

*Income Tax Act*

made representations once again, the government imposed a moratorium on expenditures earmarked for northern workers. However, in spite of the apparent justification of some representations, I would point out that the danger and the inequity would be in using the taxpayers' money to make up for employment problems in some areas. I am talking about difficulties involving wages or salaries. I think we should find other means, such as more generous salaries to compensate workers who are experiencing difficulties in northern areas.

I still have many more comments to make, however I do not wish to abuse the generosity of the hon. members. When the provisions of this piece of legislation come up for study, I shall then take the opportunity to complete my remarks. I thank the hon. members for their kind attention.

Clause 1 agreed to.

On Clause 2—

**Mr. Bussières:** In the series of technical amendments I handed in yesterday, if my memory serves me right and if Mr. Short is not mistaken, we had a technical amendment to Clause 2.

**Mr. Axworthy** moved:

That subclause 2(2) of Bill C-54 be amended by substituting the following at line 20 on page 5:

"a specified employer, and"

**Mr. Bussières:** Subclause 2(2) of the bill provides that an amount not exceeding \$50,000 may be deducted annually by certain employees of Canadian firms working overseas. That deduction is intended to improve the competitive position of our businessmen and Canadian firms working on construction contracts abroad. The addition of the word "and" to that clause in fact merely makes up for an omission when the bill was drafted.

Amendment agreed to.

Clause 2, as amended, agreed to.

[*English*]

Clauses 3 to 6 inclusive agreed to.

On clause 7—

**Mr. Rae:** Mr. Chairman, I would like to ask the government to tell us why this amendment, if I understand it correctly, excludes from income housing loans received by shareholders and employees, which in effect gives a tax free benefit to directors and senior officers of corporations. It obviously gives tax advantages to people in those positions. I wish to ask the minister the estimated cost of this tax expenditure and why it is not possible for us to have, first, full taxation of this income since in effect it is income and, second, why it is not possible to have full disclosure of all loans to employees and officers of corporations, as is required in the United States.

● (2040)

[*Translation*]

**Mr. Bussières:** Mr. Chairman, I shall answer the first part of the question of the hon. member with regard to the estimated cost of this expenditure. We have no accurate estimate of it. As one can see on reading the provision involved, it extends to the spouse an existing provision. It would, therefore, be extremely difficult to make an estimate, even a rough one, of the cost of this expenditure.

The hon. member asked why companies could not be required to reveal the name of the beneficiaries of this measure. Personally, I feel it would be very difficult to draw up a list of the persons concerned or to demand that their names be revealed. It could even become somewhat childish to have a small business reveal the name of one of its employees to whom a loan was granted toward the purchase of his home at a privileged rate of interest. I doubt that this type of information could help make business relations healthier in our country.

**Mr. Rae:** I must say to the minister that, in his answers here in Committee of the Whole or in the Standing Committee on Finance, Trade and Economic Affairs, I am always struck by the fact that he is a reformer for things general but a conservative for things specific. When asked specific questions, he suggests this is not possible in such a case. But I would simply like to suggest to the minister that we have here a matter of loans to employees, a substantial benefit enjoyed by a certain group, so we should ask ourselves: Why not tax this as income?

**Mr. Bussières:** Mr. Chairman, I feel that this is not the only benefit employees can derive from their employment. This is a known type of benefit that has appeared for a number of years in the Income Tax Act, but it is not the only type of benefit. I feel that if we were, for instance, to require disclosure by lending companies or other corporations extending benefits to their employees in the form of mortgages or other loans, this would penalize the employees concerned, as compared to those working for other firms or corporations that may extend other types of benefits which would be exempt from disclosure.

Coming back to the basic point, I cannot see how such disclosure would improve the management of our corporations or even public confidence in those firms. In fact, the only advantage might be to satisfy the curiosity of a very small group of people.

**Mr. Rae:** Naturally, I do not agree that I represent only a very minute part of the population. When I hear the minister tell me that he advocates that idea because it has existed for a very long time, I wonder about the type of conservative proposal, or conservative defence he is putting forth.

**Mr. Bussières:** Mr. Chairman, unfortunately I did not base my argument merely on the fact that the provision has existed