20-21, 2003—REPORT TABLED

Leave having been given to revert to Tabling of Reports from Inter-Parliamentary Delegations:

**Hon. Jeremiah S. Grafstein:** Honourable senators, I have the honour to table, in both official languages, the report of the

Canadian delegation of the Canada-Europe Parliamentary Association, OSCE, the Organization for Security and Co-operation in Europe, Parliamentary Assembly's OSCE PA second winter session, Vienna, Austria, February 20 and 21, 2003.

## 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, I began this speech on March 25. Unfortunately, because of my activities, and also I must say those of the Leader of the Opposition, I have not been able to return to it until today. I was, of course, expanding on the good news we had just read about our national economy. Let me begin.

[*Translation*]

At the same time last year, Senator Bolduc expressed his concerns about the economic upturn, describing the Minister of Finance's forecasts as too optimistic. In support of his position, he made reference to our neighbours to the South and the prudent scepticism of Alan Greenspan, President of the Federal Reserve Board, and Bob Rubin, the U.S. Treasury Secretary.

[*English*]

Fortunately for Canadians, parallels cannot be drawn between the performances of our two economies. I am pleased to report that, despite the fact that the American economy appears to be slowing and their national debt increasing, economic indicators here in Canada remain strong. Since last year's budget, our national economy has seen favourable growth across a number of significant economic factors. Canada is in an enviable economic position when compared to all of its partners in G7. Over the past year, Canada has led the G7 in growth, while other countries are beset by economic uncertainty. We are the only G7 member expected to declare a surplus last year, and all indicators point to further growth and additional surpluses for this year.

Our standard of living has grown faster than that of any other G7 country, and we are still experiencing favourable economic conditions.

[*Translation*]

The International Monetary Fund and the Organization for Economic Co-operation and Development predict that, over the next two years, Canada will move ahead of all other G7 member countries as far as economic growth is concerned.

• (1640)

The 2003 budget is the sixth balanced budget brought down by the government. This cautious approach to finances has paid dividends for Canadians. In recent years, we have witnessed increased economic security. This has allowed personal disposable income to increase by 13 per cent in recent years.

[English]

In recent weeks, the Canadian dollar has risen dramatically. How many honourable senators in this chamber can remember the conversations we had in Question Period just a year ago where it seemed that, according to the opposition, we were in a total nosedive and the dollar would never recuperate? I believe the dollar reached 70.87 cents yesterday. The dollar did not go into the depths and has experienced a high-percentage increase in just the last two months. The dollar is at its highest level now in more than five years.

New home construction is also up dramatically. The number of applications for building permits was at a record high at the beginning of this year and, because interest rates remain low, Canadians can afford to buy these new homes.

As a country, we experienced more job growth last year than any other G7 nation, and that growth was disbursed through every age group and geographic region. Last month, while Americans lost more jobs than at any time over the past year, Statistics Canada reported that we created 55,000 new jobs during that same period.

As a result of continuous record payments on our national debt, Canadians today are less burdened by interest payments. The Government of Canada is now able to access funds that were used to service the debt and spend it on more important priorities, such as health care, national child benefits and education.

Honourable senators, the Government of Canada is also committed to reducing taxes, where possible, to reflect the true cost of federal programs. As some programs may have outlived their usefulness and because few programs are meant to continue indefinitely, government expenditures will come under examination. A program review — of all federal programs across all departments — will be instituted by the departments. They will reassess program usefulness and effectiveness and will report their findings to Treasury Board. This review will free up more revenue to spend on new programs that are better designed to fill the needs of Canadians today.

In an effort to reduce the debt, previous budgets focused on minimizing expenditures and not on whether our revenue stream also required adjustment. The current state of the Canadian economy is favourable. Taxpayers deserve to benefit from the sacrifices that they have made. As one of my predecessors, the Honourable Alasdair Graham, pronounced a few years ago, “the elimination of the deficit was not an end in itself.” In addition to introducing new initiatives, the federal government is introducing a cost-reduction program in several areas.

[ Senator Carstairs ]

When the Government of Canada introduced the Air Travellers' Security Charge, we committed to review the costs of this program. This budget reduces the charge on airline tickets by 40 per cent, from \$24 to \$14 for a round-trip ticket within Canada.

I know that Honourable Senator Stratton must have been absolutely delighted with the news that the federal government will engage independent experts to consult on the Employment Insurance Program, and employee premium rates will decrease to better reflect the costs of this program. As honourable senators know, premium rates have been reduced each and every year, but it is clear that we are still collecting more than required and that is what these experts will examine.

[Translation]

Taxes will be lowered in order to encourage investment in Canada. The federal capital tax will be eliminated over the next five years. Small businesses will be eligible for even greater deductions. Taxes will also be lowered in the mineral and natural resources sectors.

[English]

In the past, our budget focus has been on fiscal responsibility and that will continue. However, we are now placing a new focus to improve transparency and accountability.

The Government of Canada has implemented a new financial management system on the recommendation of the Auditor General. The introduction of full accrual accounting will give the government and taxpayers a more accurate and realistic picture of both revenues and expenditures.

Instead of making financial judgments based on information that is limited to current conditions, accrual accounting will take into account the long-term advantages and disadvantages of any particular financial decision. Moving away from a cash-based system and toward accrual accounting will give Canadian taxpayers much better value for the same tax dollars and will enable the federal government to see real financial benefits from its expenditures.

To further improve transparency, federal support to provinces will now be paid through two new transfers: the Canada Health Transfer for health matters and the Canada Social Transfer for post-secondary education and social services.

[Translation]

Increased funding for loans given by the Business Development Bank of Canada will further help businesses. Other institutions like Aboriginal Business Canada, Farm Credit Canada and the National Research Council's Industrial Research Assistance Program will receive additional funding to encourage initiatives that will contribute to their respective sectors.

[English]

Honourable senators, one of the most important initiatives in this budget is increased funding to support the most disaffected members of our society, the homeless. We see them in our communities every day, and we know that solving the problems of so many people who live on our streets is not a simple matter. However, providing shelter will also provide stability and dignity and is a necessary first step in rebuilding their lives.

Over \$400 million will be invested during the next three years to combat homelessness. The Supporting Communities Partnership Initiative will coordinate the transfer of money to the communities and will work together with the communities so that local priorities are identified and addressed. The SCPI, as it is called, will work not only with other levels of government but also with the voluntary and private sectors to reduce homelessness.

