

invited to testify before the finance committee — let us not forget that he was invited on a few hours' notice to face a group of upset and aggressive Conservative senators. Of course, since I cannot abuse the time which was so generously and spontaneously given to me, I will stop here for now.

Hon. Roch Bolduc: Honourable senator, it was almost like hearing literature when you started talking about those upset Conservative senators.

Senator Hébert: Literature is not for dogs.

[English]

Hon. H.A. Olson: Honourable senators, there seems to be a fairly severe division of opinion with respect to some of the activities that have taken place respecting Bill C-113. Therefore, as chairman of the committee, I should have made a report of what happened in the committee when I reported back to the chamber; I should not have waited until third reading.

However, we are now discussing an amendment to the motion. The main purpose of the amendment, although it is not so stated in the amendment, is for the committee to hear more witnesses. A bill can be referred back to a committee with instructions simply to hear more witnesses. Although not so stated in the motion, however, it is fair to assume that that seems to be the reason for referring it back.

What I intend to do will probably shock members on both sides of this house, because I will try to give a completely objective and nonpartisan analysis or explanation of what happened in the committee. I hope that those on this side will not be too badly shocked, and I also hope those on the other side will not be too badly shocked. It could almost be considered a complete change in personality.

Senator Murray: As soon as I heard my friend was rising to speak, I came in.

Senator Gigantès: That is taxing loyalty, sir. It does you honour.

Senator Olson: Bill C-113 seeks to implement a number of measures announced in the economic and fiscal statement of December 2, 1992. Your committee held two meetings to review the bill. At the first meeting on Wednesday, March 31, officials from the Department of Employment and Immigration and other affected departments appeared as witnesses to explain the bill and to respond to questions.

We met again on Thursday morning to hear representatives of seven groups and their concerns about different aspects of the bill. Various views were expressed at the meeting when we started and we were obliged to shorten some of the time for hearing witnesses, because we started hearing them at 10:00 a.m. instead of at 9:00.

Clauses 1 to 12 of Bill C-113 give effect to the two-year wage freeze announced in the December statement. This

[Senator Hébert]

freeze is retroactive to the date of expiry of the previous zero-and-three compensation plan in the case of public servants and the Governor and Deputy Governor of the Bank of Canada. For the Governor General, Lieutenant Governors and members of Parliament it is retroactive to January 1, 1993. It is supposed to be effective April 1 for the federally appointed judges.

• (1010)

The freeze requires amendments to the Public Sector Compensation Act, the Governor General's Act, the Judges Act, the Parliament of Canada Act, and the Salaries Act. For MPs and senators, the effect of Bill C-113 is to forgo the 0.6 per cent increase in the tax-free allowances that were scheduled for 1993 under Bill C-29 and to freeze both the sessional indemnity and the allowances at their 1991 levels through 1994 and 1995.

Honourable senators will recall that Bill C-76 extended the 5 per cent cut in ministerial salaries through 1995 as well.

Witnesses raised objections to the suspension of collective bargaining that is extended by Bill C-113. Clause 13 reduces payments to the provinces under the Public Utilities Income Tax Transfer Act by 10 per cent of the amounts otherwise payable. Clauses 14 to 17, dealing with transportation subsidies, amend the Atlantic Region Freight Assistance Act, the Maritime Freight Rates Act and the Western Grain Transportation Act to reduce the amount payable by the federal government under those acts.

Your committee heard from witnesses from Prairie Pools Inc. and the Canadian Dehydrators Association, who rely on rail transportation to ship their grain and other products and who believe that the proposed reduction in federal payments under the Western Grain Transportation Act, known as the Crow Benefit, will raise the costs of producers and lower their income in contravention of previous commitments. They named those commitments, and I will not name them now.

The Prairie Pools representatives also drew the committee's attention to the current review of grain transportation policy, which they stated would be adversely affected by reduction of federal support at this time.

Clauses 18 to 25 of the bill amend the Unemployment Insurance Act. These were the clauses over which there was the most controversy, of course. For claimants who establish benefit periods between April 4, 1993 and when the bill comes into force, unemployment insurance benefits payable will be reduced from 60 to 57 per cent of insurable earnings. Since there is no indication of what will happen after April 1, 1995, the benefit rate will presumably revert to 60 per cent at that time.

The government has argued that this provision brings the unemployment insurance benefit rate more into line with that payable in other industrialized countries. As well, because the maximum level of insurable earnings is being increased, the provision amounts to a freeze in the absolute amount of benefits for many claimants rather than a reduction.