

Adjournment Debate

● (2215)

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I am not in a position to give the hon. member answers to the specific subjects he has brought up, but I will attempt to explain the government's policy in regard to these ex gratia payments.

I would like to point out that by "ex gratia payment" I mean a payment which is an act of benevolence in the public interest, is wholly gratuitous, and is approved as an act of grace in an area of government operations not already regulated by legislation. The Crown, in making such payments, does not therefore admit liability for them and as a matter of law is not liable for them, indeed the Crown makes such payments only where it is clear that there is no legal liability to do so.

The making of these payments is regarded as being an exercise of benevolence or a prerogative of the Crown. The authority of the governor in council, acting as the Queen's representative in Canada, is therefore necessary for each payment unless the governor in council has made other arrangements. One such other arrangement was made in 1974 in the form of the Ex Gratia Payments Order, 1974. Under that order in council deputy heads are authorized to make ex gratia payments not exceeding \$1,000, mainly to employees, in respect of damage to or loss of real or personal property suffered by an employee in the course of his duties.

All such payments in excess of \$1,000 and all other kinds of ex gratia payments are authorized individually by the governor in council on the recommendation of the Treasury Board following the consideration of a submission from the minister of the department concerned.

In most cases ex gratia payments are made for the purpose of compensating someone in part for a loss or harm already suffered but for which the Crown is not legally liable.

The Treasury Board, in reviewing recommendations to the governor in council for the making of ex gratia payments, looks at each case on its merits, taking into account such factors as the need for the equitable treatment by the government of groups or individuals, the public interest, fairness, the receipt by the Crown of services or claims against the Crown for which the Crown is not legally liable to pay, and the degree of hardship that would be imposed upon individuals and groups by failure to act ex gratia.

Finally, Mr. Speaker, I would like to remind hon. members that all ex gratia payments are listed annually in the public accounts of Canada.

LABOUR CONDITIONS—REQUEST FOR DETAILS OF WAGE SETTLEMENTS

Mr. David Orkilow (Winnipeg North): Mr. Speaker, in the third week of January the Prime Minister (Mr. Trudeau) warned against too large wage increases which he said could trigger double digit inflation. On January 26 the Minister of Finance (Mr. Chrétien) warned business leaders that it would be crazy to go back to the kind of wage settlements that

[Mr. MacKay.]

prevailed before the wage control program in 1975. The chairman of the Board of Economic Development added his two cents worth. He told businessmen that non-government workers were getting settlements about 1.5 per cent above those of workers in the public sector.

What is the government worried about, Mr. Speaker? Is there in fact an explosion in wage settlements? Is there in fact a danger that wage settlements are of such a size that they could trigger double digit inflation? The facts show exactly the opposite. Wage and salary increases are averaging just 6.4 per cent, 2 per cent less than the increase in the cost of living in the last year, so that workers in 1979, if they follow the advice of the Prime Minister and other members of cabinet, are going to be asked by the government to accept a reduction in their real standard of living.

Let us compare the attitude of the government with regard to wages to its attitude with respect to an increase in profits of Canadian corporations. On February 7 the *Globe and Mail* reported that after tax operating profits of 110 corporations grew at a faster pace in 1978 than in any year since 1973. Profits of the 110 companies surveyed rose by 25.6 per cent in 1978, which is more than double the 12.2 per cent recorded in 1977.

It is interesting to look at these corporations by classification. They show that bank profits increased by 33.2 per cent, in the base metals industry they increased by 44.1 per cent, in the paper and forest industry profits they increased by 86.2 per cent, and merchandising profits increased by 68 per cent.

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These facts were brought to the attention of the Prime Minister, and the substantial increases in profits were compared with the Prime Minister's strictures placed upon workers. What did the Prime Minister say about these profits? He said, "We are glad there are profits." That is the attitude of the government. Increased profits regardless of their size are fine, but wages must not go up more than 6.4 per cent.

What has happened? The cost of living increased by 8.4 per cent last year. Beef prices are going up by 18 cents per pound. Recently the Anti-Inflation Board reported that food prices went up by 19 per cent in 1978. The government was urged to take action because price increases are substantially higher than necessary. In the case of food, the increase is much higher than the increase obtained by the farmer. The middleman, the processors and the retailers, are skimming off exorbitant increased profits as a result of the increases they have been allowed to adopt.

When that situation was brought to the attention of the Minister of Consumer and Corporate Affairs (Mr. Allmand) not once, not twice, but many times, all the minister would say is that the government is looking into reports of profiteering by food companies. We have had experience with studies done by the government. We know that they take two or three years and lead to no action. No one on behalf of the government, not the Prime Minister, not the Minister of Finance, nor the Minister of Consumer and Corporate Affairs, who are the ones calling for restraint on wage increases and are pointing to the