Honourable senators, I have been privileged in just the past few months to visit two shelters in this country. The first, the Thompson shelter in northern Manitoba, caters almost exclusively to Aboriginal people who have left their communities and find themselves in Thompson without any form of accommodation. I have also visited the Mission Hospice in Ottawa. I must tell honourable senators that from my own personal experience, the dollars we spend on shelters like that are absolutely irreproachable in terms of the value we get from them.

It was hard for me to look at the Thompson shelter, which can accommodate only 15 people a night. If the shelter takes in one woman, for example, it can only accommodate eight men because there are two rooms, one for males and the other for females. If just one female needs that room to herself, six men must be asked to leave and sleep rough for the night because the shelter cannot accommodate them. Clearly, they need more space. Hopefully, through this new initiative, they will acquire that.

There is something special going on here at the Mission Hospice here in Ottawa. They have developed palliative care beds. They will treat homeless people who do not want to go into hospital. The very nature of their lifestyle is such that they do not want to be in an institution, so the ability has been established for these people to receive hospice care within the Mission Hospice.

The honourable minister responsible, Claudette Bradshaw, is so impressed with that program that she is reaching out to other shelters across the country to see if they could provide the same type of service.

I should like to draw to the attention of honourable senators that the Supporting Communities Partnership Initiative has been recognized internationally as a model program to address the needs of the homeless. Last year, the United Nations selected the SCPI program as a "best practice" for the UN Habitat International Awards. These awards recognize programs that improve the quality of life in cities and communities.

The Government of Canada has committed to investing \$3 billion to our infrastructure over the next 10 years, including \$1 billion for municipal infrastructure. Part of this money is being directed to the SCPI program and part is being directed to expand affordable housing and to extend the Residential Rehabilitation Assistance Program.

Canadians know that quality of life is not dependent solely upon housing and infrastructure.

• (1650)

Senators have read about the cornerstone of this budget, the five-year investment of almost \$35 billion in health care, the number one program desired by Canadians. This investment is the result of many converging factors. One determining factor is clearly the Romanow Commission on the Future of Health Care in Canada, which reported its findings late last year. The final and decisive cause is the achievement of the 2003 Health Care Accord, the outcome of discussions held earlier this year between the Prime Minister and the provincial premiers.

This outcome, however, would not have been possible without the significant contribution of members of the Standing Senate Committee on Social Affairs, Science and Technology. The Senate committee studied the quality and accessibility of health care services from coast to coast to coast and made comprehensive recommendations to change current approaches and to add new and innovative services. Their work was equally considered. I think, honourable senators, that if you were to examine the recommendations of the Senate committee, the recommendations of the Romanow committee and the actual pronouncements of the health accord, you will find that the report of the Senate of Canada did very well indeed.

I have spoken in the past about the important developments we have achieved in relation to my other position as Minister with Special Responsibility for Palliative Care. I am extremely gratified to report that this health care budget establishes a new benefit funded by the Employment Insurance Fund for six weeks of compassionate care leave. This means that any family member can care for someone who is gravely ill or at the end of life without worrying about sustaining an income during such a difficult period. I have often been petitioned by Canadians for more government assistance during what is a very stressful and emotional time. I believe this is one of the best ways we can provide real support.

Because health care is of such fundamental importance to Canadians, many other aspects of health care are also receiving increased funding. The largest proportion of health funds will go toward helping the provinces and territories improve primary health care, home care and catastrophic drug coverage. We will be, in effect, buying change.

The Canadian Health and Social Transfer will be increased by billions and will also receive an immediate cash infusion of \$2.5 billion to upgrade the current health care system. Money will be provided to develop secure electronic records of patients, to establish a fund to acquire more diagnostic and medical equipment and for medical research.

Canadians view our universal health care system as an essential contribution to our national welfare. They also share a concern for the welfare of our children who will inherit and sustain these social values. Last month, the Honourable Minister Stewart announced that federal, provincial and territorial ministers responsible for social services have reached an agreement to expand early childhood development programs and services. Nine hundred million dollars will be distributed to the provinces and territories in order to improve access to affordable, high-quality child care and early childhood education. It is always important to combine the phrase "child care" with "early childhood education." Children are like sponges. They begin learning from the moment of their birth, if not their conception. From the moment of birth, one need only watch their eyes to know that they learn more each day. Qualified child care must provide not only shelter, but also education. There are also provisions for a new child disability benefit for low-income families, and the list of medical expenses that are eligible for a tax credit has been increased.

I am sure that honourable senators are aware of the importance of the Aboriginal and First Nations communities to our Prime Minister. I know that the first Canadians are also of concern to many of you and that they have long had a receptive audience in the Senate. I also know that you have an appreciation of the complexity of the problem facing any government as it attempts to bridge the economic differences between Aboriginal communities and other communities across this country.

[Translation]

This budget contains numerous initiatives to respond to health and other concerns on reserves. As you know, a great many programs contain provisions concerning Aboriginal peoples. In addition to these major programs, the budget sets aside specific amounts to protect Aboriginal languages and cultures, through the establishment of a new centre that will be directed by Aboriginals. The budget also contains increased funding for the First Nations Policing Program and funding to find new ways to meet the needs of Aboriginals living in urban communities.

[English]

This budget contains measures to invest further in programs that enhance the quality of life for Aboriginals, both off and on reserve. A significant amount of money, \$1.3 billion, will be spent over the next five years to support health programs for First Nations and Inuit. This money will provide for increased capital development, nursing programs and immunizations.

Last summer, I spent a week touring northern Manitoba reserve communities, particularly their nursing stations, hospitals and personal care homes. The quality of care there is exemplary, but the lack of equipment and resources is astounding. None of us living in this part of Canada would tolerate for a minute the conditions that many of them are asked to tolerate.

I will cite one example that blew my mind. In one community, where every patient must be transported out within an hour and a half, they could not afford to buy a \$500 blanket warmer. There are patients there delivering children and suffering from heart attacks and accidents, yet we cannot provide them with a heated

blanket. Finally, someone decided to do that. Someone in the Department of Health authorized it and they got their blanket warmer. However, someone else in the Department of Health decided that they did not need the blanket warmer and wanted to confiscate it. Fortunately, the band council paid for the blanket warmer and it remains in the community. Such a situation is intolerable.

I also learned that individuals were being transported out for a test that could be conducted on the reserve. The cost of transporting a person from that community to Winnipeg was \$900, and they were transporting 50 people a year. The cost of the piece of equipment required for the test was \$5,000. It did not take much arithmetic to figure out that you could pay for the equipment in three months. The logical question was, "If you had the equipment would there be someone available to conduct the test?" In fact, they did have a staff member at the hospital trained to conduct the test. It is my understanding that they now have the required piece of equipment.

