

*Anti-Inflation Act*NAYS
Messrs.

Alexander	Halliday	McCleave
Alkenbrack	Hamilton	McGrath
Allard	(Swift Current-	McKenzie
Andre	Maple Creek)	McKinnon
(Calgary Centre)	Hargrave	Muir
Baker	Hees	Munro
(Grenville-Carleton)	Hnatyshyn	(Esquimalt-Saanich)
Balfour	Holmes	Murta
Benjamin	Horner	Neil
Brewin	Huntington	Nielsen
Brisco	Hurlburt	Nystrom
Broadbent	Jarvis	Oberle
Cadieu	Jelinek	Orlikow
Caouette	Johnston	O'Sullivan
(Villeneuve)	Kempling	Paproski
Clark	Knowles	Patterson
(Rocky Mountain)	(Winnipeg	Peters
Clarke	North Centre)	Reynolds
(Vancouver Quadra)	Knowles	Ritchie
Darling	(Norfolk-Haldimand)	Roche
Dick	Korchinski	Rondeau
Dinsdale	La Salle	Saltsman
Dionne	Lavoie	Schellenberger
(Kamouraska)	Lawrence	Scott
Douglas	Leggatt	Skoreyko
(Nanaimo-Cowichan-	MacDonald	Stanfield
The Islands)	(Egmont)	Stevens
Elzinga	MacDonald (Miss	Stewart
Epp	(Kingston and the	(Marquette)
Fairweather	Islands)	Symes
Firth	MacKay	Towers
Forrestall	MacLean	Wagner
Fortin	Malone	Wenman
Fraser	Masniuk	Whiteway
Friesen	Matte	Wise
Gilbert	Mazankowski	Wooliams—93
Gillies	McCain	
Graffey		

● (1610)

Bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

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ANTI-INFLATION ACT

MEASURE TO ADD NEW DEFINITIONS

Hon. Donald S. Macdonald (Minister of Finance) moved that Bill C-89 to amend the Anti-Inflation Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, as the House will recall, last week I announced that on the recommendation of the Anti-Inflation Board all firms and employees in five industries which engage extensively in association bargaining, construction, trucking, grain handling, longshoring and shipping are being brought under the control program because of their strategic importance in containing and reducing inflation. I advised the House, in addition, that the government has decided to ask the Anti-Inflation Board to consider whether the property and casualty insurance industry should also be brought into the program, for the same reason. I should now like to take the opportunity to outline the amendments to the anti-inflation legislation proposed in Bill C-89, to indicate the nature of some of the further changes the government intends to make in the guidelines and to review the operation of the anti-inflation program to date.

Members will recall that at the time the program was first announced last October, I readily acknowledged the fact that we were entering a difficult and complex area, one in which few people in Canada had much experience. I

[Mr. Speaker.]

emphasized that we fully appreciated the importance of maintaining close consultation with all groups in the economy affected by the guidelines and the importance of being prepared to make changes in the system as the need for them became apparent. The amendments to the legislation put forward in this bill, together with the alterations that are being made in the regulations, further testify to the government's readiness to bring forward changes in response to constructive representations from every quarter in an effort to increase both the fairness and effectiveness of the anti-inflation program.

First, let me indicate two significant changes that are being made in the regulations. At present, an exemption from the general guidelines is provided for compensation of workers up to \$3.50 an hour or to permit a minimum rise in compensation of \$600 a year. As the regulations now stand, these limits include not only wages and salaries but also any additional fringe benefits. The government believes the exemption from restraint for those in the lower income brackets should be made more generous and less complicated by applying the limit only to wages and salaries rather than to total compensation: or, to state it another way, the \$3.50 will be calculated on the take-home pay and the fringe benefits will be in addition to that.

A relieving change of a parallel nature will also be made in the case of the guidelines relating to compensation received in the form of indirect incentive benefits such as bonuses and profit-sharing arrangements, ones which in many firms are very much related to the productivity of employees. At present, the permissible increase in such benefits is computed on the basis of the average indirect incentive payments received over the previous five years. In a number of cases, this rule has the effect of reducing the compensation available to an employee below that received in the previous 12-month period, which is contrary to the general intent of the guidelines. To remedy this shortcoming, we intend to allow an employer to use either the average of the previous five years or the incentive provided in the immediately preceding 12-month period as a basis for determining permissible increases in indirect incentive benefits under the guidelines. The \$2,400 limit on the average increase in total compensation would, of course, continue to apply. Some additional changes of a more detailed nature will also be made in the guidelines, the nature of which will be indicated shortly.

Now, Mr. Speaker, I would like to outline the more important amendments being proposed in the legislation now before the House. Undoubtedly, the most significant change involves a series of amendments related to the difficult and contentious issue of the appeal system which has been the subject of what the government believes to be a considerable degree of misunderstanding. Let me explain how the proposed new system would work. As is the case at present, the Anti-Inflation Board would have the initial responsibility for considering whether any actual or proposed increase in prices, profits, compensation or dividends coming under the mandatory control program was permissible under the guidelines.

In the event the board provides notification of its opinion that an increase exceeded the guidelines, any person or group directly affected by that decision which chose to dispute it would have the right to so notify the board,