

THE SENATE

Wednesday, October 22, 1980

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

Prayers.

DOCUMENTS TABLED

Senator Raymond J. Perrault (Leader of the Government) tabled:

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Department of Public Works for the fiscal year ended March 31, 1980, pursuant to section 34 of the *Public Works Act*, Chapter P-38, R.S.C., 1970.

Copies of Order in Council P.C. 1980-2608, dated October 2, 1980, amending Parts I and II of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1980-2609, dated October 2, 1980, amending Part II of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

QUESTION PERIOD

[English]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. The Prime Minister, in point (1) of his letter to Mr. Broadbent, offered to confirm the jurisdiction of the provinces with respect to exploration, development, conservation, and management of natural resources.

Since section 109 of the B.N.A. Act confirms as being within the exclusive powers of the provincial legislatures the ownership of natural resources, would the Leader of the Government indicate what the Prime Minister has offered the provinces which they do not now have, and whether the current federal proposal would leave the ownership of natural resources to the provinces rather than merely the right to manage those resources?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think it should be understood that the offer by the Prime Minister in his letter to the Leader of the New Democratic Party serves to reconfirm a previous federal offer made during the course of the constitutional discussions with the provincial governments. These words, or most of them, have appeared in the documents in connection with those constitutional meetings. In fact, in respect of natural resources, they confirm a right which already exists. It is a reiteration of the situation which now exists.

However, a further clarification will be provided for Honourable senators when we come to the debate on the motion for the formation of a joint committee on the Constitution proposals, which hopefully will commence its work in a few days.

Senator Flynn: What I grasp from the leader's reply is that it is merely a confirmation and there is nothing new in it.

Senator Perrault: Yes, much of it but not all is a confirmation of that which now exists. There has been a suggestion in the course of the Constitution debate in recent days that the provinces at the present time do not own natural resources. In fact, those rights possessed by the provinces are enshrined in the British North America Act. The Prime Minister's letter restates, reconfirms and reiterates the situation which exists. Additionally, further matters are dealt with in the letter provided by the Right Honourable the Prime Minister.

Senator Flynn: I accept the explanation of the leader. However, in listening to Mr. Broadbent yesterday, I thought he had achieved something rather exceptional. Do we understand from his enthusiasm that he is trying to get his party into a formal coalition with the Liberal Party—the Liberal-New Democratic Party—and is it the intention of the Prime Minister to invite Mr. Broadbent to take a cabinet post?

Senator Perrault: I do not think it would be proper for me to comment on remarks made by the Leader of the New Democratic Party in his press conference yesterday.

Senator Asselin: Is he a friend of yours?

Senator Perrault: He indicated he was very pleased with the response he had received from the Prime Minister, and I think Canadians can all take satisfaction in the fact that there is now additional support for the constitutional package.

Senator Flynn: Who is fooling whom?

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the Leader of the Government a supplementary question. Does this point (1), which is set out at the top of the left-hand column of page 893 of the *Debates of the Senate* of yesterday, and as read into the record by the Leader of the Government,

include any implication or reference relating to offshore resources?

Senator Perrault: No, my understanding is that it does not.

Senator Flynn: How do you define offshore resources?

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development on the Massey-Ferguson situation.

I wonder if the honourable minister has had an opportunity to look at the situation as we discussed it yesterday. Perhaps he could explain if there is indeed to be preference shown towards new investors in the company, in terms of government guarantees, as opposed to the 30,000 common shareholders of the company.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what the honourable senator is asking me to do is to try to spell out in detail some of the factors that may be in a recapitalization package that might be put together. Unfortunately he is asking me to do that while the negotiations are going on. I thought I made it crystal clear yesterday in my reply that while these negotiations are going on, with Massey-Ferguson attempting to do what was suggested in the press release given by the Minister of Industry, Trade and Commerce, that we are prepared to underwrite some portion of the new financing, that is the Government of Canada and the Government of Ontario. But while those negotiations are being carried on by the representatives or the negotiators for and on behalf of the federal government, and until we have seen what they have put together, it would not be useful for any minister to comment on the details.

