

Senator Vien, that greater latitude be given as to where depreciation might be spread forward; and the other—and I may say that I am strongly impressed with the argument on that—is that revenue producing real estate should be excluded from the operation of the new basis for depreciation.

Hon. Mr. NICOL: That is, with respect to the small property owner?

Hon. Mr. ABBOTT: I would be inclined to go all the way and exclude all such real estate, because I think the principle would be the same regardless of the value of the property.

Hon. Mr. NICOL: Senator Moraud has in mind the small property owner.

Hon. Mr. ABBOTT: Any amendment which might be considered desirable to make could wait until the spring of 1950, because the recapture provision will not really operate for a year. I should like to consider whether the principle should be restricted to the small owner only or be extended to cover all owners, or to neither. I should not like to make a snap judgment on it at this moment.

Hon. Mr. CAMPBELL: I understand this legislation has been under study now for well over a year.

Hon. Mr. ABBOTT: That is right.

Hon. Mr. CAMPBELL: And that it has been carefully considered by the departments concerned and is a matter of top financial policy of the government. It is a matter of top financial policy of the government.

Hon. Mr. ABBOTT: I do not think there is any question about that. If I may speak personally, I would say that I do not think I can backtrack on this new piece of depreciation legislation. I have been a couple of years drafting and bringing in a new income tax act, and I have acknowledged publicly that we have a better system of depreciation. So far as I am concerned, I am going to stick to it. I am quite willing to make exceptions when it is demonstrated to me that for special classes of property it would be better to operate under the old system; but, certainly I am not going back on this new system until I get better evidence than I have heard so far.

I have had Fred Johnston, President of the Bell Telephone Company, in to see me. As you know, the telephone company is very much interested in depreciation rates. We discussed this whole question, and he talked it over with the Department of National Revenue, and I have had no serious criticism of the new changes—certainly nothing like that of rent control.

Hon. Mr. LAMBERT: There has been no question of the high policy of the government, to put this through.

Hon. Mr. ABBOTT: No.

The CHAIRMAN: The motion is that the committee now rise until 2 o'clock.

At 1.10 p.m. the committee adjourned until 2 p.m.

On resuming:

The CHAIRMAN: Gentlemen, we have a quorum, so will you please come to order. Have we reached a point where we can attack the bill clause by clause? I should think if there are any questions they can be brought up under particular headings.

Hon. Mr. HAYDEN: I asked a question this morning that I think perhaps Mr. Gavsie is prepared to answer now.

The CHAIRMAN: Could we deal with it when we come to sections 7 and 8?

Hon. Mr. HAYDEN: It would fit in at that time all right.

On section 1—"income from office or employment".

The CHAIRMAN: I do not think it is necessary to read the section through.