

Oral Questions

Mr. Jelinek: Mr. Speaker, the fact of the matter is that under the Income Tax Act each case is looked at on its own merits. It is possible that if companies which advertised pro-free trade or against free trade could show under the provisions of the Income Tax Act that there was benefit accruing to their company as a result of that advertising, then that advertising could be written off.

However, there is absolutely no evidence, nor is there any suggestion, nor is there any directive as the Hon. Member from Winnipeg said a couple of weeks ago in this House, that a directive has been given by myself to support those who were for free trade and oppose those who were against free trade. There is no such policy on this side of the House. There may be some policy on the other side of the House.

• (1450)

AUDIT OF CORPORATIONS

Mr. David Berger (Saint-Henri—Westmount): Mr. Speaker, I have a supplementary question. Seeing that there seems to have been some anomalous and contradictory decisions regarding the assessment of companies that were opposed to free trade as opposed to those which supported free trade, will the Minister undertake to audit those companies that were in favour of the Free Trade Agreement to see that they are being treated in the same manner and that all Canadians are being treated equitably?

Hon. Otto Jelinek (Minister of National Revenue): If that is the Liberals example of fairness then they are on the wrong side of the issue, let me tell you that, Mr. Speaker. To make the fact of the matter very clear to the Member I will read it: "The Income Tax Act provides that deductions from business income are limited to the extent that they are for the purpose of gaining or producing income from a business."

Each case is looked at on a case by case basis. If it is determined in a non-partisan, non-political, objective manner that the company has gainfully gained as a result of that advertising or that business transaction, then a write-off can take place. It has nothing to do whatsoever—and I underline that—with whether someone supported free trade or opposed it. I think the Liberals and the New Democrats should forget about continuing the battle which they lost last November.

HOUSING

REQUEST FOR LAND SPECULATION TAX

Ms. Barbara Greene (Don Valley North): Mr. Speaker, I have a question for the Minister of Housing. In *The Toronto Star* of June 7, 1989 an article referred to a report by the Canada Mortgage and Housing Corporation indicating that 20 per cent to 30 per cent of privately owned housing in the Toronto region is bought for speculation and that speculators are helping to fuel price increases.

In view of the magnitude of the problem now evident, will the Minister bring forward a housing speculation tax with such revenues allocated to provide social housing in regions where people are victimized by land speculation?

Some Hon. Members: Hear, hear!

Hon. Alan Redway (Minister of State (Housing)): Mr. Speaker, as the Hon. Member may know, some months ago there was a study done by CMHC with respect to land speculation. There have been other studies done since that time by other bodies, such as Royal LePage.

I am sure the Hon. Member may have seen in the paper today the fact that the Toronto Real Estate Board reports that not only have housing sales paused dramatically in the Toronto area, but on top of that, housing prices have fallen since last month by \$10,000 on average. It would appear that this may not be the appropriate time to introduce a land speculation tax even if the federal Government had the jurisdiction to do so. It is my current advice that that is not the case.

I must say that I have previously asked the Premier of Ontario to introduce a similar tax. If and when it is appropriate, I am sure that I will be raising that question again with him.

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[Translation]

VIA RAIL

LAY-OFFS—ATTITUDE OF CROWN CORPORATION

Mr. Jean-Claude Malépart (Laurier—Sainte-Marie): Mr. Speaker, my question is directed to the Minister responsible for the 7,500 VIA Rail lay-offs across Canada, of which 54 per cent will be in Québec and 3,241 in Montreal. Those workers have a right to know the Minister's position, not only that of VIA Rail's management. Is the Minister ready now to state he asked VIA Rail's management to proceed to humane rather than wild rationalization and lay-offs, and if so how are they to implement that?