Senator Doody: Thank you, that is very helpful. Perhaps the minister might be prepared to tell the members of the Senate what role the Canada Development Corporation is expected to play in the situation. I realize that there are private corporations and banks and so on involved who would, perhaps, much prefer to keep their involvement low-key until after the finalization. But since the Canada Development Corporation is a crown corporation, perhaps the minister could tell us what involvement is planned for it.

Senator Olson: Honourable senators, obviously the honourable senator answered his own question in the comments he made in the sense that if they are involved they would obviously require the same degree of non-interference, if that is the right word, by senators or ministers making comments about what may or may not be done until such a recapitalization package has been put together. I think the honourable senator really answered his own question by the time he got to the end of his comments.

• (1410)

Senator Doody: Honourable senators, I am a little bit at a loss now. Is there something about this particular arrangement [Senator Smith.]

that precludes discussion? Is there something that we should not know about, that the public should not know about? Is it something that is alien to the Canadian business world or to the Canadian public generally so that we are not allowed to discuss it or have some information on it? Or is it some sort of different, strange arrangement?

Senator Olson: No, not at all. The press release issued by the Minister of Industry, Trade and Commerce was quite clear. It says in easy-to-understand wording, phrases, sentences, that the Government of Canada and the Government of Ontario are prepared to assure or to underwrite some portion of a financial package that would put Massey-Ferguson back on its feet and into a viable position.

What the honourable senator is now trying to do is to draw me into a discussion of the details of what may be in that package, and I don't know how many times I have to say that I am not going to be drawn into that discussion while the negotiations are taking place. Finally, I can tell him again that those discussions are going on right now.

[Translation]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Arthur Tremblay: Honourable senators, my question is directed to the Leader of the Government. It is meant to check on whether or not the reading I have just made of the letter of Mr. Broadbent and the reply of the Right Honourable Prime Minister was, in fact, accurate.

In this proposal, Mr. Broadbent says, and I quote:

[English]

—on the condition that the government will accept an amendment moved by myself or one of my colleagues confirming the provinces' right to manage and control their natural resources—

And so forth.

In his reply the Prime Minister mentioned only the non-renewable resources. Do I understand, then, that he has refused at least part of the request, of the proposal of Mr. Broadbent?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I stated earlier, the first point in the reply provided by the Prime Minister for Mr. Broadbent really is quite consistent with section 109 of the B.N.A. Act:

109. All Lands, Mines, Minerals, and Royalties belonging to the several Provinces of Canada, Nova Scotia, and New Brunswick at the Union, and all Sums then due or payable for such Lands, Mines, Minerals, or Royalties, shall belong to the several Provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any Trusts existing in respect thereof, and to any Interest other than that of the Province in the same.

The four western provinces are placed in the same position as the original provinces by the B.N.A. Act, 1930.

There is no deviation from the B.N.A. Act. This statement in the letter from the Prime Minister flows from the B.N.A. Act itself. It is a reconfirmation. It is a restatement of a right which is already enjoyed by the provinces. It is a clarification, perhaps, or a more precise delineation, however it may be described.

Senator Tremblay: What the honourable leader has just said is not an answer to my question. But referring to the B.N.A. Act, there is no distinction in the B.N.A. Act between renewable and non-renewable resources, whereas in the Prime Minister's answer to Mr. Broadbent the confirmation you mention is made only with respect to non-renewable resources.

Do I understand, then, that the doubts about the ownership by the provinces of their resources, which might have been raised as you said a moment ago, are eliminated only for the non-renewable resources, and that with respect to renewable resources the doubts still exist?

Senator Perrault: Honourable senators, the truly contentious issue in some provinces at the present time is the ownership, taxation and disposition of non-renewable resources. The issue, of course, has been under intensive consideration by the various political parties in Parliament and by the public. The Prime Minister's letter to Mr. Broadbent in no way would take away from rights which are contained in the B.N.A. Act. In my view however, the letter serves to clarify the position of the federal government with respect to the non-renewable resources issue which is the subject of so much dialogue at the present time.

