

*Senate and House of Commons Act*

It is enough to justify increased allowances? Far from it. I continue.

From that point of view, substantially increased salaries for federal members would have an appreciable psychological effect just before a round of negotiations. Considering their increasing responsibilities and the fact that many among them are not rich, this raise is understandable. It is out of the question to suggest to the representatives of the people to be hypocritical and to find in shady activities the money they need to maintain a proper standing.

And freed from the first concern of so many Canadians, could they not coolly find a solution to inflation and unemployment?

That is what we have to work out. Had we solved that problem, we would be justified in seeking what we are asking. But we are far from having solved it. We have aggravated it, and if we increase the allowances of certain officials and representatives of the government, we will again create new headaches for the population. We will have to increase the cost of living, and thus boost taxes. Such is the administration we have. If we are unable to do better, instead of asking for an increase in our allowances, let us resign and leave our job to others whose philosophy or techniques are more sophisticated, more consistent with the situation. Then, we will perhaps be able to correct our limping economy which is no longer operating, and which must absolutely be made to run smoothly.

[*English.*]

**Mr. Ian Wahn (St. Paul's):** Mr. Speaker, the Beaupré committee which was set up to study members' pay, pointed out that there had been no adjustment in members' pay since 1963 and that an increase is overdue. It is not necessary for me to review all the well known arguments or to state the obvious. I simply say I strongly support the basic principles set out in the Beaupré report. It is for that very reason that I am concerned with one aspect of the bill now before us, the \$8,000 expense allowance. Certainly, the amount is not excessive, particularly for members who must themselves bear the expense of maintaining and staffing a riding office to serve their constituents. But I think it is important that we accept the principle set out in the Beaupré report that any expense allowance be for the purpose of paying expenses actually incurred by members in connection with their duties as Members of Parliament rather than as a tax-free allowance in lieu of expenses.

● (3:40 p.m.)

I am fully aware that reimbursable and accountable expense accounts have some disadvantages. Indeed, they are sometimes popularly referred to as swindle sheets. A reasonable allowance in lieu of expenses is free of that particular disadvantage. But I do not think that argument is conclusive or even very convincing. Surely, if we argue against the Beaupré recommendation of payment for actual expenses we face a dilemma; if we actually spend \$8,000 in connection with our duties, the Beaupré formula would allow us to be reimbursed. But if we do not spend the \$8,000 a year in expenses for carrying out our duties as Members of Parliament, then we are getting a tax free allowance not available to any other taxpayers. The dilemma is complete.

[Mr. Latulippe.]

I understand the argument has been advanced that it would not be appropriate to force Members of Parliament to submit expense accounts for approval or for checking by public officials. This is somewhat similar to an argument which has been made with almost equal eloquence throughout the years by businessmen and professional men who often complain bitterly, to the accompaniment of appropriate profanities, that these so-and-so public servants have no knowledge of running a business or of carrying on a profession and that they have never had the experience of "meeting a payroll". This argument has been made frequently but it has never prevailed, as the Minister of National Revenue (Mr. Gray) knows very well. In any event, if there is a problem here, I suggest that it could easily be met by having members submit their expense accounts to officials of the House, possibly acting under the supervision of Mr. Speaker or his deputy.

My point is simply that we are entitled to be reimbursed for our actual expenses, reasonably incurred in carrying out our duties as Member of Parliament, but anything in the nature of a tax free allowance in lieu of expenses is undesirable in principle. This was the finding of the Beaupré committee, but it was also, according to my recollection, the finding of the Carter commission and of the Smith commission in Ontario. All these commissions which investigated the problem very carefully came to the same conclusion. Apparently they felt that a tax free allowance in lieu of expenses for Members of Parliament would be discriminatory as compared with other taxpayers who did not have the same privilege.

It is also discriminatory as between various Members of Parliament. It is much more advantageous to members who live in Ottawa than to members who live out of Ottawa. It is more advantageous to members who do not incur much expense in serving their constituencies than to members who have ridings which require the expenditure of a great deal of money in order that the constituents may be served. It is also much more advantageous to members who have other income and are subject to a high income tax rate as compared with members who have only their parliamentary pay on which to live.

As members of this House, we hold a position of trust, and under our existing law, unfortunately, we are required to fix our own pay. Every time an adjustment is made, we are in a position where our duty conflicts with our interest. In such circumstances we must lean over backward. Not only must we not take advantage of the position, but we must also make it quite apparent in the legislation that we are not taking advantage of the position. Although annual expenses of \$8,000 may be quite reasonable for the job, it will appear that members are taking advantage of their position if they are given a tax free allowance rather than merely reimbursed for expenses actually incurred.

Under the existing arrangement, we have been often accused of having a salary of \$18,000; in fact, we are almost invariably accused of having a salary of \$18,000 and of giving ourselves \$6,000 of that tax free. Already since this bill has been introduced, we are being accused