

*Oral Questions*

believe we ought to maintain our international obligations, particularly in the field of aid to less-developed countries. However, having said that, I point out to the hon. member that the estimates of the Department of External Affairs are normally before the committee. The estimates have to be called in the committee, and it would be appropriate for hon. members to engage in a discussion on foreign aid and the amount recommended for approval. Indeed, if hon. members wish, they could make proposals on how to reduce that amount. That is open to hon. members. I would not support that particular expenditure cut, but it is the hon. member's right to attempt that and to see how much support he would get for it among other members, including members of his own party. I would be surprised if they would support him on that.

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**FEDERAL-PROVINCIAL AFFAIRS****SASKATCHEWAN RESIDENTIAL MORTGAGE SCHEME**

**Mr. Bill McKnight (Kindersley-Lloydminster):** Madam Speaker, I would like to address a question to the Minister of National Revenue. I am sure he is aware that under the new Progressive Conservative government in the Province of Saskatchewan mortgages will be offered up to a maximum of \$50,000 at 13.25 per cent.

**Some hon. Members:** Hear, hear!

**Mr. McKnight:** Will the minister assure the people of Saskatchewan that, along with the grab made by the Minister of Finance on the assistance offered to other people in relation to mortgages through corporations and through their businesses, the federal government will not tax home owners on the benefits which would result from the difference between a mortgage rate of 13.25 per cent and whatever a conventional mortgage would be?

**Hon. Paul J. Cosgrove (Minister of Public Works):** Madam Speaker, I have had the opportunity to visit and meet with the minister for housing in the new government of the Province of Saskatchewan, and we discussed this issue. I have indicated that I have raised the matter with the Minister of Finance and his officials, but I caution that if provinces and new governments have plans to assist in relation to housing, and if that assistance is at the expense of taxpayers generally across Canada, they at least should have the decency to inquire of the Government of Canada before they are so good with their largesse.

**Some hon. Members:** Oh, oh!

**Mr. Clark:** Have you ever heard of federalism?

**Mr. McKnight:** Madam Speaker, the Minister of Finance has requested the government of the Province of Saskatchewan and other provincial governments time and time again to assist the federal government in the field of housing. When one province decides to do so, why would this government want to

tax the benefits the people of Saskatchewan asked for and are willing to receive?

**REQUEST THAT MORTGAGE BENEFIT NOT BE TAXED**

**Mr. Bill McKnight (Kindersley-Lloydminster):** Madam Speaker, my supplementary question is directed to the Minister of Finance. Mr. Ben Ward, information officer in the Department of Finance, was quoted by the Saskatoon *Star Phoenix* of June 3 as saying that there is a possibility that the program in Saskatchewan may be taxed. The Minister of Finance is the architect of the budget which took benefits from people in Saskatchewan and the rest of Canada. Will he assure us that the difference between 13.25 per cent and whatever a conventional mortgage rate might be—it might be 20 per cent with this government—will not be taxed in the Province of Saskatchewan?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I will give the hon. member's representation consideration, but I am not prepared to make a judgment in reply to his question today.

**PROVINCIAL TAXATION AUTHORITY**

**Hon. Jake Epp (Provencher):** Madam Speaker, in a similar vein I would like to ask a question of the Minister of Finance. I asked him a question on May 19 which is reported at page 17589 of *Hansard*. I asked him what the position of the federal government was in relation to the taxing by a government of another level of government, and the minister indicated that he would get back to me after he had studied the question. Could we now have his answer?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I do have an answer for the hon. member. I would like to read the answer. I have had this matter carefully looked into and advise that the federal government has consistently taken the position that a province does not have the legislative jurisdiction to impose a tax on the federal Crown.

**PAYMENT OF MANITOBA PAYROLL TAX**

**Hon. Jake Epp (Provencher):** Madam Speaker, that being the case and that opinion being in keeping with constitutional convention, I point out to the minister that reports in Manitoba are that Ottawa intends to pay the so-called payroll tax which was in the recent Manitoba budget. Does the federal government now stand by that statement, namely, that it will pay it regardless of the constitutional convention the minister has read out today?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, we would observe the law of the Constitution.