

Hon. Don Mazankowski (Minister of Transport): Mr. Speaker, there are no ships caught in the system as of now. We will do everything in our power to see that there are no ships caught in the system. The Minister of State for Transport will personally visit the site, either tomorrow or Friday, to ensure that everything is going well. I can assure the Hon. Member of that.

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NATIONAL REVENUE

CORPORATE TAX LOOPHOLES

Mr. Simon de Jong (Regina East): Mr. Speaker, my question is for the Minister of National Revenue. Considering the Government's concern with our deficit, the Minister put forward a most novel proposition in Toronto the other day. He believes that business people are spending too much time looking for tax loopholes. The Minister's solution is to let the experts at Revenue Canada find the loopholes and determine the legality of setting up dummy companies, at the expense of the taxpayer of course. Will the Minister agree that the job of Revenue Canada should be to help close loopholes in the tax system which do not have a socially useful purpose such as creating jobs or doing research and development?

Hon. Perrin Beatty (Minister of National Revenue): Mr. Speaker, this is a happy day for me. I have finally had a question from my hon. colleague opposite. First, I thank him for his question. Second, I want to indicate to him that setting up dummy companies is not appropriate, now or ever, under the Income Tax Act, and would never be condoned by my Department. We are saying that the Income Tax Act is 5 lbs. of some of the most incomprehensible legislation ever passed by Parliament. We think that the Government has responsibility when a taxpayer comes to us and asks what the law is. We have a responsibility to answer in a forthright and complete way. This is consistent with the Prime Minister's commitment to open government.

USE MADE OF RESEARCH AND DEVELOPMENT TAX CREDIT SCHEME

Mr. Simon de Jong (Regina East): Mr. Speaker, I have a supplementary question for the same Minister. Tax scams like the R and D tax credit scheme introduced by the Liberals will cost us hundreds of millions of dollars. It is called a quick flip scam. We now learn that the moratorium the Government placed on the scheme is meaningless because of a special grandfather clause. Will the Minister tell us what the damage will be when this scheme finally comes to an end, and will he place an immediate moratorium on the grandfather clause?

Hon. Perrin Beatty (Minister of National Revenue): Mr. Speaker, it is not a scam. It is a proposal that was written into the law by the Liberal Government.

Some Hon. Members: Oh, oh!

Oral Questions

Mr. Beatty: I do not know whether the hon. gentleman wants to shout me down, or wants an answer. I will be glad to give him an answer. Members opposite wrote this provision into the law. The Government is very much concerned about the way in which quick flips have been used. As a consequence, my colleague, the Minister of Finance, put the lid on that and said that we wanted to have that provision looked at again. What we did was opt to stop what we thought was a loophole in the system. We thought that this sort of appropriate action was justified. I am surprised the Hon. Member did not support us in that.

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[Translation]

TRANSPORT

ALMA-LA BAIE AUTOROUTE

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, I have a question for the Minister of State (Transport).

Can the minister tell us whether there are discussions now under way with the Quebec Government for the purpose of renewing the blanket agreements for the construction of free-ways? If so, will the Alma-La Baie freeway project, which is vitally important to the people of the Saguenay Lac-Saint-Jean area, be covered by those agreements?

Hon. Benoît Bouchard (Minister of State (Transport)): Mr. Speaker, there are no discussions under way with the Quebec Government. The new Quebec Minister of Transport was appointed only very recently. We will give him time to settle down in the Quebec government. Later, we will consider entering discussions. This is not to be taken up immediately. I think this answers the second part of the Hon. Member's question. There being no discussions, the highway referred to is not on any agenda of any non-existing discussions.

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● (1440)

SMALL BUSINESS

INCREASED UNEMPLOYMENT INSURANCE CONTRIBUTIONS— GOVERNMENT POSITION

Mr. Alfonso Gagliano (Saint-Léonard-Anjou): Mr. Speaker, my question is for the Hon. Minister of State for Small Businesses.

The increase in unemployment insurance contributions announced by the Government will mean a higher tax on wages as it will add to the tax burden of the small businesses which are responsible for creating most of the jobs in Canada. Can the Minister explain to the House the position of his Party, which on April 7th, 1984, was willing to consider unemployment insurance contributions as tax credits rather