

in four of the provinces those employees will have to pay extra income tax on what is paid for them by their employers. I think that is manifestly unfair.

Fourth, the government has been telling us, ever since the royal commission on taxation was set up, each time we ask for any concession or any reduction in taxes, to wait until the whole question of taxation is reviewed. I suggest to the government that it listen to its own slogan. It is quite unfair to tell us we must wait, as I have been told, for full exemption with regard to trade union dues until the whole question of taxation policy has been reviewed, while the government lets its own department make a change in a ruling of this kind.

I hope, Mr. Speaker, that the whole of this speech I have made is unnecessary. I hope the reports that this kind of ruling has been made by the Department of National Revenue are false. If they are, I will welcome and applaud such a statement by the minister. On the other hand, if the reports are correct I hope the minister will assure us that the proposed change will be cancelled just as soon as it can possibly be done.

Hon. G. J. McIlraith (Acting Minister of National Revenue): Mr. Speaker, first of all I should like to thank the hon. member for not pressing his question forward for discussion early last week when he might well have done so, and I am very appreciative of his courtesy in that. I have not overlooked it or forgotten it.

The simple answer to the question as posed by the hon. member is no. However that answer is perhaps in itself not wholly accurate because the question, as worded, is rather complicated and has a lot of material in it that does not deal specifically with some of the points he raised in debate. There has been no change in the taxation policy or law on this point.

Because of the abbreviated time available, perhaps I had better start my explanation of what the situation is by reading section 5 of the Income Tax Act. It reads:

(1) Income for a taxation year from an office or employment is the salary, wages and other remuneration, including gratuities, received by the taxpayer in the year plus

(a) the value of board, lodging and other benefits of any kind whatsoever (except the benefit he derives from his employer's contributions to or under a registered pension fund or plan, group sickness or accident insurance plan, medical services plan, supplementary unemployment benefit plan, deferred profit sharing plan or group term life insurance policy) received or enjoyed by him

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in the year in respect of, in the course of, or by virtue of the office of employment—

And so on. The point I am making here is that the benefits, the premiums paid by the employees, if made on their behalf by the employers, have always been deemed to be part of income and therefore taxable. Some large employers in Ontario—and I think this is where the misunderstanding which is causing the hon. gentleman concern arose—have not been setting this out as part of the wages of their employees. This position was not discovered until very recently, and it was upon the discovery of this practice, which I may say is contrary to the law, that steps were taken to which the hon. member refers.

There has been no change in the law and there is no discretion vested in the minister in this regard. It was, as I say, the discovery of this practice which led to the misunderstanding which has taken place—

Mr. Deputy Speaker: Order.

Mr. Knowles: So the answer is yes, not no.

Mr. McIlraith: No.

LABOUR RELATIONS—BRITISH COLUMBIA—FREEDOM OF WORKERS TO JOIN UNION OF CHOICE

Mr. T. S. Barnett (Comox-Alberni): On June 4 I addressed a question to the Minister of Labour on the orders of the day as follows:

In view of the fact that MacMillan, Bloedel and Powell River Limited, the largest industrial concern in the province of British Columbia, is currently trampling upon the principles of the I.L.O. convention respecting the right of workers freely to enjoy the protection of the union of their choice, will the minister use his good offices with Mr. J. V. Clyne, the head of that company, to alter the course of action presently being pursued by his company?

Mr. Byrne: Would the hon. member give the number of the I.L.O. convention, please?

Mr. Barnett: I will make reference to that in the course of my remarks.

It was suggested that this was a matter for the order paper. However, I felt the situation was an urgent one, and in any event it can perhaps more properly be explained and dealt with under this order. My question arises out of the fact that local 15 of the office employees international union is currently engaged in a legal strike against MacMillan, Bloedel and Powell River Limited. The fact that some 60 workers had established picket lines had resulted in the complete closure of all the major industrial plants in the Alberni valley. This situation