Senator Tremblay: Do I understand that for the renewable resources the intention of the government is to maintain the doubt about provincial rights, since the confirmation is just about the non-renewable ones? Is that a government policy—to maintain the doubt about the rights of the provinces with regard to renewable resources?

Senator Perrault: Honourable senators, it may be useful to bring a statement on the matter to the Senate, perhaps at our next sitting, in order to remove any doubt that may be in the mind of the honourable senator. Certainly no such doubts are assailing Mr. Broadbent—

Senator Flynn: No, you can say that again.

Senator Perrault:—nor significantly has there been any comment of the kind made by the honourable senator from the other provincial premiers. Again, I repeat, the Prime Minister's commitments in his letter to Mr. Broadbent in no way detract from the existent rights of the provinces which are contained in the B.N.A. Act. But I would be most pleased to provide further reassurances for the honourable senator. Certainly I would not wish him to have sleepless nights because of his concerns.

Hon. C. William Doody: Honourable senators, I noticed that as the Leader of the Government was listing the provinces whose rights were being reaffirmed, and whose natural resources were being protected, he mentioned Ontario, Quebec, New Brunswick, Nova Scotia and the western prov-

inces. The fact that he omitted Newfoundland tends to reinforce the feeling that many people have in Newfoundland that they are being excluded from the natural resource protection.

Senator Perrault: Honourable senators, none of the provinces are excluded from what the honourable senator has referred to as "national resource protection". In this connection I believe that a growing number of Canadians are becoming seriously disturbed by a number of very inflammatory statements being made by certain professed spokesmen for provincial interests, and by others, who should know better. The suggestion that somehow the government's constitutional proposals constitute some kind of plot to subvert every essential provincial interest is clearly ludicrous. Such allegations are unworthy of this nation and anyone purporting to represent provincial concerns. Perhaps it is about time more Canadians began to speak out about such mischief. There has been a great deal of irresponsible claptrap about the so-called constitutional "package." Some of the statements made by certain premiers in this country to the effect that the constitutional proposals are designed to reduce their rights and influence—yes, and that somehow the proposals would be used to remove Labrador from the jurisdiction of Newfoundland; that somehow the proposals would prevent the extension of education rights—have clearly no rational basis. That is why it is hoped that we can very soon have a debate on the floor of this chamber to discuss these and a number of the other exotic, speculative ideas about what is intended by this proposed constitutional package and the implications of those proposals.

Senator Doody: Honourable senators, on a point of order, on a point of privilege, and on a point of everything else that is decent, when I speak as a spokesman for the province from where I was sent to this place, I do not do so in any irresponsible manner. I am not uttering claptrap, as the honourable gentleman has chosen to remark. I consider that remark to be unworthy of this chamber and of those who are in it. Any comment that I make for and on behalf of the people of Newfoundland is done with deep sincerity and feeling for the rights of the people in that province. We did not enter this Confederation to be sneered and snarled at by the honourable gentleman opposite, or by anyone else. I insist that I have the same rights in this chamber as anyone else, and I expect to be treated the same way.

Some Hon. Senators: Hear, hear.

Senator Perrault: The honourable senator was not being accused of uttering claptrap. I suggested that there were some spokesmen in this country who were engaging in the very dangerous game of verbal pyrotechnics, and that irresponsible talk by certain spokesmen—and I am not confining that to any one province—

Senator Doody: Don't point at me.

Senator Perrault:—could ultimately destroy this country. That is what I suggested. I could make similar references to my own province of British Columbia, where certain spokesmen have made statements which do not stand any kind of

rational analysis. Such talk, apparently, is designed to attract support from the electorate.

• (1420)

Senator Flynn: They are not here today.

Senator Doody: Honourable senators, I think this is an unworthy exchange, and I do not think it should be prolonged. However, I do not believe it is in the traditions of this country for one honourable senator to have to sit and be lectured at and pointed at in a fingerwaving tirade by the Honourable Leader of the Government in the Senate. I don't expect to see it again, and I sincerely hope that it doesn't happen. In future, if we are going to make general and sweeping statements about irresponsible spokesmen for various provinces, I think that is in very poor form as well. One should not generalize in these instances; one should be specific. I don't want to be tarred with any one brush. I want the right to speak for my province when, where and how I want to do it.