Honourable senators, it was an eye-opener for me to experience that firsthand. It is not the same to read about it; I have read it about it in the past. It is different to experience it firsthand, to visit the nursing stations, the primary care homes and the nurses providing the care. I was connected with Telehealth, a wonderful initiative sponsored by the federal and municipal governments. An example of the benefits of Telehealth is the case of a young child who had a hernia operation. Under most circumstances, that child would have had to have gone to Winnipeg three or four times. Due to Telehealth, the child went once. The rest of the time, the child was at home supported by family members. That is the kind of innovative technology in which we must invest if we are going to provide the quality of care for our Aboriginal peoples to which they are entitled as Canadians. We must make even more of it available.

• (1700)

The ongoing contribution of Aboriginals to our country has given Canada a special cultural heritage. There are other aspects that we identify as uniquely Canadian, including our formation as a country from two distinct European cultures.

Last month I attended an announcement by the Prime Minister and the Minister for Intergovernmental Affairs to devote \$750 million over five years to an action plan for official languages. We have already made great strides in promoting bilingualism among our younger generation. Over the past decade, the number of students who can speak both languages has doubled to 25 per cent. In order to ensure that bilingualism in Canada will remain protected and part of our national identity in the future, we need to increase that level to 50 per cent.

Honourable senators, one of the initiatives of this new program that was important to me was to improve the needs of core French program students. As a teacher, that word makes sense to me but it may not necessarily make sense to you. However, in my province, for example, we have three types of programming. We have children who are in français programs. Those children have parents who are French-speaking, and so, other than their course in English, the rest of their curriculum is in French.

[ Senator Carstairs ]

We also have programs on early French immersion and late French immersion, early French immersion starting in kindergarten and late French immersion starting sometimes in Grade 4 and sometimes in Grade 7. I must say that many of those teachers are top-notch. They are very well qualified.

However, the rest, and by far the majority, of Manitoban school children who study French do it in what we call core French classes. That means they study French for 40 minutes a day beginning, sometimes, in Grade 1 and sometimes in Grade 4. I believe that we need to beef up core French training. I do not want children to share my experience where I studied French every single year I was in school, except that it was taught by someone who could not speak French. I learned to write and to read French, but it is very difficult to speak French to anyone if they cannot respond in French. The result was that I did not learn to speak French even though it was in the curriculum and I studied it. Unfortunately, it was not good enough.

Therefore, we need to improve the training of core French teachers so that all children have the opportunity to learn to speak the French language, and I would suggest it is probably equally true that, in Quebec, they need to have good solid core English training so that they may learn to communicate in the other official language.

One area of our Canadian culture that interests me a great deal as a former teacher of Canadian history is protecting our heritage. We are investing \$30 million over the next three years to provide financial incentives to the private sector to preserve historic places. This will not only rejuvenate some of our most beautiful buildings, it will also encourage economic growth in the surrounding areas, which are often located in the oldest and most neglected parts of our cities.

This budget extends beyond our health, our children and our communities to our national borders and protecting our collective global welfare. The multicultural nature of our country has meant that Canadians have an innate sense of the importance of world affairs. We know that Canada occupies a special place among other nations and that we can play an important role in international relations. However, security for Canadians means not only national defence, but the security that comes from living in a world governed by peace and economic prosperity.

This budget includes \$800 million for our Armed Forces, with an additional \$250 million immediately upon the announcement of the budget. It also contains a \$1.4 billion increase over three years for international assistance. Canada is on track to double its international assistance by 2010, because we believe that a more equitable balance amongst nations will be able to diminish conflict, and there was no more important national initiative announced by the government than the Prime Minister's Africa fund.

*[Translation]*

In order to strengthen the country's economy, we will invest further to expand trade with our main trading partner, the United States.

We will also be setting aside money in contingency reserves for security, to respond to unexpected security needs, including border security.

*[English]*

When this government was first elected, we made a fundamental promise to Canadians to implement a sound economic strategy. We were committed to a long-term plan to not fall into a deficit position and to not add to our national debt. Honourable senators will know that only eight years ago our federal debt load peaked at 71 per cent. Last year our debt load decreased to 46.5 per cent, and the federal debt itself has been reduced by \$47.6 billion. We knew that our social obligations could be better met if we had more tax dollars available and fewer tax dollars committed to paying down our debt.

This budget, with its emphasis on social expenditures, provides a counterweight to previous policies. Canadians are now in the fortunate position of being able to match financial responsibility with social responsibility. We are building the Canada we want, a country that is economically strong, culturally unique, and without parallel in caring for its citizens.

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

**Hon. Jeremiah S. Grafstein:** Honourable senators, I have a question.

**The Hon. the Speaker:** Senator Bolduc, following upon Senator Grafstein's question, I will turn to you for the adjournment.

**Senator Grafstein:** At the outset I have a comment. The senator made a very moving assay into the renovation of Aboriginal health care. She will recall that the Standing Senate Committee on Energy, the Environment and Natural Resources produced a unanimous report outlining a means of renovating drinking water facilities on reservations. Could she tell us what progress has been made with respect to the government's promises to deal with that situation on the reservations?

**Senator Carstairs:** I thank the honourable senator for that question. I can inform him that much of the \$1.3 billion will be specifically directed to improving water quality on the reserves. Obviously, good health and good, healthy lifestyle indicators are dependent on having good quality water. He knows better than most others that there are many reserve communities, even in my own province, that would not do well on independent evaluation testing done on their central water supplies.

**Hon. Roch Bolduc:** Honourable senators, the Minister of Finance's budget speech two months ago focused on five key points: the health of Canadians; Canadian families and communities; the economy; Canada in the world; and management of public spending and accountability.

Before I address these five points, let me say straight off, honourable senators, that my overall impression is that federal budgets have become meaningless. The discrepancies between projection, budgets and the facts are such that we are now forced to rely on the past, that is to say, the accounts certified by the Auditor General. We see a situation where revenues from taxpayers are growing rapidly and the government is spending that money hand over fist, based not on the real needs of Canadians but on the pressure from taxpayers grouped with the most effective voice organizations.

The 2002-03 fiscal year is a striking example of that. Program spending increased 11.5 per cent, or \$14.3 billion, yet the economy grew at much less than half that pace. To those who would reply that it is because of health care needs and the threat of war, I say that other spending increased 7.3 per cent this year, twice the rate of economic growth.

