

Oral Questions

Hon. Donald J. Johnston (Minister of State for Economic and Regional Development and Minister of State for Science and Technology): Mr. Speaker, I am not familiar with the particular transaction. The Minister responsible might be in a better position to answer. The Minister responsible for Devco is in the House. It comes under the Department of Regional Industrial Expansion.

Mr. Oberle: Mr. Speaker, I noticed that the Minister was listening with keen interest so perhaps you could permit him to answer the question. I will put it to the Minister of Regional and Industrial Expansion.

I know the Minister is aware that the Cape Breton Development Corporation has recently completed negotiations for the sale of coal with Nippon Steel of Japan and Brazilian Steel at prices far below the cost of production at the plant, and delivery, and also far below current Canadian export prices. This creates all kinds of new pressures on the other coal companies in Canada. How much of the \$134 million of taxpayers' money paid to this company in the current year has been used to subsidize Nippon Steel and Brazilian Steel?

Hon. Ed Lumley (Minister of Regional Industrial Expansion): Mr. Speaker, I am not aware that the sale price of the coal to Japan was less than the cost of production. We do not get involved in the individual transactions undertaken by Devco. The Hon. Member, like all Hon. Members on his side of the House, is always after the Government to cut losses of Crown corporations. I think Devco should be congratulated for trying to be aggressive and open up new markets around the world. I will check and find out for the Hon. Member whether the sale price of the coal was less than the price of production.

I am sure the Hon. Member knows, from his days in business, that in many cases in order initially to penetrate a market, you sell at a different price than you would for a long-term contract.

DEVCO'S USE OF PUBLIC FUNDS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, if the Minister is not aware that Devco is operating below the cost of production, why would it be that we paid \$134 million a year to that company, if it were not operating below the cost of production? No one has anything against that if the cheaper coal is available to Nova Scotia for the production of power. When the company goes out on the export market and uses that money to plan the demise of the rest of the coal industry, we ought to be concerned.

In light of this latest development, would the Minister examine the criteria under which grants are made to Devco, to ensure that public money is not used in this way, and examine in light of his criteria the latest negotiations which led to the sale of Cape Breton coal to Brazil and Japan?

Hon. Ed Lumley (Minister of Regional Industrial Expansion): Mr. Speaker, I will go back to the first part of the Hon. Member's question. First of all he asked about one specific

contract to sell to Japan. The last time we had an inquiry from one of the members of the Opposition concerning a specific contract with Japan where the product was allegedly sold at a lower price than it was sold to the power company in Nova Scotia, the allegation was incorrect. As a matter of fact we made a substantial profit on the last sale from Devco to Japan.

A comprehensive review of Devco is about to be undertaken with respect to all aspects of it. We think that there are so many exciting prospects for some of the mining projects in Devco that we want to ensure it is going to bring the maximum return not only to the people of Cape Breton and Nova Scotia, but also to all the people of Canada.

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● (1450)

UNEMPLOYMENT INSURANCE

LEVEL OF BENEFITS—CALCULATION OF TIPS AS INCOME

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, my question is for the Minister of Employment who will be aware of the concern expressed recently in Quebec, and elsewhere, by waiters and waitresses about the inconsistency between the policy of his Department and that of Revenue Canada regarding tips. Can the Minister indicate whether he intends to respond to that concern by making a commitment to change the Unemployment Insurance Act to provide that waiters and waitresses will receive UI benefits which take into account their tips in the same way they are now being regarded as revenue by Revenue Canada?

Hon. John Roberts (Minister of Employment and Immigration): Mr. Speaker, this is a matter of course of great concern, and I am in the process of making arrangements to discuss with the appropriate Minister in Quebec the proposals or suggestions the Government of Quebec has to make in this regard. My concern would be that, whatever is done, if there is something to be done, it will be done in a way appropriate for the whole country. I would certainly not want to respond with any actions which could be interpreted or would in substance be anything that could seem to be an extension of snooping or untoward prying into the lives of waiters and others who receive tips as a substantial part of their income.

NATIONAL REVENUE—TREATMENT OF TIPS AS INCOME

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I was not just asking that something be done with regard to the request by the Government of Quebec. I am asking that something be done about this situation right across Canada. In the absence of a commitment from the Minister to do something about this, perhaps I could ask the Minister of National Revenue, until he and his colleague get their heads together and decide what they are going to do about this, would he kindly ask his Department to lay off waiters and waitresses and stop treating them one way in one Department and another way in a different Department.