

However, negotiations are expected to resume, probably next week which is expected to be very busy, and Canada will be well represented at the talks to ensure that as far as the marketing boards are concerned, which are represented across Canada, and especially in the maritimes, Quebec and Ontario, the position on article XI is maintained. We will do everything we can, together with the people in the industry, to defend Canada's position.

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[English]

#### MUNICIPAL TAXATION

**Mr. Joe Fontana (London East):** Mr. Speaker, my question is for the Minister of Finance.

Buried in the fine print of last week's mini budget is a sinister policy change which potentially could increase taxes at the municipal level and ultimately to homeowners, renters and small businesses.

The federal government is freezing its grants in lieu of taxes program at the 1992 levels, a reversal of its commitment to municipalities. How does the minister expect municipalities to make up for this 1993 budgetary shortfall other than by raising property taxes and why should municipalities be forced to fund this government's mismanagement of the economy?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, again we are talking about a freeze here. I should advise the hon. member that there have been discussions going on with the various authorities to get a better formula with respect to this.

I think it would be fair to say that this would not come as a great surprise. It is a \$400 million bill and we are constraining expenditures in various ways. We expect other governments to do the same.

**Mr. Joe Fontana (London East):** Mr. Speaker, this policy is just another example of how this government pretends to solve its problems by dumping them on to other levels of government.

The changes to the unemployment insurance benefits will download millions on to the municipal and provincial governments. The freezing of the federal government's

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payments to municipalities will also result in budgetary shortfalls at the municipal levels.

I want to ask the minister how the over-all health of the Canadian economy, which he likes to talk about all the time, will be improved by forcing homeowners, renters and small businesses to pay, not less taxes, but more taxes to municipalities?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, as I said earlier in response to a question, this is a general belt tightening right across the board and we are asking all Canadians and all governments to participate in this exercise.

The hon. member knows very well that the federal government has had to constrain expenditures in order to keep the deficit under control, and it is still rising.

The hon. member is suggesting that we should not implement any cost savings and, at the same time, the members of his party are advocating the expenditure of some \$15 billion on infrastructure. I ask the hon. member where he would get that kind of money without some corresponding reductions or reallocation. That is what we are attempting to do. He is either going to borrow more or he is going to tax more. What is he going to do?

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[Translation]

#### DAIRY INDUSTRY

**Mr. Mark Assad (Gatineau—La Lièvre):** Mr. Speaker, my question is for the Minister of Finance.

In his mini budget last week, the minister announced a 10 per cent cut in industrial milk subsidies paid to dairy farmers. Since the Minister of Finance is the former Minister of Agriculture, is he not aware of the harm he will do to dairy farmers?

**Hon. Pierre Blais (Minister of Consumer and Corporate Affairs and Minister of State (Agriculture)):** Mr. Speaker, I had the opportunity to meet milk producers last week, on Thursday to be precise. Yes, they are rather disappointed, but when we look at it in perspective, this cut is only 1 per cent of the cost of a hectolitre. Since a hectolitre sells for \$50, it is only 60 cents on \$50, which is quite little, all in all.