The budget contains an additional \$25 billion in spending over three years. Moreover, when it comes to spending public money, the government mimics the ex-PQ government in Quebec, using the smoke screen of five-year plans to beef up the amounts without knowing whether the government will still be in office then to dole out the money to those with the loudest voices. Nor are we given any numbers for spending and revenue beyond next year, leaving us to wonder what they are trying to hide.

• (1710)

Gone are the days of moderation and frugal handling of public monies. As an example, now we have 39 ministers in the federal cabinet. That is not a cabinet; it is an assembly. Another example is that nearly half a million people now work in the public sector in Canada; that is to say 450,000 people. Only one third of them work in the public service proper. The others are in Crown companies, special agencies and all those organizations that are outside the civil service. Instead of changing the laws of the civil service to accommodate and modernize the situation, we hire people outside of the public service, but they still work for the government.

Nowadays it seems that leadership battles and the health of the party come before the health of the country. The minister was exaggerating when he said that we are in a time of prosperity. I have news for him. The world economy is in a very bad situation. Those who know what is going on in the world are aware that the Americans have been experiencing for the past three years — and will continue to experience for some time to come — the worst devaluation of their stock exchange assets since the 1930s.

Japan has been in a recession for 10 years despite massive injections of government money that have produced no results in terms of economic growth at all. Public expenditures were 30 per cent of the GNP; now they are 40 per cent. That is a tremendous move for an economy of about \$4.5 trillion. Yet the economic growth is zero in Japan and Japan is a major contender. We always speak of France, but France is a peanut by comparison to Japan — a big peanut but a peanut nonetheless.

The economy of continental Europe, despite the economic bravado, has been in a slump for quite a while. In the past two

years, the United States has lost 2 million jobs. In March of 2003, 300,000 people lost their jobs in the United States.

I forecast a year ago that we might witness a double-dip recession in the United States. We are in it right now. I am telling honourable senators that the impact on Canada is coming pretty soon.

Senator Carstairs gave us good news about the Canadian economy. Let us wait another six months and see what happens. I do not hope to be right but we shall see. Those who think things are going well are living in a dream world. The fact that federal statistics cast Canada in a favourable light compared with other G8 countries does not mean we are in a paradise. We are far from it in fact. I urge senators to read the very powerful speech that Mr. Brian Mulroney gave a few months ago in Halifax.

The minister tells over and over about the good things that the OECD found in our economic statistics in November 2002. He forgets to mention that the OECD also pointed out that taxes are too high in Canada. Productivity is barely improving relative to other countries and the market is too rigid. The OECD also says that this is a bad time to introduce fiscal incentives like increased government expenditure that does not create wealth.

What has Mr. Manley's budget done? It has done the exact opposite. Tax cuts are non-existent or so small that they are a joke, yet spending has been increased by an inordinate margin without looking at the validity of the many programs already in place. I am disappointed by Mr. Manley who, after seven years at the Department of Industry, struck me as fairly sensitive to Canada's weaknesses in terms of productivity. I figured he would mark his arrival as Minister of Finance with a bold initiative, perhaps a corporate tax cut that would lower production costs and help corporations become more innovative through investment in research and more sophisticated equipment — but, no. The budget offers only scraps: 12 cents in Employment Insurance contributions; \$5 per airline ticket; peanuts in terms of increased RRSP contribution limits; and a five-year phase-out of capital tax. That is all the minister did to ease his conscience over the very problems that account for the gap between our standard of living and that of our neighbours. He, therefore, did almost nothing to stimulate growth in the productivity of the labour force — GDP per worker. To wit, in 1995, we were 15 per cent behind the United States in manufacturing. Six years later we were behind by 33 per cent. Those are averages, which means they cover the spectrum from our strong sectors like resources and our weak sectors like machinery and electronic equipment.

From 1990 to 1995 and 1995 to 2002, average annual growth in the GDP per hour was held steady at 1.5 per cent in Canada while the American rate increased to 2 per cent for the last seven years, even though they are in a slump. I should add that in the past year direct foreign investment in Canada has dropped sharply and Canadian exports to the United States have also decreased.

As for the rigidity of the market, the minister promised smarter regulations, but we have been hearing that old song for about a decade now.

Honourable senators, I want to come back briefly to the OECD reference to productivity, as it is essential that I bring the minister back down to earth regarding our relative wealth. We have tumbled to fourteenth place among OECD countries in terms of R&D spending. That is lower than Sweden, which has barely a third of Canada's population. We dropped from third to eighth place in terms of competitiveness while Mr. Manley was industry minister. Our standard of living measured by per capita GDP fell from second to seventh place among OECD countries. That value uses the purchasing-power parity exchange rate in order to eliminate variations in the cost of living and the market exchange rate. When American states and Canadian provinces are ranked in terms of wealth produced, only Alberta holds a respectable position, with Ontario far behind and the other provinces at the bottom of the list. That is nothing to crow about as the minister did in the House. He even mentioned by name every Liberal MP whose riding would be getting special treats in this budget, as if he were arrogantly trying to buy votes at the next convention. It was an indecent thing to see on TV. I was in Florida looking at that and I was scandalized. Needless to say, power changes people.

Let us turn our attention to the first highlight of the budget.

[Translation]

What about the government's health policy? In terms of policy direction, nothing has changed, except that, under pressure from the provinces, the government signed an agreement for the transfer of additional funding, combined with a return to specific purpose subsidies imposed by Ottawa.

[English]

Big Brother knows best how to cure our problems in Vancouver, in Regina, in Montreal and in Saint John.

[Translation]

Yet there was there was no shortage of opinions; there was the report of the Clair Commission in Quebec, the Kirby report, the Mazankowski report and the Romanow report, in which the government picked only two conclusions: to invest additional funds and dismiss private-sector involvement.

In a nutshell, the government is revelling in the good old socialist model created by the Labour Party in England following the Second World War. In Canada, it is regarded as a mortal sin to accept contributions by the private sector, despite the fact that they are accepted in almost every other developed country.

They are accepted in Austria, Australia, Belgium, Denmark, France, Germany, Holland, Italy, New Zealand, Spain, Sweden and Switzerland, and even in socialist Tony Blair's England.

• (1720)

For us in Canada though, this is not acceptable. I guess all these governments are deluded somehow. We are the only place to be in step, as noted by Jeffrey Simpson in *The Globe and Mail*.

I might add that among industrialized nations with a universal health care system, Canada has the most expensive system. The system is more expensive in the United States, but access is more limited.

