

The Budget—Hon. Marcel Lambert

the Minister of Finance and said it would not cost that at all. The forecast for this coming year, 1969-70, with everyone participating, is only \$370 million for the federal government and not the \$500 million that the Secretary of State for External Affairs (Mr. Sharp) had said. We are told that while the doctors have recently increased their fees, actually they do not send in their bills quite as quickly as one might expect and therefore there will be a shortfall in the actual amount of money to be paid out. If this is the basis of the forecast for the cost of medicare, if the government of Canada is relying on the fact that doctors may not send in their bills quite as quickly as they might, then I do not know to what ouija board the minister is now going to refer. If that is the kind of reasoning that is used, I must confess that it really strains the credulity of anyone who has to assess the financial position. When hard-nosed bond dealers and financiers look at this sort of thing they say, "do you honestly think we can believe in anything like this?"

I know that my leader will be dealing with dominion-provincial relations because this budget will certainly affect that situation. All I am going to say is that this is a problem that faces the minister right now. I realize that when he goes into the question on Monday he will be the sacrificial lamb for this administration and will have to face the music. I apologize for the mixed metaphor, but the situation is so replete with all kinds of possibilities that the temptation is unavoidable.

● (5:20 p.m.)

I spoke the other night, Mr. Speaker, about the tax on individuals and said that the 2 per cent tax on individuals was savage. My colleagues will treat of that particular point in greater detail.

Then there is the tax on life insurance companies. The difficulty about the proposal made by the minister is twofold. First of all, no distinction is made between large, well established companies with vast investment portfolios and many small provincial insurance companies which for a long time had a rather tough time to build themselves up and have still not recovered the initial expenses, shall I say, that were involved in getting their business going. Shareholders' money has been spent in order to do this but the companies have not yet had a chance to recoup. Nevertheless, the minister is going to tax them. I will speak at much greater length on this

[Mr. Lambert (Edmonton West).]

point when the budget resolutions on the Income Tax Act come up.

I would point out that many relatively small fraternal organizations will be taxed in the same way as major insurance companies. These fraternal organizations are self-help organizations. I belong to one and I know that many members on both sides of the house belong to them. They are, in fact, a form of financial co-operative or insurance co-operative for individuals. These co-operatives are to be taxed in a number of ways. One wonders whether this is the thin end of the wedge with regard to the taxation of co-operatives. A fraternal organization that has an insurance program is to me a financial co-operative.

My last point, Mr. Speaker, which I merely put forward at this time, concerns the advance in payments of corporation tax. Last year when the minister's predecessor advanced by four months the payment of corporation tax, leaving a mere two month gap, we indicated that potentially this was the most dangerous aspect of the minister's budget. In other words, we thought it would have the greatest impact and this it certainly has. The minister has now gone the whole hog and as a result of this budget any business, be it a two man trucking outfit, a small plastering concern or the biggest corporation in the country, has to pay its income tax on the same basis as a wage earner where cash is actually deducted at source.

In the case of most trading concerns, where are their profits? They are tied up in inventories and these have to be liquidated. They are tied up in accounts receivable that have to be collected. Yet these concerns are going to be taxed on their estimated profits that are residing in these book accounts. A small contracting firm will have to assess for tax purposes the contracts that it may have negotiated. In addition to finding working capital they will have to find cash to pay their tax.

A private individual in business for himself and unincorporated is given a whole year in which to pay his tax. The professional man, such as the lawyer or the doctor, has to pay his tax quarterly. So why should a man who is in business but incorporated not be given an equal deal? Is the next step going to be that all professional men and self employed persons will be paying their income tax on an estimated monthly basis? This is rather like a spendthrift going along gaily spending his money at the fastest possible pace. The minister must recognize that last year the