

*Oral Questions***ORAL QUESTION PERIOD**

[English]

NATIONAL REVENUE**GULF TAKEOVER TAX RULING**

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Deputy Prime Minister. I reflected on his replies to my questions about the Gulf Canada deal yesterday, and I am far from being convinced.

I ask him again to respond to my question, and it is this. The former Deputy Minister of Finance, Marshall Cohen, has said that the whole Gulf deal was discussed by the Priorities and Planning Committee, a committee presided over by the Prime Minister of Canada.

An integral part of that deal must have been the tax exemption of up to \$1 billion. Obviously, that matter must have been discussed at the same time.

Is the Deputy Prime Minister of Canada really sticking to his position yesterday that the Prime Minister of this country, who presides over that committee, a committee which discussed the Gulf deal on several occasions, did not know of this \$1 billion tax exemption?

Hon. Erik Nielsen (Deputy Prime Minister and Minister of National Defence): Mr. Speaker, my response has to be the same as that given yesterday.

The right hon. gentleman used two phrases in his question which obviously constitute conclusions, and I am speaking of his use of the phrase "he must have known" and the phrase "it must have been a part of the discussions".

Those are conclusions that he reaches on the basis of a newspaper article. My answer of yesterday remains valid. In addition to that, he has the Prime Minister's own words at a press conference held last Friday.

[Translation]

REPORTED ALLEGATIONS OF FORMER DEPUTY MINISTER OF FINANCE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, we also have the words of the former Deputy Minister of Finance.

It was not a matter of routine, as alleged by the Minister of Finance and the Deputy Prime Minister. It was an exemption, it was a tax ruling for one billion dollars. It is obvious from the comments of the former Deputy Minister of Finance—it was not an article but a special interview—that the matter was discussed in the Canadian Cabinet, presided over by the Prime Minister.

Is the Deputy Minister . . . the Deputy Prime Minister, repeating that neither the Minister of Finance, who is responsible for the country's tax system, nor the Prime Minister of Canada were aware of this one-billion-dollar exemption?

[English]

Hon. Erik Nielsen (Deputy Prime Minister and Minister of National Defence): Mr. Speaker, I answered the question yesterday as well, and I shall do so again.

The Right Hon. Leader of the Opposition knows full well that it is totally improper for me to be discussing, in the House, discussions that take place in Cabinet, even to the extent of discussing what items may or may not be on the agenda. He knows that that is the practice.

He also knows that there is a process that is applicable within the Department of National Revenue with respect to the tax treatment of individuals, or firms, or corporations in situations such as this. He knows that there is a process by which advance rulings are given, and the appropriate Minister to report to the House with respect to that process is the Minister of National Revenue.

PREPARATION OF BUDGET—RETENTION OF FORMER DEPUTY MINISTER OF FINANCE

Right Hon. John N. Turner (Leader of the Opposition): The Deputy Prime Minister is straining my faith in his words by suggesting to me that a \$1 billion tax exemption was a routine matter, handled by the Department of National Revenue. That goes right beyond what the former Deputy Minister of Finance has said quite clearly in that article.

The question that I have for the Deputy Prime Minister, in the absence of the Minister of Finance, is: once the former Deputy Minister of Finance had approached the Prime Minister and the Minister of Finance to tell them that he had received a job offer from a major Canadian company in the month of February, why was that—

Mr. Gormley: Is there a question here?

Mr. Turner (Vancouver Quadra): Yes, there is. If you will hold on, you will get it.

An Hon. Member: We are waiting.

Mr. Gauthier: The \$1 billion question.

Mr. Turner (Vancouver Quadra): Why did the Minister of Finance and the Prime Minister retain that Deputy Minister for the preparation of a Budget, and for the preparation of a lot of tax measures affecting the oil and gas industry and other measures relating to that company? Why was that Deputy Minister retained for the preparation of a Budget after that information was given to the Prime Minister and the Minister of Finance?

● (1120)

Hon. Erik Nielsen (Deputy Prime Minister and Minister of National Defence): Mr. Speaker, the question is in two parts and I will answer both. With respect to the first part of the question concerning the allegation which the Right Hon. Leader of the Opposition insists upon making, the press conference of last Friday given by the Prime Minister put it in