

Income Tax Act

member for Calgary South, to reflect on the voting record of any other member of the House, as the hon. member did in his point of order. I would ask the Chair to rule him out of order in this respect.

Mr. Mahoney: On the same point of order, Mr. Chairman, I would remind the hon. member that I referred to participation, not voting.

Mr. MacInnis: I think the blues will show that the hon. member referred to the voting record. But whether he did or not does not matter; he cannot reflect on the action of any member of the committee.

The Deputy Chairman: Order. The Chair is aware of the rules and practice of this House according to which hon. members are not supposed to reflect on other hon. members. I do not think any such reflection has been made. I have already invited the hon. member for Edmonton West to complete his remarks, and I urge the committee to give him the chance to do so.

[Translation]

The hon. member for St. Boniface on a question of privilege.

[English]

Mr. Guay (St. Boniface): Mr. Chairman, I should like to ask the Leader of the Official Opposition how many times he has attended the meetings of the committee to which he refers.

[Translation]

The Deputy Chairman: Order. I must point out to the hon. member that the point he has raised is certainly not a question of privilege. I would ask hon. members to cooperate as much as possible with the Chair to allow the useful work of the committee to progress.

The hon. member for Edmonton West.

[English]

Mr. Lambert (Edmonton West): Mr. Chairman, I hope the parliamentary secretary will delve into his little green book and learn what constitutes a point of order. I am not afraid of him in debate, but I should like to make my argument on this particular point and not be interrupted by phony points of order and references to votes by platooning members who had nothing to do with the committee beforehand. I know whereof I speak in that regard.

In any event, I do want to indicate what the committee had to say about capital gains. After all, we spent a good deal of time on this particular point, and this is the only public forum where we can make reference to the deliberations of the committee. In regard to the question of capital gains, the committee made this general recommendation:

As a general rule we recommend that one-half of capital gains should be taken into income. One-half of capital losses should also be taken into account, and be deductible without limit from the taxable half of capital gains realized in the same year.

This we have done generally.

If in that year the deductible capital losses exceeded taxable capital gains, an additional \$1,000 of deductible losses should be deductible from other income.

This we have done, but how far is it removed from the original white paper that was being sold to the country as an extremely reasonable and safe proposition?

[Mr. MacInnis.]

Where gains on the sale of an asset are fully taxable, as in the exceptions previously alluded to (mineral and timber rights, goodwill, leasehold interests and depreciable assets written off for tax purposes over a very short period of time) losses would be fully deductible.

I could go on to talk about the principal residence, but generally there is to a limited extent compliance with the recommendation of the committee. I say to a limited extent because there are some restrictions regarding ownership of a principal residence and the period of occupancy. If it is occupied only part of the time, then any capital gain is allotted between the period of residence and the period it is a revenue property.

The Deputy Chairman: Order, please. Again I ask the co-operation of hon. members. It is very difficult for the Chair to hear what the hon. member for Edmonton West has to say, and I am sure other members have the same problem. With all due respect, I think he should be given a chance to complete his remarks. Although we are getting close to ten o'clock I think the committee wants to hear what the hon. member has to say.

Mr. Lambert (Edmonton West): Mr. Chairman, I want to finish on this point about principal residence which we will deal with when we come to the sections concerned. The point is not free from difficulty. Particularly in the case of farmland there is the question of the allocation of any so-called capital gain when there has been a forced realization, such as expropriation of the property.

While on the subject of farmlands, I think the minister left the question of valuation in a quite unsatisfactory position. The options that are open to a farmer require a valuation one way or the other, it does not matter which. If he is going to claim an exemption on the disposition of the property for the principal residence and one acre of land, or perhaps a little more, according to the amount required for the proper enjoyment of the property, there still has to be a valuation of the farm and of the residence. If, on the other hand, he wishes to avail himself of the \$1,000 a year allowance for the period he the taxpayer has occupied the farm, then a valuation must still be made at the beginning in order to enable him to determine which option to take.

There is one glaring deficiency in this \$1,000 a year provision which I pointed out this afternoon. I hope the minister will explain to the committee why this arbitrary amount of \$1,000 a year was fixed, because it applies to the 80-acre farm as much as to the 2,500-acre farm. The larger and more valuable farms, for example in western Canada, will be penalized under this formula. Quite frankly, a lot of the answers given the hon. member for Saskatoon-Biggar and the hon. member for Mackenzie are derived from a strictly urban-oriented philosophy with no understanding whatever of rural problems.

• (9:50 p.m.)

The advisers to the minister in this regard have what the hon. member for Crowfoot has said is tunnel vision in respect of this problem. They just cannot see some of the values from an urban point of view as compared with the view of the majority of members of this House who are urban oriented. They just do not have a clue, yet they