

Oral Questions

the minister confirm to the House that he will withdraw that measure concerning life insurance, and will he take a leaf out of the book of the former minister of finance, who tried to do the same thing but later withdrew because of public outcry?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member talks about universal opposition to the budget. He seems to have forgotten that the budget was approved by the House of Commons by a resounding vote.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: Why are you changing it?

Mr. Clark: Peter Lang is not applauding.

Mr. MacEachen: If the budget of the former minister of finance had been treated in the same way, perhaps the hon. member would not be asking questions today.

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INCOME TAX

REMISSION ORDER RESPECTING NORTHERN BENEFITS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question too is addressed to the Minister of Finance. Will the minister bring in permanent changes to the Income Tax Act to replace the remission order on the taxation of certain benefits, reference to which was made in his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as my hon. friend knows, we did extend that remission order for another period of time. In the meantime, before the remission order comes to an end it is my hope that we would be able to put in place a better system of support to meet the particular requirements dealt with in the remission order.

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● (1140)

AGRICULTURE

EMPLOYEE BENEFITS

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is for the Minister of Agriculture. The minister knows that farmers provide room and board for many of their seasonal and permanent workers in order to harvest crops during the year. He also knows that the budget emphasizes taxation of employee benefits. Since this would force an unacceptable cost increase to workers, which would have to be passed on to the farmers at such a difficult time, can the minister assure the House and agriculture in Canada that this room and board provided by the farmers will not force the workers to pay income tax on this benefit?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am not sure the hon. member is accurate in what he is stating. I would like to double check this and have further discussions. Some farm organizations have made that kind of representation to me. However, I do not have the kind of information I need to make proper representations. But I will do so, if it is as he says.

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THE BUDGET

EMPLOYEE TRAVEL BENEFITS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of Finance. Thousands of airline and railway employees in my riding and across Canada have an historic right to travel on a surplus space basis—the minister knows what that means—a right which has always been treated as a non-monetary benefit. The Minister of Finance has given a hint this morning that he feels a bit of the spirit of Christmas. Is he now prepared to announce the withdrawal of his ill-considered plan to tax these employee travel benefits, recognizing that the taxation of non-monetary employee benefits will only lead to higher wage demands, higher travel costs to the public, and a great deal of additional and unproductive paper-pushing by bureaucrats?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has referred to the question of free travel passes. He will recall that in the budget it was stated in more detail that Revenue Canada will be making changes in its administrative practice so as to require employees to include in income an appropriate value of their employment benefits, such as free transportation passes, lodging and boarding assistance. These were the only two items that were mentioned with respect to administrative change. No others have been mentioned. Therefore, I take it for granted that Revenue Canada will be establishing this administrative practice with respect to these particular benefits. That will be the responsibility of the Minister of National Revenue.

I draw to the attention of the hon. member the reasoning in the budget documents for the change in employment benefits. He ought to understand that the tax-free status of these benefits is inequitable for employees who cannot receive them. There has been an increasing practice to transfer benefits to employees in this form rather than through cash and normal remuneration, through that method escape taxation and, accordingly, place a higher burden of taxation on employees who are not treated in the same way.

The practice that is pointed out has been concentrated in the larger corporations, since employees of small business typically receive most of their remuneration in the form of wages and salaries which are fully taxable. That is the reasoning behind the proposal to establish some fairness among the employees of Canada. That is the philosophy behind the change.