

The Assistant Deputy Chairman: When the committee rose on Thursday, November 1, 1979, clause 66 of the bill was under consideration.

On clause 66—

Mr. Rae: Mr. Chairman, there were a number of questions I had asked of the parliamentary secretary and the Minister of Finance yesterday. Before I invite them to reply I would like to clear up one figure I gave yesterday concerning the five majors. My calculations for the third quarter of 1979 indicate that the effective rate of taxation for all chartered banks was 10.4 per cent, and my calculations show that the rate of taxation for the five major chartered banks for that period was approximately 13 per cent.

I should just like to sum up in order to remind the parliamentary secretary of what I was trying to ask him yesterday. First of all, could he explain the way in which these income debentures work and the implications to revenue of the change to close the loophole or revise the tax treatment in respect of income debentures? Could he also explain why it is that, once the loophole was closed last November, the effective rate of taxation went down to the extent it has from, as the parliamentary secretary and I agreed yesterday, about 50 per cent in 1974 to 13 per cent or thereabouts this quarter? I think we are entitled to an explanation as to how long the government thinks this situation will continue before the effective rate of taxation goes back up to 50 per cent.

I see the Minister of Finance present in the committee. I wonder if he could tell us whether he is considering any supplementary measures to bring that effective rate of tax up to 50 per cent if the present effective tax rate continues for a long period of time?

With those four questions I will leave it for the parliamentary secretary to answer. I think the facts at the moment speak very loudly of the need for an explanation of how this financing mechanism is working and how it resulted in such a low effective rate of taxation. Once the loophole was closed in November, 1978, how is it that the effective rate of taxation for banks still remains as low as it is? How long does the minister think this will continue and, if it is going to continue, is it the intention of the government to bring in supplementary measures to raise the level of taxation on banks up to the previous 46 per cent or 50 per cent level?

● (1240)

Mr. Crosbie: Mr. Chairman, before the parliamentary secretary gives an answer to the question, I would like to say a few words. I want to thank my parliamentary secretary for the great job he has performed while I have been away. Yesterday I was away, and when I arrived back at the Centre Block at 4.45, I switched on the television to the House of Commons debates. All of a sudden an apparition rushed into the chamber in the form of the hon. member for Thunder Bay-Atikokan, who came into the chamber saying that shocking events had occurred, that I was not in the House, that the House of Commons finance committee was downstairs meeting on sup-

plementary estimates and neither I nor my parliamentary secretary were present. He gave the impression that every convention was being violated from *habeas corpus* right on up.

I would like to explain to the House that the finance committee had been informed that I could not appear on Thursday afternoon as I had a commitment, entered into several months ago, to speak to the Empire Club in Toronto, that I would be back later Thursday afternoon and that my parliamentary secretary would be tied up in the House in Committee of the Whole on this tax legislation. Since neither of us could appear, we assumed that some other minister would be called to deal with his supplementary estimates.

We were advised at 12 noon on Thursday that the committee wanted to go ahead with the supplementary estimates of the Department of Finance. We therefore arranged to have officials from my department go to committee to answer questions on supplementary estimates, and, in any event, all that can be asked on supplementary estimates are questions on those very estimates. It was at the request of the committee that they went ahead on supplementary estimates.

The position I am in relates to the legislation before this House. The Borrowing Authority Act has been here, and we are now on the Income Tax Act amendments. Next is the Customs Act amendments, then the Excise Tax Act amendments, all of which are from the last budget. There is also the municipal grants legislation, the Bretton-Woods amendments, the Bank Act and the legislation on tax equalization from the last Parliament to be dealt with. There is our own new legislation on the mortgage tax credit. I am hoping to have a budget ready before the end of November to bring before the House, following which, of course, we will have the resultant legislation.

The legislative program for the House for the next two or three weeks is almost all of a financial nature and dealing with my department. There is no physical way that I can be in the House, the committee, attend cabinet meetings or cabinet committee meetings and prepare for the upcoming budget; obviously, I cannot be everywhere at once, and, as I understand it, that is the purpose of the parliamentary secretaries.

Mr. Rae: You should be cloned.

Mr. Crosbie: I happen to have a first-class parliamentary assistant, and his job is to assist the minister in the House, which I am certainly intending to ask of him. I would ask hon. members to play the game, as we did in the past. We never insisted that the Minister of Finance had to be before the House all the time. My predecessor would introduce a bill and that would be the last time we would see him, usually until the matter was concluded, because his parliamentary assistant would carry on. I ask hon. members to understand that for the next three or four weeks there is simply no way that I can be here all the time, and my parliamentary assistant will be representing me.

For example, this afternoon I have a meeting to attend on my upcoming budget, otherwise there will be no budget. I