Among those with universal access, Canada's system is the most expensive. It accounts for 10 per cent of our GDP. Still, our ranking in terms of results — expectations, hi-tech equipment, and so on — based on meaningful indicators, is very average. In other words, there is no proportionality between the money spent and performance.

For example, take expectations versus expenditures in Saskatchewan. Canada, the government and the bureaucrats at Health Canada have not grasped the fundamentals of the problem yet. What are they? First and most fundamentally is the aging of the population, thanks to the advancement of modern medicine. Over the past century, life expectancy has increased by 30 years to approximately 80 years. In 20 years, the number of seniors 65 and over will have increased by 75 per cent and seniors will account for 20 per cent of the total population.

The second major statistic represents health care expenditures that increase with age. In 2000, persons aged 65 and older represented 13 per cent of the population and 45 per cent of health care expenditures in Quebec. Average annual expenditures were \$2,095; for persons aged 65 and older, health care cost \$7,330, or three times the average.

For the past 20 years, aging has been responsible for a 22 per cent increase in health care expenditures. Twenty years from now, this phenomenon will result in a 36 per cent increase in health care costs for care, medication, technologies and so forth. Health expenditures are expected to double over the next twenty years. Health care is costing us \$100 billion, or 10 per cent of the Canadian economy.

To this increase, we must add the cost of overall inflation, which would be 114 per cent over a 20-year period. However, this sector is characterized by stronger inflation, set at 148 per cent.

The number of working Canadians will decrease due to the aging of the population and the low birth rate. For the past thirty years, the number of Canadians aged 65 and older has more than doubled: from 1.7 million, there are now 4 million seniors or one in six adults or one in eight Canadians.

In 2021, some 6.7 million Canadians will be over the age of 65 or one in four adults or one in five Canadians. In 2041, when today's graduating classes will be nearing retirement, 9.2 million people will be over the age of 65, or one in three adults or one in four Canadians. There will be fewer workers to support the costs of the system, set at \$3,149 per capita now and at \$8,500 in twenty years. Personal income will not increase enough to meet the anticipated rise in costs. These three trends indicate that the current system is headed for serious trouble.

Delaying a serious overhaul of the system is an irresponsible government attitude both for Ottawa and for the provinces, but especially for Ottawa, which is setting the rules of the game.

I want to come back to Senator Kirby's report, which is better than Mr. Romanow's. There are some questionable points, but he is betting on the incentives. Without this, the health care system cannot be reformed.

[English]

**The Hon. the Speaker:** Senator Bolduc, I am sorry to interrupt, but your time has expired.

**Senator Bolduc:** I am only beginning.

**The Hon. the Speaker:** Honourable senators, is leave granted to allow the honourable senator to continue?

**Hon. Senators:** Agreed.

[Translation]

**Senator Bolduc:** Everyone is in a rush to focus on changes to the system's administration, including Senator Kirby in his report. This, however, barely impacts upon 8 to 10 per cent of costs. So that is not the way of the future. It must be acknowledged that the Kirby report was more analytical than the Romanow report and refers to the central role of incentives in any reform.

The present system has some serious unintended effects; for instance, the fact that services are free creates an inefficient and excessive demand on services of up to 30 per cent. No one will admit it, but that is the fact of the matter.

Another example: fee-for-service encourages overproduction of services. The "moral hazard" must be reduced and use must be made of means such as cost-sharing in connection with demand and managed care in connection with supply. In other words, the system must be provided with a plan that makes it naturally possible to cut costs while still providing services.

There are complaints about physician shortages in Quebec. Yet the funding scheme imposes quotas on faculties of medicine, encourages physicians to retire early and imposes limits on their salaries. So we see them playing golf on weekdays because they have reached their limit. They work three days a week because they are not allowed to earn more than \$200,000 or \$250,000 annually. The problem is not a shortage of physicians! Let them work. Let the ones who want to work six days a week do so. That will solve the problem. The present situation is ridiculous, as well as tragic for those who are waiting for surgery or other treatment and for whom time is of the essence.

People must look out for their own futures. Individual workers should be able to create their own health fund, tax-free, which would be cautiously invested to meet future costs. This is the same

principle as for retirement savings, and the reasons are similar. It is not popular to speak this way in an era in which there is a welfare state, where the majority of people expect the state to look after them, as if people were incapable of looking out for their own futures. What a misconception!

It seems to me that the past follies of Canada Pension Plan management — for instance, from 1965 until 2000, when the government loaned money to the provinces at below-market rates — should convince people that State-supported social welfare is a necessary escape route. Such welfare is not for everyone, but for the 8 to 10 per cent who comprise life's walking wounded, the mentally handicapped, people with major physical handicaps, those in long-term care, victims of serious accidents or people suffering from any serious illness that deprives a family of an income.

The Manley budget, in addition to health care, will provide support to Canada's families and communities. The government, instead of reducing everyone's tax rates, discriminates in favour of some categories and against others. Ottawa makes the decisions about tax expenditures because it knows better than the taxpayers how to spend their money.

A look at the latest report on all tax expenditures, including exemptions, deductions, tax credits, deferrals and other credits, reveals a frightening number of possible situations. They are all the more complex because in many cases they create feedback, making work for lawyers and accountants. The economic impact of these measures is unfortunately hard to estimate.

The government is giving itself five years to erase the capital taxes that have such a negative effect on businesses in their struggle for increased productivity. I would like to emphasize that social costs have increased by 2.5 per cent per \$100 of profits in ten years. This is a sizeable bite out of salaries and company earnings. As for infrastructure subsidies, they are a simple and politically worthwhile way to distribute money, rather than reforming the tax system in such a way that regional governments could retain their independence and not depend on patronage to provide a decent standard of living to their residents.

That reminds me of the arguments between Georges-Émile Lapalme and Duplessis in the 1950s, back when the current Prime Minister was a student at the seminary in Trois-Rivières.

[English]

The third part of the 2003 budget is devoted to the economy. I noticed right off the bat that the government wants to help small business with a \$100,000 increase in the small business deduction over five years. Think of that — \$20,000 a year and only for those who are incorporated. If a business is not incorporated, it does not get the deduction.

Most small business people in Canada work from their homes. They are not incorporated. It is the minority that will get the deduction. That is some relief.

[ Senator Bolduc ]



The RRSP situation was so ridiculous that the government must have felt so embarrassed that it raised the contribution limit slightly.

