

*Oral Questions*

relates to a matter we discussed at a recent meeting of the Standing Committee on Veterans Affairs. Of course, at that time he was only able to take my question as notice.

In view of the fact that a veteran on a small disability pension who is also in receipt of war veteran's allowance will have his war veteran's allowance reduced by the amount of the increase in the disability pension because of the operation of the income test as it applies to the war veteran's allowance, has the minister found a way by which the War Veterans Allowance Board can treat as exempt income the increase in the disability pension which is to take place on July 1, so that all veterans who are receiving disability pensions can get the benefit of that increase and not have it given with one hand and taken away with the other?

**Hon. Daniel J. MacDonald (Minister of Veterans Affairs):** Mr. Speaker, the act does provide for the exemptions of certain types of income. Each of these exemptions has been granted for a specific reason. To extend these exemptions to include the recent pension increases would be a contradiction of the philosophy underlying the allowance and would result in inequitable treatment of allowance recipients. After careful examination of the factors involved, I am not prepared to consider recommending that the exemptions be extended to include other payments under the Pension Act.

**Mr. Knowles (Winnipeg North Centre):** Mr. Speaker, in view of the fact that on previous occasions when the minister has taken a negative stand, he has been persuaded to reconsider the matter and has done so successfully, may I ask if he will even yet reconsider this matter?

Would he also look at the position of widows who are in receipt of an allowance under the War Veterans Allowance Act to see if there is not some way in which they, too, can get the benefit of the increase which they would be getting if they were receiving a payment under the Pension Act?

**Mr. MacDonald (Cardigan):** Yes, Mr. Speaker, we have those things under consideration. I might add at this time, for the information of the House, that in respect of recipients of war veterans allowances there is a study under way which is quite comprehensive and which will not be available to my department for some time, probably a number of months. Something may be revealed by this study which will bring these things to light.

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**FINANCE****DEFICIT IN TOURISM ACCOUNT**

**Mr. Sinclair Stevens (York-Simcoe):** In the absence of various ministers, Mr. Speaker, and as my question overlaps several departments, I would address it to the Prime Minister. In view of Statistics Canada's quarterly figures released yesterday which show a deterioration in the seasonally adjusted travel account in Canada, to use their terminology, which has

[Mr. Knowles (Winnipeg North Centre).]

risen by one-third to a current deficit of \$471 million, would the Prime Minister indicate if he intends to take any steps to co-ordinate the activities of his departments to ensure that this tourism deficit will somehow be corrected in the near future?

Second, has the right hon. gentleman any plans to co-ordinate a federal-provincial approach to try to get a better handle on our tourism and travel deficit?

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, this matter was discussed at some length at the February conference of first ministers. It was referred to in a communiqué, which I commend to the hon. member's attention. Since then, the Minister of Industry, Trade and Commerce has been working at the federal level and the provinces have been taking various steps to attempt to ensure that the tourism deficit in Canada will be reduced. In due course, the Minister of Industry, Trade and Commerce will make the announcements.

**Mr. Stevens:** My supplementary question is to the Prime Minister. As Statistics Canada's quarterly figures also reveal that the interest on dividend outflow has now hit the staggering figure of \$939 million in that one quarter—almost double the level in a comparable quarter two years ago—is the Prime Minister aware, first of all, of this deficit in our interest and dividend payments and, second, to what extent will the new government borrowing of foreign funds contribute in future months and years to an increasing deficit in our interest and dividend account?

**Mr. Trudeau:** Mr. Speaker, I should have thought the hon. member would have known for a long time that Canada has a deficit on interest and dividends and that this has been germane to Canada's economy for several decades. The fact that he is quoting a particular figure causes me to think that it is probably because the companies operating in Canada, both domestic and foreign, are making higher profits now than they were a couple of years ago. Perhaps they were paying small dividends then and are now paying higher ones.

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**AGRICULTURE****REQUESTED INCREASED MILK QUOTAS FOR ONTARIO CHEESE MANUFACTURERS**

**Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington):** Mr. Speaker, my question is for the Prime Minister, in the absence of the Minister of Agriculture. It pertains to Ontario cheese manufacturers "who at the present time", to quote the Prime Minister, "are making a hell of a lot less money"—

**An hon. Member:** Order.

**Mr. Alkenbrack:** Following the recent meeting between the Minister of Agriculture and the Ontario minister of agriculture, has a solution been reached to provide increased milk quotas to Ontario Cheddar cheese manufacturers who are