

Mr. Mackenzie King—

—Gentlemen, it has been moved that the conference adjourn *sine die*. All those in favour of the motion will please say "aye".

Some hon. Gentlemen: Aye.

The Chairman: Those opposed please say "nay". (No replies).

The Chairman: I declare the motion carried unanimously.

That is where it ended and that is where it is buried without trace and you present will be able to make up your minds who scuttled that conference. I would like to say that if the hon. gentleman cares to follow through the records he will see that I had the temerity to say this to Mr. King while he was still in this house and still prime minister and if the hon. member thinks he can draw any comfort from examining what Mr. King said at the time he is welcome to do so.

There is one other thing I want to say. I can understand why hon. gentlemen opposite do not feel very comfortable at the moment. Why would they feel comfortable? They are going to have to take the most unpalatable dose they have taken yet when they vote for this legislation because they are going to know that the provincial premiers are not much interested in all the loud noises we have heard here. What they are interested in is that they are getting large sums of money to help them in preparing their budgets.

Mr. Sinclair: Not as much as they expected.

Mr. Macdonnell: I want to say one third thing. After the sneers which lesser people have tried to level at the Minister of Finance, I want to say this. The Minister of Finance is not an unknown man in this house. He has been here 12 years. I defy anyone in this house who has been here over those years to deny that he has built up over those years a reputation for accuracy.

An hon. Member: For inaccuracy.

Mr. Macdonnell: No, for accuracy; for knowing what he was talking about. Everybody who was in this house over those years and who is honest with himself knows that is true.

The Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

Resolution reported and concurred in.

Mr. Fleming thereupon moved for leave to introduce Bill No. 247, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Motion agreed to and bill read the first time.

Canada-Australia Income Tax Agreement

Mr. Speaker: When shall the said bill be read a second time?

Some hon. Members: Now.

Mr. Sinclair: Next sitting.

INCOME TAX

AGREEMENT BETWEEN CANADA AND AUSTRALIA FOR THE AVOIDANCE OF DOUBLE TAXATION

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. 170, to implement an agreement between Canada and Australia for the avoidance of double taxation with respect to income tax.

He said: Mr. Speaker, the purpose of this bill is to give legal effect in Canada to the agreement which, as a result of negotiations and subsequent exchanges, has been reached between the government of Canada and the government of Australia for the avoidance of double taxation of income. This agreement was signed at Mont Tremblant on October 1, 1957.

The provisions of this agreement are similar in their general effect to those contained in the agreements which Canada has made with the United States, the United Kingdom, Sweden, New Zealand, Ireland, Denmark, Germany, South Africa and The Netherlands.

Double taxation is to be avoided mainly by means of reciprocal tax credits according to which the country of residence gives credit for the tax imposed by the country in which the income has its source.

The extent of possible double taxation is also reduced by a reduction or binding of the rates of withholding taxes imposed at the source on certain income going abroad. On dividends the Australian rates are reduced from a maximum of 40 per cent to 15 per cent while the Canadian rate remains at 15 per cent.

As in the other agreements, taxation of the trading profits of an enterprise is limited to those profits attributable to the permanent establishment of such an enterprise. Thus, casual profits earned by companies in selling goods in a country where they have no fixed place of business are not taxed by that country. Similarly, certain specific provisions restrict the taxation of profits from the operation of ships and aircraft to the country of residence of the operator and the taxation of the remuneration of exchange teachers to the country of their normal residence.

The agreement also provides for the exchange of information upon request.

The agreement is effective, for Canadian tax, commencing with the taxation year in which the agreement comes into force, and