Like his predecessor, the minister mentioned Canada's tax advantage over our neighbours to the south. That advantage may be short-lived if the Congress accepts the proposal of President Bush. Mr. Manley forgot to tell us that his government has taken \$55 billion more out of taxpayers' pockets this year than in 1994. Tax revenues increased from \$106 billion in 1994 to \$161 billion in 2001-02.

• (1730)

The orgy of additional spending over the past few years was made possible by taxes that have been too high for eight years, and a tax incentive that was entirely out of place in the economic circumstances, which the Bank of Canada quickly sanctioned, as only it can, taking into account our inflation rate which is the highest of the G7, but no one talks about that.

The government misjudged the worldwide economic situation and I referred to that earlier. I feel a need to come back to this because it is more serious than people realize. The value of American assets has dropped by an estimated \$7 trillion, which represents a loss of 40 per cent of the total Standard & Poor's index. That is the equivalent of 70 per cent of the American GDP and 10 times the one-year value of the Canadian economy. Elsewhere in the world, the loss is comparable. Indeed, there is talk of deflation of U.S \$13 trillion, or more than one-third of the gross world product or 20 times more than Canada's GDP.

People are talking as though Canada is doing just fine economically. Well, we have been doing relatively fine for only a very short time. That is the reality.

It will take time to absorb the massive over-investment made in recent years in some sectors of the economy. \$2 trillion for example in communications. Business and individuals, too, are overburdened with debt because stock prices are historically overvalued by 20 to 25 per cent, perhaps even 30 per cent, and interest rates are low. There is a risk of worldwide deflation because there is only so much that the federal reserve can do.

Honourable senators will recall what Mr. Greenspan said in 1998 about irrational exuberance, but we know that he did not do anything about it because there was a federal election coming in Washington; and he complied with the government. That is not why he is paid. Therefore, we have paid for it since.

The result is that the growth rate will stay low for longer than we had hoped. The rise in real estate prices is also coming to an end. With the globalization brought about by technology and our trade dependence on the United States, the impact of these major shocks is certain to be felt in Canada soon.

Nor should we believe that the problem of Canada's public debt has been solved. With the switch to full accrual accounting, the

federal debt dropped to \$507 million but the net debt is \$563 million because of commitments that were not accounted for in the old system but are accounted for in the new one, such as the requirements for the public pension plans. As well, on a cash-flow basis, the government has a \$5.8 billion shortfall this year.

The fourth part of the budget will deal with the very important subject of Canada's foreign relations.

[Translation]

The government has added \$1 billion to the defence budget. That is not how we will make ourselves credible with NATO. It will not be taken seriously. It is becoming an embarrassment, what is happening to us: we can no longer defend ourselves. We were never able to do so, but at least previous governments, starting with St. Laurent, knew we were not capable of defending ourselves. The country has a vast territory, but we are unable to defend it. We therefore concluded an agreement with the United States for NORAD. It made sense.

Today, people are wondering whether we should join the Northern Command. Why refuse it? We are not being realistic. I listened to the debate on Iraq. I listened carefully and I followed other perspectives than the American perspective. I followed TV5, France Presse and a number of other media outlets.

We in Canada behaved like children. There was even a cabinet minister who railed against the President of the United States. And the government did not give him the boot. That is what we call leadership? Just thinking about it makes my blood boil.

At least previous governments were realistic enough to conclude agreements to ensure our protection. However, the government, based on some strange notion of sovereignty, is still waffling on whether or not it should accept a security perimeter that would include us. As for our traditional involvement in NORAD, it is not clear that we will be providing the same for the Northern Command. I will come back to this later, because I want to make a speech on security and I have comments to make regarding the subject. I have wanted to talk about security for years now.

Our relations with the United States are very strained. It is as though we were going out of our way to make problems: diplomatic problems, trade problems, a weak presence in states that import, and so on.

For example, we are represented in some 10 or 15 places in the United States; however, in Mexico, the number is about 40. There are more Mexican representatives in the state of Texas than there are Canadian representatives in all of the United States. It is ridiculous. Three quarters of our budget for the Department of Foreign Affairs goes to Europe, but we do nothing with Europe. Most of our trading is done with the United States, but we invest in Europe, not Asia. We should have people in Asia and the United States. It is fun to go to Europe because they are our cousins in terms of culture. We have a great time with the Europeans. However, Canada's reality and future do not lie in Europe. The Department of Foreign Affairs needs to wake up and redirect its resources.

In today's tense situation, we are still torn between the United States and Europe, in spite of the fact that, commercially, the European countries have been snubbing us for 25 years, while we were bringing peace to their backyard.

As far as international assistance is concerned, we have yet another white paper on the discretionary direction of the Department of Foreign Affairs. After providing assistance for nearly 40 years, and in excess of \$100 billion of funding, we still do not know what impact it has had in real terms on developing countries.

It may be appropriate to note here that the increase in the standard of living in Asia came about more specifically after the free market economy was introduced, which goes to show that economic growth benefits the poor as much as the others. It is important that the world know that globalization and international trade promote economic growth and that economic growth is good for the rich as well as for the poor. This is a significant fundamental fact.

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

**Senator Bolduc:** That is what is happening. In Asia, 3 billion people have seen their standard of living increase, honourable senators. In Africa, they were not so lucky, but in Asia, they were. I am familiar with the area, I visited it; I can vouch for that.

I also note that CIDA is still without a legislative framework to define its objectives, policies, principles, policy principles, resource-allocation criteria and accountabilities. I have given a speech on the matter and hope to garner support in this regard.

[English]

The last highlight of the budget is public funds and accountability. The government has finally switched to full accrual accounting, which is an administratively sound move. However, I note that the minister was being virtuous when the timing was right. This was an excellent pretext for committing, before the end of the fiscal year, amounts to be recorded in the financial statement that are much larger than those in the budget, especially since billions of dollars earmarked for innovation went into bank accounts and are still there.

With regard to foundation accounts, the government justifiably had its ears boxed by the Auditor General and by the Standing Senate Committee on National Finance. It finally made a commitment to be a bit more transparent. The fact remains that, in any event, we will have new legislation to patch things up with regard to Parliament, even though the Auditor General, our agent, will not be able to conduct an independent value-for-money audit in those areas. If the minister wishes to reassure worried investors, I suggest that he review some of the government's business rules in the Canada Corporations Act, and that he not go to war with the provinces over the securities market but that he offer mediation instead.

