

save a little money he will build a house which will not only accommodate his family but also provide a small income. A person who wishes to borrow money for building purposes usually applies to a lending company. The *caisses populaires*, of which I believe my honourable friend from Kennebec (Hon. Mr. Vaillancourt) is the head, have been established principally for the purpose of making mortgage loans to such people. When a man builds or acquires a property in this way he uses the income tax depreciation allowance as part of his repayment to the *caisse populaire* or small insurance company which made him a loan.

Section 7 of the bill would discourage these people from saving for the purpose of building houses, and they would not be much interested in saving for any other purpose, such as investing in stocks or bonds. Therefore I urge that the section be amended so as to protect not only farmers and fishermen, but also people having small investments in houses.

**Hon. Cyrille Vaillancourt:** Honourable senators, I should like to ask for some free advice from the senator who explained the bill (Hon. Mr. Hayden). In my city of Levis there is an old family corporation which has been operating a machine shop for eighty years. In 1931 business was very poor, as many honourable senators will remember, and the company was unable to continue without financial assistance. At that time it was impossible to sell the plant at any price. Application for a loan was made to our *caisse populaire*, and in order to provide employment for the workmen we reorganized the company and lent it \$25,000. Now the plant is doing well and has 67 employees. The head of the company is becoming old and expects to sell out to his employees next year at \$50,000. Of course, the building and machinery have long since been depreciated 100 per cent. What will happen if this section 7 is passed? I am afraid that it will diminish his estate.

**Hon. Mr. Hayden:** The simple answer is that if this plan of depreciation goes into force the capital value of a property will be established as of January 1, 1949, at the original cost, less depreciation that has been taken. The only way in which a person could avoid the incidence of the act would be by not coming under the Act. If the company in Levis charged no further depreciation after the 1st of January, 1949, it would not be subject to this new plan—and there is no reason why it should be subject to it if the property has been fully depreciated.

Perhaps the honourable senator from Bedford (Hon. Mr. Nicol) will permit me to correct a statement that he made. This plan

of depreciation deals with what is called depreciable property, and that does not include land. So the price of land would not enter into the calculations for purposes of depreciation under this bill.

The motion was agreed to, and the bill was read the second time.

#### REFERRED TO COMMITTEE

**Hon. Mr. Hugessen** moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

#### REPORTING OF PROCEEDINGS IN COMMITTEE

**The Hon. the Speaker:** I would suggest to the honourable leader of the opposition (Hon. Mr. Haig) that if he wishes to have the proceedings of the committee reported and printed there should be a special motion authorizing that.

**Hon. Mr. Moraud:** Should that motion be made in committee, Mr. Speaker?

**Hon. Mr. Haig:** The honourable gentleman from La Salle (Hon. Mr. Moraud) will make the motion in committee.

**The Hon. the Speaker:** If the motion is passed by the committee, it will have to be approved by the Senate.

**Hon. Mr. Haig:** Mr. Speaker, may I have permission to make the motion now?

**The Hon. the Speaker:** Yes.

**Hon. Mr. Haig:** Honourable senators, I move that the proceedings before the Standing Committee on Banking and Commerce with respect to Bill 176, an Act to amend the Income Tax Act and the Income War Tax Act, be taken down in shorthand and transcribed; that the committee be authorized to print 500 copies in English and 200 copies in French of its proceedings on the bill, and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

### MARITIME COAL PRODUCTION ASSISTANCE BILL

#### SECOND READING

On the Order:

Second reading, Bill 217, an Act to assist producers of coal in the Atlantic Maritime provinces.

**Hon. Mr. Hugessen:** Honourable senators, the leader (Hon. Mr. Robertson) has asked the honourable gentleman from Margaree Forks (Hon. Mr. MacLennan) to handle this bill.

**Hon. Donald MacLennan** moved the second reading of the bill.