

Dominion Succession Duty Act

England; as it then was, and raising revenue is one of the major purposes of this legislation today.

But there is a second purpose in modern times, and I am a little concerned lest this has been forgotten by the government, judging from what we know of the bill which is proposed. I am referring to the use of this legislation for the purpose of effecting a redistribution of national wealth from those who have too much in favour of those who have too little, and I am in favour of this as one of the means of bringing about a measure of equality and fair play in the distribution of the good things of life throughout our society.

We have followed the British example in that we are making this legislation more simple. The present Dominion Succession Duty Act is complex; we tax not only the estate but the benefit going to each beneficiary, and the duty depends on the degree of relationship and other factors. I congratulate the minister on simplifying this legislation. Speaking as a lawyer, I must admit of course, that when you simplify laws and make them more understandable it becomes harder for lawyers to make a living—

Mr. Sinclair: That is good.

Mr. Macdonald (Vancouver-Kingsway): — but I think this is a kind of simplification which could well be extended in many other directions.

So far as the rate of succession duty is concerned, I think that during 1948 we established a \$50,000 exemption in Canada. That sounds like a lot of money, and the minister is now proposing to increase this amount by making allowances for widows and infant children, if any, but I think there are problems which have to be considered here. While \$50,000 sounds like a lot of money, let us consider the case of a widow who is left with a farm. The farm might be valued at \$70,000 but the income might be only \$700 or \$800 a year—net farm income can be as low as that—and perhaps it would not be possible for a widow with infant children to live on this income and still be in a position to meet heavy succession duties. Thus, on this question of the rate as it affects the small estates, I have an open mind. Frankly, I think the principle of allowing an exemption for infant children and an exemption for a widow is a good one. It might be said one should not allow an exemption for an infant child because that child might not share in the estate, but I think that in most wills made in this country one would find that minor children would share at least to that extent.

[Mr. Macdonald (Vancouver-Kingsway).]

So far, then this is good legislation. I like the simplification; I like the fairer exemptions proposed. But I should like the minister, when he drafts the bill, to look for loopholes in the existing legislation—

Mr. Fleming: The bill is, of course, already drafted. The bill will be introduced, and the expressions of opinion which we hope will be received can then be based upon a perusal of the actual terms of the measure to which we hope to give first reading today.

Mr. Macdonald (Vancouver-Kingsway): I am glad to hear the minister say that the bill has been drafted. It has been currently in the hands of organizations such as the Canada Trust—

Mr. Fleming: No.

Mr. Macdonald (Vancouver-Kingsway): I will read to the committee briefly the Canada Trust bulletin of January 1958 where it states:

Another provision of the proposed act will remove the doubt as to whether proceeds of life insurance purchased by any member of the insured person's family out of funds provided by the insured will be taxable as part of his estate. Such insurance will be so taxed.

I think that is a very useful provision.

Mr. Fleming: Let me make it very clear that no one outside the department has had access to this bill or to a copy of this bill, and no one will have such access until the committee passes the present resolution and the bill is given first reading here. Whatever may be said about the accuracy or otherwise of that paragraph in the Canada Trust bulletin, which was brought to my attention several days ago, the fact is I do not know what they purport to base it on, or what may be the source of their information. I have made inquiries, and I am satisfied it did not come from the Department of Finance.

Mr. Macdonald (Vancouver-Kingsway): I am glad to hear the minister express concern about this, because I think it is important that the text of a bill which it is proposed to bring into the house should be explained first of all in this house.

I hope that the bill will eliminate tax avoidance such as was possible under the previous legislation. I am not referring to tax evasion when I say "tax avoidance". I recognize that if the law is written in such a way as to make avoidance possible then people are entitled to take advantage of it. Under the previous legislation it was possible for estates by careful planning years ahead to escape the burden of succession duties to a very large extent. I do not propose to discuss how that might have been done under the previous legislation. A lawyer always finches at the thought of giving free