[ Senator Bolduc ]

[Translation]

I am returning to this because some dumb things have been done. Coming from the private sector, from the market place, as I do, I can still admit this. A lot of dumb things have been done in the United States and Canada as far as executive salaries are concerned. I am not saying that regulations are needed to change this, but someone must at some point make them realize that a dumb thing is a dumb thing, even if done by a businessman. They generally have pretty good judgment but have lacked judgment in the past five years as far as salaries are concerned. They went way too far. In certain cases, I would say it came close to being conflict of interest. When you inflate financial statements in order to make sure the stocks go up, and when you start messing with stock options — yikes, that is really going too far.

**Senator Robichaud:** That was not right.

**Senator Bolduc:** It certainly was not.

• (1740)

[English]

Incidentally, this could, to some extent, help bring foreign investment to Canada since our share of this worldwide activity is so small. I reiterate the warning sounded by the President of the Royal Bank over the loss of head offices. The minister plans to reallocate funds — out of \$143 billion, he wants to identify \$1 billion for reallocation. This is not what we would call a comprehensive review of the existing programs when we consider, for example, the gun registry fiasco.

Finally, the President of the Treasury Board has tabled draft reforms of the Public Service Act. We are going to look at them very closely in committee because they contain some disturbing things. In the meantime, I would like to draw your attention, honourable senators, to a tendency to exaggerate somewhat in the public service.

I now want to talk about administrative expenditure. The example comes from high up. House of Commons expenditures increased \$37 million in one year. This reflects the artificial atmosphere in which our representatives live with the peoples' money. Honourable senators, a \$37-million increase in one year on the other side is a big increase.

Almost all senior public servants receive sizeable performance bonuses in addition to very good salaries, yet the Auditor General finds that the measurement of service performance is loose.

[Translation]

Departmental performance assessments are never available. This is too complicated, we are told. Yet administrators get a performance bonus. We are not able to evaluate administrations, but we are able to evaluate the performance of the administrators. Really now, this is ridiculous!

[English]

In the same vein, how can anyone rationalize the analysis of responsibilities and performance evaluation for an income of almost \$500,000 for the President of Canada Post, as one example? Canada Post is a corporation with a monopoly — no one can deliver a letter, as you know, for less than 48 cents — that can raise stamp prices whenever it wants. Certainly, all that is missing is options. It is a monopoly. He can raise the stamp prices as he wishes, and we pay the guy \$500,000 a year. It is not serious. Somebody somewhere is being silly.

These excesses are indicative of a profound change in ethics in the public service. Public servants want to be like entrepreneurs but without risking their own capital and the possibility of bankruptcy.

I had the honour of working in the Quebec public service and dealing with the federal mandarins of the day, the Robert Bryces, the Sharps, the Robertsons, the Johnsons and others. I can assure you, honourable senators, that they were not serving their country for the money; and they did not need performance bonuses to increase their motivation to work.

Perhaps I am longing for days gone by, but there was a time when quality was established at Finance and Foreign Affairs. Deputy ministers and other public servants were later drawn from that pool of distinguished human resources. Let us hope that the tradition is not dying.

[Translation]

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, I wish to move adjournment of the debate, in the name of Senator Meighen.

**Hon. Fernand Robichaud (Deputy Leader of the Government):** Honourable senators, with the cooperation of the honourable senator, if we were to follow the custom of going back and forth between government and opposition, Senator Morin would like to speak. If he is in agreement, I will move that debate be adjourned until the next sitting, in the name of Senator Morin.

**Senator Kinsella:** Agreed.

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

## NEW CONSTITUTION FOR IRAQ

### INQUIRY—DEBATE ADJOURNED

**Hon. Gérald-A. Beaudoin** rose pursuant to notice of April 29, 2003:

That he will call attention of the Senate to a possible new constitution for Iraq.

He said: Honourable senators, there is much talk of a new constitution for Iraq. Some have even mentioned federalism, including the Prime Minister of Canada. The idea is gaining ground. That country must adopt a new constitution and the

federal formula could be appropriate. In certain cases, federalism is the answer. It all depends on the country that needs a new constitution. Canada could be a worthwhile model.

Before talking about federalism, there are unavoidable political steps which must be taken first. First of all, there must be order and peace. Iraq is in a difficult transition period.

Then a democratic system will have to be established. The Iraqis must, of course, choose their own system. It is not up to us to impose one on them.

The foundation should be solid, including the rule of law, the supremacy of the constitution and the separation of great powers. That is the very basis of democracy.

It will be important to have a real separation between the church and state. Right now, Iraq is allegedly a secular state; Islam is the state religion. The state must be secular both in theory and in practice. Citizens must be free to choose from one or several religions, or none. This is a difficult problem to solve. It took a great deal of time for the Western world to do so. However, it must be considered from the outset, before even broaching the issue of federalism. The problem of religion must be solved first.

Canada, the United States and several democratic federations have constitutions that, as interpreted by their supreme or constitutional courts, respect the separation of church and state.

At this point, it is important to define federation and confederation. A confederation is an association of independent states that have one or several common objectives. A federation is a country where the powers are shared between the central government and the regions. I highly doubt that Iraq would be interested in a confederation. As for a federal state, I think it is possible.

When we talk about modern federalism, we think of the United States, Switzerland, Canada, Australia, Germany and Belgium. Currently, there are 24 federations in the world.

After the American War of Independence, the 13 states opted for a confederation formula. The articles of this confederation were proposed on November 15, 1777, and came into force on March 1, 1781. This form of government was provisional. It did not end up being the ideal solution for the states.

• (1750)

In the summer of 1787, in Philadelphia, representatives from the 13 states adopted a federal constitution after four months of discussion, and a confederation was replaced by a federation. The constitution came into force on March 4, 1789.

The United States is still a federal state. From 13 states at the beginning, it has grown to 50 today. The federation is working very well. True, there was a civil war from 1860 to 1864, but President Abraham Lincoln managed to salvage the American federation.

Switzerland made the transition from a confederation to a federation in 1848. In 1867, Canada adopted a federal government system following the Charlottetown conference and the Quebec City conference, in 1864, and the London conference, in December 1866.

Our federation has grown. In 1867, Canada's population was approximately three million. Today, it is 30 million, or 10 times as many. Canada is a member of the G7, and a number of countries, including Australia, India and South Africa, have modelled their government systems on our federal system.

Australia became a federation in 1901. Germany adopted a federal system in 1949. This system is working very well indeed. Belgium became a federal State in 1993, while India has been one since 1950 and Austria since 1920. Russia has also become a federation.

