

*Proceedings on Adjournment Motion*

that because the royalty portion of the licensee's selling price has been withheld by a foreign government agency, the licensee has not reported sales on which approximately \$118,000 in royalties should have accrued to Canadian Patents and Development Limited.

In paragraph 77, on indirect compensation to chartered banks, we find that government deposits aggregating \$100 million remain at the disposal of the chartered banks free of charge without the approval of Parliament. At the same time, there is inconsistency on the part of the government when they drag the court 4,000 farmers in this land because of the misadministration of PFRA by the Department of Agriculture. We as Members of Parliament should be pleased that the Auditor General points out these inconsistencies and we should be happy to have the opportunity to read his report.

On page 4 of the Auditor General's report we find that the government is trying to cut back on the services available to the Auditor General to look at government expenses. He points out that there has been a downgrading of senior staff positions and says:

In my opinion, this action by the Treasury Board secretariat is unfair and discriminates against the Auditor General. It should be corrected forthwith. If it is allowed to stand it will mean that his office is prevented from employing auditors in the highest classification in the public service of Canada. It will also mean that in order to reach the highest classification in their profession, his most experienced auditors must leave the office of the Auditor General.

This action points up more clearly than anything else that if the Auditor General of Canada is to be truly independent he must be free to recruit the staff he needs and to determine their salary levels within the framework of the public service of Canada.

Not only is the Auditor General the most important employee of Parliament but it is a fact that the government is making moves to undercut his position. It is in this report that Members of Parliament such as myself can find the inconsistencies of this government in how it handles revenue. The report points out time and time again the kind of inconsistencies that have occurred.

• (2200)

This is money set aside, budgeted and not spent, built up to over \$200 million, to which the government has access for spending on any kind of program it sees fit, without direct action by Parliament. It is a nice chunk of pie ready to be served to the people of Canada before a general election.

**Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture):** Mr. Speaker, the hon. member in directing his original question to the Minister of Justice (Mr. Lang) sought to draw a parallel between two distinctly different circumstances. The situations mentioned were the Canada-United States automotive agreement on the one hand and the Operation Lift program on the other. The minister in his reply stated that he could see no connection between the two situations and frankly, Mr. Speaker, neither can I.

Although the Canada-United States auto agreement is not administered by the Canadian Department of Agriculture, perhaps I may still reply to that part of the hon. member's question which pertains to this agreement. It is my understanding that this agreement was based on the

[Mr. Knight.]

principle of free trade. As such it did not envisage collection of duty or sales tax by either party. The amount the hon. member interprets as being a direct liability is, in my understanding, what has been referred to as a contingent liability, not a direct liability nor an outstanding debt owing.

The overpayments to farmers are examples of direct liabilities and as such are quite different both in terms of accounting principles and of actual fact. Under the terms of the Lift program, farmers who elected to participate in the program were paid a specific amount for each acre taken out of wheat production, with an additional payment made when this acreage was diverted to perennial forage production. These payments were made subject to a definite set of governing regulations.

I am certain the hon. member is well aware of the reasons behind the Lift program and I need not go into them in detail. However, I should like to mention the fact that the government, in an attempt to put needed cash into the hands of farmers as soon as possible, made advance interim payments to farmers who submitted claims. Final payments were made when on-farm inspections had been made. Some overpayments did result. Some of these overpayments arose out of arithmetical errors and misunderstanding of the regulations. In other cases there were definite inconsistencies when the actual farm inspections were made.

In conclusion, and to answer the hon. member's question, the government does not intend to forgive or write-off these overpayments. Rather, we have already collected much of the amount owing and have been, and are, judging each outstanding case on its own merits. Where, according to the regulations, recovery is justifiable we shall attempt to collect the full amount owing.

PENITENTIARIES—SUSPENSION OF REGULATION  
MAKING INMATES FINANCIALLY RESPONSIBLE FOR  
WILFUL DAMAGE TO PROPERTY

**Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington):** Mr. Speaker, I bring a question before this House tonight which is of vital importance to Parliament, to our penal system and to all Canadian taxpayers. It arises from a sequence of events at Millhaven penitentiary in my riding. During the first week of May a hunger strike and riot were staged by certain inmates, and in the latter action these persons wilfully destroyed an estimated \$4,000 worth of federal property, namely, the plumbing in that institution. As a result of this, on May 16 I asked the Solicitor General (Mr. Goyer) the following question:

Mr. Speaker, I have a question for the Solicitor General on a subject which has aroused public opinion regarding certain happenings in our penal system. Can the minister inform the House and give his assessment of the extent of damage done by certain inmates of Millhaven penitentiary last week when in a reported protest or strike they wilfully destroyed an estimated \$4,000 worth of federal property in that new prison?

The minister said he would be happy to look into the matter. I asked him a supplementary question as follows:

In view of the minister's new but ill-advised policy of full wages for inmates, will he not deduct the amount of damages from their wages?