Senator Perrault: I want to ask the honourable senator whether he is alleging seriously that because Newfoundland was not mentioned in the short reply I gave to a question a few moments ago that somehow this omission represented a hostile attitude on the part of the federal government towards Newfoundland—

Senator Roblin: Ask Senator Cook.

Senator Perrault:—that this constituted a form of discrimination? Clearly the government, by its actions, has demonstrated quite the contrary. It was not the intention of the Leader of the Government in the Senate to suggest any kind of hostility toward any province. I hope that the honourable senator will credit the Leader of the Government in the Senate with a greater compassion for and understanding of this country, and a greater sense of fair play and decency, than to read that kind of inference into what I said.

Senator Doody: If the honourable gentleman will look back at the record of what he said and what I said he will find that my statement and my question was to the effect that if this was the intention of the Honourable Leader of the Government in the Senate it reinforces the suspicions of some people in Newfoundland that these are indeed the facts of the case. I did not at any time say that they were my suspicions or my feelings. If the honourable senator pretends that there are no feelings of unrest, that there are no suspicions in the eastern part of this nation, then I am afraid he is moving around in a very deep fog and he is in for a very rude awakening, and this country will be the worse for it.

Senator Perrault: As a former minister of the Newfoundland government, surely the senator is aware of the fact that the same rights given to the other provinces were given to Newfoundland in 1949. This is a matter of historical fact. This suggestion, this inference, of discrimination, being made in this chamber can only serve to further divide the country.

Senator Doody: We could keep this up all day, and I have no intention of doing so. The Honourable Leader of the Government can carry on if he wants to. As far as I am

[Senator Perrault.]

concerned, there are in this country ten provinces of equal status. The terms of union will demonstrate that. If the honourable Leader of the Government—and I emphasize the title and the official position—chooses to designate eight of them and ignore the others, then I feel that that is worthy of being brought to the attention of the Senate. I am not inferring any sinister motive. Other people will be reading the record, and they may do so.

Hon. G. I. Smith: Honourable senators, I should like to direct a further question to the Leader of the Government with reference to point (1) in the letter, which I asked about a little while ago. After having listened to him read the relevant section of the British North America Act, which places ownership of resources, whether renewable or not, in the hands of the provinces, I am compelled, I think, to ask him whether ownership, as used by him, as I understood him, when he was referring to the British North America Act, does not include all the characteristics mentioned in the said point (1), namely, exploration, development, conservation and management. If in fact it does, then I would ask him further whether or not the enumeration of these items in point(1) does not in fact lead us to wonder whether or not there is some intention to cut down the attributes and characteristics of ownership by the use of these terms in point (1).

Senator Perrault: I stated earlier that I would bring a statement to the Senate which, hopefully, will serve to further clarify the paragraphs in this letter. I think this would be the responsible thing to do. Secondly, the honourable senator is requesting a legal opinion, which I am not prepared to give at this time.

Senator Smith: I am not requesting a legal opinion. I am simply asking what the Prime Minister means when he produces this sort of paragraph. Perhaps you are suggesting he does not know what he is saying.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am interested to hear from the honourable Leader of the Government that he intends to produce further information to explain, I almost said, the inexplicable, but I guess he will find some way of explaining—

Senator Flynn: As usual.

Senator Roblin:—some of the problems that we on this side foresee in respect of the three points contained in the Prime Minister's letter. I would ask him if at that time he will tell us why renewable resources have been excluded from the concurrent jurisdiction granted in point (2), because in my own province of Manitoba, where we have a very important renewable resource, namely hydro-electric power, we have some real concerns lest the attitude of the present government should restrict us in an improper way in the development and management of that resource. I would ask him whether he would investigate the possibility of seeing that renewable resources are included in point (2) as well as non-renewable.