At present, 2.4 billion individuals are living in a federal system, worldwide. That is a significant number. In Canada, at constituent assemblies from 1864 to 1867, John A. Macdonald made no secret of the fact that he would have liked a unitary state. George-Étienne Cartier, in Lower Canada, and Joseph Howe, in Nova Scotia, convinced him otherwise. Cartier was the key figure in connection with the establishment of federalism in Canada.

No constitution is perfect. It has to be made to measure, and this will be the same for the Iraqis as for everyone else. They will have to develop their own system. In a federal state, power is necessarily decentralized, whereas in a unitary state, it is centralized. There are, however, varying degrees of centralization and decentralization.

In countries where religious and ethnic backgrounds are varied, *prima facie* federalism is often what comes to mind spontaneously.

The kind of federalism in place in 24 countries varies from one federation to the next. Of course, in these federations, the powers are divided between the central government and the regions. This is at the very heart of federalism. But the separation of powers varies from one federation to the next. It could not be any other way.

Furthermore, federalism takes the form, at times, of a parliamentary government system; at others, of a presidential democracy; at still others, of a democracy taking elements from both models. This kind of system might work well in one country and not in another. As Montesquieu said, it is luck if one country's regime produces the same results in another.

Care must be taken with things that are borrowed. The British parliamentary system has worked well in Canada, Australia and in other federations. The presidential system that is popular in the United States and in some other countries is not necessarily successful everywhere. A federation can be more or less centralized. What distinguishes a unitary state from a federal state is the way sovereignty is shared by the centre and the

regions. This is what we call federated states, provinces, Länder or cantons; it is also a list of powers, a provincial list and a federal list.

Canada is a good example of federalism. A unitarian state has just one government. It can be very centralized or very decentralized. The United Kingdom, a unitarian state, is decentralized, with the devolution of some jurisdictions to Scotland, Wales and Northern Ireland. France, another unitarian state, has remained centralized, however.

Let us come back to the distinction between a federation and a confederation, all the more so since two federations, the United States and Switzerland, were confederations before opting for the federal state model. The European Union is a kind of confederation, with some characteristics even of a federation.

Austria-Hungary was a confederation from 1848 to 1916. As I mentioned, a federation is a country where the centre and the regions share sovereignty. A federation evolves. It is subject to centralization and decentralization. This is quite normal for this type of government. We need only read the history of Australia, Brazil, the United States, Mexico, Switzerland and Canada to be convinced of this.

It also evolves according to the decisions of courts through constitutional amendments, more than twenty in the United States and Canada, as well as through administrative agreements. The courts play an important role in some federations. This is true for Canada where the judiciary is strong, independent and controls the constitutionality of legislation. This can vary from one federation to another. The independence of the judiciary is one of the components of a great democracy.

A number of countries that have emerged since the Second World War and the Universal Declaration of Human Rights in 1948 have entrenched a charter of human rights in their constitutions. These are models to be followed by unitary states and federal states alike.

Justice Charles Evans Hughes of the United States went so far as to state:

*[English]*

The Constitution is what the judges say it is.

*[Translation]*

That may be debatable. In twenty years in Canada, the Supreme Court has made more than 450 decisions about the Canadian Charter of Rights and Freedoms, while continuing to rule on the division of powers. Thus, our control over the constitutionality of laws is both rigorous and effective. Such judicial control is admirable.

The power to appoint judges to the Supreme Court is a significant power. In Canada, it belongs to the Prime Minister and, in the United States, the President's choice is subject to confirmation by the Senate. In Canada, the Supreme Court is a general appeal court as well as our constitutional court.

**The Hon. the Speaker:** Honourable senators, I am sorry to interrupt Senator Beaudoin, but it is now 6 p.m. Does it please the honourable senators not to see the clock?

**Hon. Senators:** Agreed.

**Senator Beaudoin:** In other federations, such as Germany, the constitutional court is distinct and only rules on constitutional cases. Both systems have their virtues. Those were just a few words on federalism: the subject is very broad.

A new constitution for Iraq is the subject of much debate. But it must be remembered that before a federal formula for Iraq can be discussed, there are a number of fundamental political problems to be solved. These problems will be very hard to solve, and courage will be required in order to start down that path. I wish the Iraqis great courage.

• (1800)

[English]

**Hon. Noël A. Kinsella (Deputy Leader of the Opposition):** Honourable senators, at the very beginning of his speech, my honourable friend made reference to the Prime Minister being in favour of a federal constitution for Iraq. Could he clarify what he has said, please?

**Senator Beaudoin:** This is what I have heard in the news. I do not know on what occasion. It was about two or three weeks ago. He said that Canada might serve as a possible model for federalism.

**Senator Lynch-Staunton:** He meant the Liberal Party.

**Senator Beaudoin:** This is why we refer to the Confederation of Canada. However, we are not a confederation like Europe; we are a federation. As a federation — and of course I am prejudiced — it is one that is very good. The Canadian model has served Australia, which we know very well. It has served India; it has served South Africa. Even if the South Africans say they are not a federal state, they are. The Prime Minister said that Canada might serve as a model.

The purpose of my speech is to say if Iraq wants to have a federal state, they may acquire some inspiration from our country. However, before concluding that the federal system is the best for them, although it is probably the case, they must solve three difficult problems: peace, order and the separation of the state and the church. The third problem is very difficult because even in our country it has taken many centuries to separate the state from the church. It is very difficult, but we succeeded. The Supreme Court has said again and again that this is one of the fundamental bases of democracy.

**Senator Kinsella:** Honourable senators, will the federation model recommended by the Prime Minister include a clarity provision in terms of the Kurdish section of Iraq when it secedes, or will it be a federal model like that of the United States or Mexico, where secession is not possible?

**Senator Beaudoin:** The United States started with articles of confederation, which lasted for less than 10 years. Then, they drafted a masterpiece in four months in Philadelphia. It was unbelievable, but they succeeded. However, their Constitution, although fantastic, is not without fault.

I remember that the wife of John Adams, the second president, sent a letter to her husband saying, “You think the Constitution of the United States is the best in the world, but men and women are not equal.” There was also a difference between Black people and White people. Gladstone said that the American Constitution was the best ever. That may be true, but it is certainly not without some failures or weaknesses.

In Canada, we have had only one system since the union of Lower and Upper Canada. We have succeeded as a federal state; there is no doubt about that.

Honourable senators, nothing is perfect.

On motion of Senator Stratton, debate adjourned.

The Senate adjourned until Wednesday, May 7, 2003, at 1:30 p.m.

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