

child care expense deduction is too low in that it does not reflect current costs of child care? Will the Minister confirm to the House that he will be giving this matter due consideration in the formulation of his next budget?

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, I have been receiving a number of representations on this subject and, as well, on other subjects during the course of the consultations I have had, and also in discussions I have had with my colleagues in caucus. Obviously, I am giving serious consideration to all the representations that are being made. Clearly, I will not be able to accede to all the representations that have been made; many are even contradictory. But this is one to which I will certainly give very serious consideration.

#### REQUEST FOR SEPARATE CONSIDERATION

**Mr. Bill Clarke (Vancouver Quadra):** Madam Speaker, could the Minister confirm to the House and to the women of Canada that, when he is considering an increase in the child care expense deduction, he will do it separately and apart from any other tax matters, such as the spousal deduction?

[Translation]

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, when preparing the budget, the Minister of Finance has to look at all aspects. We cannot separate a single issue from the rest of the budget. As far as the particular point raised by the Hon. Member is concerned, I may remind him that I have received no representations regarding the spousal deduction, and that I have no intention of addressing this issue in particular when the next budget is brought down. The matter is not under consideration at the present time.

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[English]

#### PROVINCIAL AFFAIRS

##### MANITOBA PAYROLL TAX—EFFECT ON FEDERAL GOVERNMENT

**Hon. Jake Epp (Provencher):** Madam Speaker, I wish to direct my question to the Minister of Finance. It has to do with questions I have asked the Minister earlier regarding the Manitoba Government's employees' payroll tax, the 1.5 per cent tax which the NDP Government imposed on all employers before jobs could be created in Manitoba. Has a decision been made? I am not trying to ask for a legal opinion because I am finding out the Minister does not give them.

**Mr. Nielsen:** When he does, they are wrong.

**Mr. Epp:** Has the Government made a decision, on the basis of legal opinion, on whether or not a level of government such as a provincial government, in fact can tax another level of government, namely, the federal Government?

#### Petitions

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, it does not seem from the preliminary examination we have made that there would be anything illegal about a provincial government proceeding in that way. As I say, that is on the basis of a preliminary examination. However, a discussion did arise in my last meeting with provincial Ministers of Finance concerning the question that some provinces—Manitoba is one, and Quebec is another one—have been resorting to this kind of taxation which, in effect, ended up reducing the federal tax revenues. Obviously this was a matter of concern in that when the federal Government increases its taxes generally, especially income taxes, Provinces benefit; from this, when Provinces resort to this kind of taxation, they end up reducing federal Government revenues. Certainly this was likely to give rise to serious problems down the line between the federal Government and the Provinces if such a practice were to be continued or expanded. This is a matter that I hope the provincial Ministers of Finance will want to examine seriously in a spirit of continuing co-operation.

#### EFFECT ON FEDERAL SALARIES

**Hon. Jake Epp (Provencher):** Madam Speaker, my supplementary question is also for the Minister of Finance. In view of the fact that the Manitoba Government is now facing deficits, estimated well in excess of half a billion dollars for this fiscal year, having tragic results not only in terms of credit rating but also in job-creation, has the federal Government decided to pay the Manitoba payroll tax on federal salaries earned in Manitoba?

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, this matter has been raised, and I apologize to the Hon. Member for not being in a position to give him the answer today. I remember having examined this issue and having discussions about it, but I cannot remember exactly what the conclusion was at that time. If the Hon. Member wishes, I will be very happy to give him the answer on Monday. I would like to check my files with respect to what exactly the situation was.

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● (1200)

[Translation]

#### PETITIONS

##### TABLING OF REPORTS OF CLERK OF PETITIONS

**Madam Speaker:** I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Thursday, January 20, 1983, and finds that they meet the requirements of the Standing Orders as to form.