

INQUIRY WHETHER MONEY LENT TO FOREIGN COUNTRIES IS
GAINED THROUGH BONDS

Mr. René Matte (Champlain): Mr. Speaker, I want to ask a supplementary question.

My question is clear and precise. Do we know any more clearly whether those loans are taken from the Canada savings bonds fund, or from an altogether fictitious credit?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member will refer to the answer I made yesterday, I gave an example in which the government itself had to pay interest. I could certainly have taken another example than Canada savings bonds; I could have chosen the issues of the Canadian government bonds. Two weeks ago, I think, bonds were issued which bear a 10 per cent interest for those who agree to lend money to the government for a period of 20 years, I think. So, when the government borrows money from taxpayers, it pays interest, and it is fair that when it lends to others, this interest is paid back to the government, again, either by the borrower, or by the taxpayer himself.

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● (1420)

[English]

INCOME TAX

POLITICAL CONTRIBUTIONS—SUGGESTED INVESTIGATION OF
POSSIBLE TAX EVASION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the Minister of National Revenue. Can the hon. gentleman tell the House whether, pursuant to any investigations into party fund raising practices which one of the RCMP warrants indicated formed part of their inquiry into the Sky Shops affair, he or his investigatory officials have contacted the RCMP to ascertain the extent to which political contributions have been paid by companies or individuals out of pre-tax dollars?

Hon. Jack Cullen (Minister of National Revenue): While we are conducting an investigation I think it would be inappropriate to make any comment. If the hon. member would wait a couple of weeks I think we will have more information for him.

Mr. MacKay: I should like to thank the minister for that answer and ask him whether he will, in fact, do this and report to the House in due course since it is conceivable that millions of dollars of tax revenue have been lost if this practice has been widespread.

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GOVERNMENT ADMINISTRATION

AUDITOR GENERAL'S ALLEGATIONS OF LACK OF FINANCIAL
CONTROL—GOVERNMENT ACTION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Prime Minister. The Auditor General concluded in his report tabled yesterday that the present state of financial management and control systems

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in the government is significantly below acceptable standards and effectiveness and has recommended the establishment of a special agency to co-ordinate supervision of public spending. Since this conclusion and recommendation, in effect, call into question the competence of the Treasury Board and its capacity to rectify the situation, I should like to ask the Prime Minister whether he, personally, intends to act to deal with this most serious matter?

Right Hon. P. E. Trudeau (Prime Minister): I do not admit the premise of the question, particularly as it relates to the Treasury Board. Naturally, we are very concerned about the state of affairs to which the Auditor General refers and we are looking seriously at the recommendations he is making, including the setting up of a special branch or agency. Early in the New Year I hope to announce the response of the government to these particular recommendations made by the Auditor General. It is certain that in the meantime the government is very anxious to draw inspiration from the Auditor General's report and make sure that the government does improve the efficiency of its accounting procedures.

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AUDITOR GENERAL

DATE OF LEGISLATION IMPLEMENTING REPORT OF
INDEPENDENT REVIEW COMMITTEE

Mr. Lloyd R. Crouse (South Shore): The Auditor General stated on page nine of his report that he has been notified that the report of the independent review committee on the powers and resources of the Auditor General is under active consideration by the cabinet and that proposals will be made in the form of draft legislation. Will the Prime Minister tell us whether the government has yet decided what to do about this matter and when legislation will be introduced?

Right Hon. P. E. Trudeau (Prime Minister): The words speak for themselves. The matter is under active consideration by the government and we shall make an announcement in the usual manner, should we decide to take action.

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ANTI-INFLATION BOARD

POSSIBILITY OF CABINET RECEIVING REPRESENTATIONS
FROM GROUPS AGAINST WHOM BOARD MADE DECISIONS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Prime Minister and it is supplementary to the question asked by the Leader of the Opposition. Since it is apparent that the Postmaster General has been, is, and will be making representations to the cabinet respecting the decision of the Anti-Inflation Board regarding the postal settlement, may I ask whether the cabinet is also ready to receive representations from other groups or other boards in respect of whom decisions of the Anti-Inflation Board have been made?