Senator Perrault: Honourable senators, that will be part of the further explanation which I shall bring to the chamber. Here again, it rather amuses me to hear the former Premier of

Manitoba suggest that somehow the federal government may wish to restrict in an improper way the development and management of hydro-electric power resources of Manitoba. May I recall for honourable senators that, during his tenure as Premier of the Province of Manitoba, massive amounts of federal money were invested in Manitoba, the Nelson River Project among others, in order to help Manitoba further the development of its hydro-electric power resources—hardly the actions of hostile Liberal governments. Perhaps the honourable senator may wish to tell us the total amount of federal money invested in Manitoba hydro projects by federal Liberal governments, when he was provincial premier?

Senator Flynn: Come on!

Senator Perrault: Yet today the suggestion is—

Senator Asselin: Don't play politics.

Senator Perrault: The inference is that there is an unsympathetic federal Liberal government—

Senator Flynn: No.

Senator Perrault:—advancing a plot to subvert the hydro-electric rights of Manitoba.

Senator Smith: No such thing.

Senator Perrault: Let's have the figures.

Senator Roblin: Honourable senators, we must recognize what I call the Perrault syndrome, which means that when your argument is a little weak you divert attention by marching in the opposite direction at the top of your lungs, if I may be allowed a mixed metaphor. I do admit that the federal government was very co-operative with Manitoba. The Right Hon. John Diefenbaker was a wonderful man to work with, and in the time of the Conservative government in the federal arena in his day the partnership between Manitoba and the federal government was firmed up and finalized, and I think has been a remarkably successful one. I have no hesitation whatsoever if I owe thanks to anyone else besides John Diefenbaker; I include them in. I am happy to acknowledge help from whatever quarter I receive it, but I am not prepared to stand still for some intimations which have been floated in the wind these days about the federal attitude towards hydro-electric power, particularly when it comes to export questions. I am not aware of any initiative on the part of this administration to proceed with the inter-provincial power grid situation in some new and productive and expansive way. That may be in the cards. I hope it is. I know at the present time the provinces are being left to handle this matter themselves, and I suspect they will manage all right.

I tell my honourable friend that my question is meant in the interests of clarifying the situation; my question is meant in the interests of securing some equal treatment in respect of renewable resources compared with non-renewable resources. If my honourable friend wishes to indulge in his retrospective history he is welcome to do so. As far as I am concerned, I think that the partnership that began between the Right Hon. John Diefenbaker and the government which I had the honour to head has been productive for our province.

• (1430)

Senator Perrault: Honourable senators, I promised earlier that I would bring to the chamber further explanatory material with respect to the text of the letter. I have committed myself to do that, and I shall do it, and an answer to the question asked by the honourable senator will be part of that later reply.

Senator Roblin: That is better.

Senator Flynn: If you had made that reply earlier, that would have ended it.

[Translation]

Senator Tremblay: Honourable senators, my question also aims at helping the Leader of the Government to give the required clarifications about the current position of the government. I am thinking more particularly about the third paragraph which deals with indirect taxation.

I remember that a document published by the federal government in 1969 dealt with that issue. It did so in a context much broader than the recognition for or attribution to the provinces of a right to levy indirect taxes on non-renewable resources only.

What I would like to know is this: to what extent does this new policy of the present government reduce what was a few years ago the approach of the government of the day concerning indirect taxation by the provinces or is this still an open issue?

[English]

Senator Perrault: That will be dealt with in the statement which I shall bring to the chamber at a later date.

TRANSPORT

NEW AIR TERMINAL AT WHITEHORSE

Hon. Paul Lucier: Honourable senators, I have a question for the Minister of State for Economic Development.

As the building of the Alaska Highway gas pipeline has begun, and on the assumption that the whole line will now be built, resulting in a large influx of people into the Yukon, could the minister determine for me the start of the construction of the new air terminal for Whitehorse?

Having visited Whitehorse this summer, I am sure he is familiar with the totally inadequate facility that is now there. We have been promised a new air terminal for a number of years. I am not really interested in knowing when the plans are going to start or when the architects are going to start drawing. I would like to know when it is they are going to start building.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, obviously I shall have to take the question as notice. I shall try to find out whether a date has been projected—and I am not sure that that is so. I shall provide further information on the question, perhaps tomorrow.