

Oral Questions

Mr. McGrath: Madam Speaker, I merely wanted to clear up the matter to remove doubt and so that I could ask the Deputy Prime Minister if his colleague, the Minister of National Revenue, was announcing government policy when he said at a press conference last Friday, together with the leader of the Liberal party in Newfoundland, that this right to levy indirect taxation on renewable resources would "enable Newfoundland to recover the money it is losing to Quebec from the Upper Churchill." Is that the position of the government? Does the government hold the position—and I repeat—that this right to levy indirect taxation now gives the province of Newfoundland the right to regain the shortfall in its power sales to Quebec?

Mr. MacEachen: I believe the Minister of National Revenue was merely reiterating what had been stated by the Minister of Justice in the committee, and I am not prepared to draw further legal implications about recovery of any shortfall, and so on, at this point.

Mr. McGrath: I merely want to know if it is now the policy of the Government of Canada that the right to establish indirect taxation on renewable resources gives the provinces the right to levy such a tax on hydroelectric power; and was his colleague, the Minister of National Revenue, speaking for the government when he stated quite clearly to the people of Newfoundland that this would give Newfoundland the opportunity to regain some \$600 million in revenue which it is losing annually to the province of Quebec by virtue of being tied into a long-term contract?

Mr. MacEachen: Madam Speaker, may I repeat for the third time now that the Minister of Justice stated the position of the government on this point—

Mr. McGrath: I am talking about the Minister of National Revenue.

Mr. MacEachen:—before the joint committee, and that is the position of the government. It is that position which the Minister of National Revenue repeated on the weekend. I do not intend to go beyond that point until I read the words of the Minister of Justice and not have them provided for me through any other source.

*[Translation]*INQUIRY RESPECTING INDIRECT TAXATION OF
HYDROELECTRICITY SALES

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Minister of Finance in view of the absence of the Minister of Justice. I shall wait while he speaks to his assistant. I shall try again, Madam Speaker. His colleague, the Minister of National Revenue, indicated clearly over the weekend that his government will give the provinces the right to levy indirect taxes on hydroelectricity. The minister remained silent while the leader of the Liberal opposition in Newfoundland said that his province could increase its

revenues by \$600 million each year. Can he—Madam Speaker, the Minister of Justice is now in the House. If I may be allowed, I could perhaps direct my question to him; it pertains to the topic his colleague dealt with.

Over the weekend, the Minister of National Revenue made it clear in Newfoundland that his government will give the provinces the right to levy indirect taxes on their resources, on hydroelectricity. The minister remained silent while his colleague, the Liberal leader in Newfoundland, said that his government could thus increase its revenue by \$600 million each year. Can the hon. member confirm the remarks of his colleague and, if so, can he also confirm the amount and the fact that Quebecers will have to bear the financial burden mentioned?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have stated several times that we intend to include in the constitutional reform a provision allowing indirect taxation of natural resources. That is the proposal that was put forward at the constitutional conference last summer. Everyone is aware of that. What it would represent in government revenue, I am in no position to assess. It would depend on how provincial governments would use the new power the federal government would hand over to them.

Mr. Kilgour: Madam Speaker, I have before me a copy of the statement he made on November 7 when he explained his position. Can he tell us, Madam Speaker, whether his colleague read the proceedings of the Quebec and Newfoundland contract before speaking as he did?

Mr. Chrétien: Madam Speaker, I do not know exactly what was said by my colleague or by the Liberal leader in Newfoundland. I say that the position is quite clear. We suggested to the provinces last summer that they might levy an indirect tax on natural resources, which they were not allowed to do. Of course, if a province acquires taxing power, it is up to it to determine the amount of taxation it wants to levy. I have no comment nor speculation to make on the possible revenues any province might derive from the decentralization of powers which the federal government is ready to grant to the provinces.

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● (1420)

[English]

MONOPOLIES

NEWSPAPER INDUSTRY—PROGRESS OF INVESTIGATION INTO
CLOSURES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. It relates to the parallel investigation his