

• (1440)

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture): Mr. Speaker, indeed we have been waiting for the report of the Chief Electoral Officer to look at some of the recommendations that he has brought forth. I have discussed some of the proposed terms of reference with him. We are in the process of defining those terms of reference, and I would hope that we will be in a position to discuss this with Members opposite in the very near future.

To reiterate, I wish to state that the Chief Electoral Officer said that 85 per cent of the problems would have been cleared up if Bill C-79 had been passed. The opposition Parties failed to concur with the Government on that particular issue—

Mr. Gauthier: Wrong. You are the Government.

Mr. Mazankowski: —and they bear the responsibility.

Mr. Gauthier: Two hundred and eleven you had.

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REVENUE CANADA

DEDUCTIBILITY OF UNDER-THE-TABLE PAYMENTS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. Yesterday his Minister of Finance challenged us in the Opposition to come up with a tax measure that could be eliminated in order to salvage some expenditure cuts in next week's Budget.

I have here a copy of a January, 1986, circular from Revenue Canada. It allows both individuals and corporations to deduct from their income tax certain bribes and certain kickbacks.

In fact, on kickbacks and bribes Section 5 states: "An unvouchered expenditure that maybe described as an under-the-table payment is not deductible unless the following conditions are met: (a) the recipient therefor is identified, and (b) the expenditure was made or incurred to earn income and the amount was reasonable in the circumstances".

Can the Prime Minister explain why under-the-table payments, kickbacks and bribes are still deductible under the Conservative Government? Can he explain why,

Oral Questions

after more than four years as Prime Minister, he has not moved to end this offensive program of his Party?

Hon. Otto Jelinek (Minister of National Revenue): Mr. Speaker, I am not quite certain from what document the Hon. Member is quoting. Let me assure him, and I know that he is going to come across the floor—

Some Hon. Members: Order.

Mr. Jelinek: A good way to run for the leadership.

I can assure him that, over the last five years, the Government has been taking every step to make the system fair for Canadians. As a result, the returns have come in thus far in record numbers. Let me assure the Hon. Member that Canadians are better off under tax reform than they were before.

In any event, I would be very happy to study the circular and come up with a specific answer to this questionable circular when I have had a chance to look at it.

Mr. Nystrom: Mr. Speaker, the "questionable circular" comes from his own Department. If the Minister will check Sections 1 and 5 he will find that under-the-table payments, bribes and kickbacks are all tax deductible under certain circumstances, a practice, by the way, which has been ended in the United States.

My supplementary question is directed to the Prime Minister, as the Head of Government.

[Translation]

PRACTICES NOT RECOMMENDED—GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton—Melville): In view of the fact that the Canadian public finds bribes and other under-the table payments extremely degrading, Mr. Speaker, my question is this: Is he going to put an end to this practice now? And will he make public next week how much this practice costs Canadian taxpayers every year?

[English]

Hon. Otto Jelinek (Minister of National Revenue): Mr. Speaker, the Hon. Member knows that the Government, under the leadership of the Prime Minister, has done more to clean up what was left with us from the previous Liberal administration than any Government in the history of the country. The Canadian public know it, and that is why we are back here and not on the other side.