

Some Hon. Members: Hear, hear!

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THE BUDGET

EXCESS PROFIT TAX

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Minister of Finance. After last Wednesday's Budget leak, on Thursday the banking index at the Toronto Stock Exchange jumped by some 2.8 per cent, and as of one o'clock today, the stocks of the chartered banks were still climbing. One reason for this is that the banks had anticipated and avoided two major new tax hikes in the Budget of last week.

Can the Minister give us one single reason why he did not bring about an anticipated excess profit tax on the banks whose 1988 after-tax profits were \$3.3 billion?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, first let me say that the effects of tax reform last year will have quite a profound impact on the taxes paid by the chartered banks. Second, the large corporations tax applies to the chartered banks as it does to any other large corporation.

Mr. Nystrom: Mr. Speaker, the excess profits tax would have brought in a quarter of a billion dollars this year alone. No wonder those Gucci shoes were clicking on Bay Street last Thursday.

NATIONAL SALES TAX—EXEMPTION OF BANKS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the day after the Budget leak, the shares of the Royal Bank went up by \$1.37 and the shares of the Toronto Dominion Bank by \$1.35. In addition to not having an excess profits tax, the Minister decided to exempt the banks from paying a national sales tax on their margins. In light of the fact that their after-tax profits last year were \$3.3 billion, why did the Minister exempt the banks' profit margins from the national sales tax when he put that same national sales tax on music lessons for kids? why exempt the banks but not the kids?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, first, the banks' purchases are fully taxable. They will be charging tax on sales of services but we are not applying the tax on their margins. It seems to me that

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about two weeks ago, Members of the New Democratic Party were up on their hind legs screaming away, saying that we would put a tax on mortgage interest. That is exactly what the Hon. Member is now saying we should do. He is flip-flopping and sucking and blowing. He cannot have it both ways.

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TRANSPORT

RAILWAY BRANCH LINE REHABILITATION

Mr. Geoff Wilson (Swift Current—Maple Creek—Assiniboia): Mr. Speaker, my question is for the Minister of Transport. The recent budget proposes to terminate the grain dependent rail branch line rehabilitation program one year early. In view of this, I would ask the Minister what is the future of the branch line between Weyburn and Willow Bunch, the Bengough subdivision in southern Saskatchewan.

Hon. Benoît Bouchard (Minister of Transport): Mr. Speaker, the lines to which my Hon. colleague referred have been considered within the deficit reduction operation. The branch line rehabilitation program has been considered by the Senior Grain Transportation Committee as being the least effective way of helping transportation of grain in Western Canada. Because we had to consider cuts in our program, we have considered this one. We must ensure, however, that the branch lines will not be abandoned before the year 2000.

COMMITMENT OF MINISTER

Mr. Geoff Wilson (Swift Current—Maple Creek—Assiniboia): Mr. Speaker, how can the Minister reconcile the statement he just made to the House with his commitment in writing to the people of Southern Saskatchewan that the Bengough subdivision would be rehabilitated this year?

Hon. Benoît Bouchard (Minister of Transport): Mr. Speaker, I repeat what I said before. That program has been considered within the deficit reduction operation, and the Senior Grain Committee said that it is the least efficient way to help transportation. That is why it has been cancelled. I cannot say any more than the program has been cancelled but the branch line will remain until the year 2000.