

*Oral Questions*

receive reports from the department from time to time on the progress of the audit both on the east and west coasts. I do not have the figures in front of me for the west coast audit but I would be glad to get those and discuss them with the hon. member.

## TAX DEDUCTIONS AT SOURCE

**Mr. Ted Miller (Nanaimo-Alberni):** Madam Speaker, the minister had indicated in a letter from his office that he would be carrying out an investigation with regard to an independent audit, or at least providing a tax lawyer for those people wishing to appeal their audit.

In the motions tabled on November 12 in the budget there was the suggestion that fishermen will be required to pay income tax "at source", that is, when they sell their fish to the processors. Is the minister aware of the financial burden that this will place on fishermen in terms of trying to find capital at the beginning of a fishing season, and is he aware that it is an added burden which may drive more fishermen out of the industry than have been driven out already by this government?

**Hon. William Rompkey (Minister of National Revenue):** Madam Speaker, the policy of having taxes for fishermen deducted at source was a request that indeed came from the fishermen themselves. At least the fishermen on the east coast requested that, and people who were supporting the fishermen and helping them with their tax returns said that this would be a good measure. It was a suggestion which we made to the Minister of Finance and he agreed that it was a proper measure, and indeed did insert in the budget ways and means to have fishermen's taxes deducted at source.

We believe that this is a good measure which would eliminate possible inaccuracies which may occur through reporting in other ways. If there is a different feeling on the west coast I would be glad to hear from the fishermen there, but it is quite clearly the position of fishermen on the east coast that they would like to have taxes deducted at source.

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## FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

## FEDERAL SHARE OF GOVERNMENT SPENDING

**Mr. Tom McMillan (Hillsborough):** Madam Speaker, my question is for the Minister of Finance. Yesterday the Prime Minister stated that the federal share of total government spending in Canada, including municipal expenditures, had dropped steadily since 1959 in favour of provincial spending. Would the minister confirm that since the Prime Minister took office in 1968 the federal share of government spending in Canada has in fact risen, and will he therefore admit that the Prime Minister's rationale for killing co-operative federalism in Canada is just an excuse to grab more power and even more money for the federal government at the expense of the health

and education of Canadians, especially in the poorer provinces?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** No, Madam Speaker, I would not admit to something which is totally incorrect. As I stated earlier in reply to a question from the hon. member for Oshawa, in the proposals before the provinces at the present time we intend to maintain our level of support for the provinces, not only to maintain the level but to increase it annually by up to 12 per cent in transferring billions of dollars to the provinces not only in cash but also in tax points.

## PRIME MINISTER'S STATEMENT ON CO-OPERATIVE FEDERALISM

**Mr. Tom McMillan (Hillsborough):** Madam Speaker, for my supplementary question I will refer the minister to a document from his own department entitled "Economic Review" dated April, 1981, and specifically to page 194, which makes it clear that the Prime Minister's statement yesterday about federal-provincial spending is totally false. In light of that fact would the Minister of Finance tell the House and the people of Canada, especially in the provinces which may be concerned, what is the rationale for the Prime Minister wanting to put an end to co-operative federalism in this country? Is it simply that he enjoys fighting with other Canadians?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, obviously the hon. member does not want any information. If he did he would not put a question in that offensive way, just to score some points against the Prime Minister.

**An hon. Member:** What about the Prime Minister yesterday?

**Mr. MacEachen:** If the hon. member wants to ask a serious question I will be glad to answer, but I will not engage in a petty exchange with him in which he is scoring some political points.

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## SEARCH AND RESCUE

## DEPLOYMENT OF FIXED-WING AIRCRAFT IN NEWFOUNDLAND

**Hon. James A. McGrath (St. John's East):** Madam Speaker, my question is for the Minister of National Defence. Can the minister tell the House, especially in the aftermath of the most recent tragedy on the east coast, why he has not complied with the recommendations of a federal inquiry set up in 1970 which recommended in 1971, following the sinking of two ships with the loss of lives on the east coast, that fixed-wing aircraft be deployed to Newfoundland? Why was that recommendation not followed and how can he justify serving an area of five million square kilometres from two fixed-wing bases within close proximity to each other in the maritimes?