

Supply—National Revenue

The Chairman: And possibly under finance. In any event I would not want to make a ruling in advance.

Mr. Smith (Calgary South): I wonder whether I could make a comment with the consent of the hon. member.

Mr. Hardie: On a point of order, I want to accept the ruling of the chairman that this is not the time to enter into such a discussion, a discussion that would add to the happiness and welfare of those people who have had so much to say about the northern vision. I accept the chairman's ruling that this is not the time for such a discussion.

Mr. Fisher: Mr. Chairman, I obviously gave the wrong emphasis in the remarks I made about the question of lawyers outside the government service being called in to handle income tax appeal cases with the result that such cases pass out of the hands of the lawyers of the department. I think we all know that patronage in connection with legal appointments exists. I do not think the minister is so naive or would expect me to be so naive as to think it does not. I can give him examples in the appointment of lawyers to handle real estate dealings under Central Mortgage and Housing Corporation. I have collected such examples for several constituencies, and it is obvious that a lawyer has to be an open supporter of the government if he is going to get such an appointment. I obviously gave the wrong emphasis. What I was interested in was whether the system of using outside lawyers is by far the best or much better than using the legal staff of the department to carry on these cases.

In his reply the minister indicated that he felt it would be impossible for the poor over-worked lawyers of his department to carry on these appeals and we accept his word for that. However, if the minister doubts the information I have put before him I should like to say that I too can doubt information but on the other hand may I suggest that this would be a most unlikely type of thing to be put before me if it had not been done by someone who at one time worked for and was familiar with the department.

The other point is that in challenging anyone to produce his source of information the minister must be aware that one is most unlikely to be in a position to do this. I make no apologies for not giving the source. I do not think it would add any additional validity, but I think the matter I have referred to remains as an insight into how these matters are conducted. Perhaps it is a wrong one. The minister certainly seemed to indicate that he thought it was a wrong one. The only way I can follow up this matter is by putting questions on the order paper.

I will have to do that and obtain from the department details as to how many lawyers have been hired over the years, how many cases they have handled and what their fees have been. We will also know something then of the identity of these people. As a result, next year I will be in a much better position to present an argument to the minister on this point.

Mr. Smith (Calgary South): The minister made a very comprehensive reply to two of the three questions I put to him. I am sure he did not deal with the third one because he had such a variety to answer that it was not possible to remember them all. However, I would ask for his comments with respect to the suggestion of his department providing advance tax rulings for those individuals or corporate bodies who engage in venture or risk undertakings. There are a great many people involved in the development of our resources who are hesitant as to the extent to which they should use their capital because they have some doubt in their minds as to their tax position. This only tends to discourage the development of these resources by Canadians.

I know the committee is well aware of the fact that this is a practice which is followed in the United States. I realize also that the minister has some misgivings about it in that it would require a substantial additional body of assessors and that it would also disrupt certain procedures which are currently followed. The minister is quite right in saying he did give me a memorandum which, unfortunately, as chairman of the committee I could not submit to the committee because it was received after the committee had completed its hearings.

As I recall, in this memorandum the minister said some consideration is being given currently to this problem and stressed the difficulty in staffing such an operation. However, I do impress upon him the need for a very clear definition of what is taxable income and what is capital gain and, in particular, when any of these companies are in a position to bring a situation to his department which does involve extreme risk in my view it would be helpful if the taxpayers were in a position to know exactly where they stood with the department rather than having to complete the undertaking and then proceed without a clear understanding of their tax position. I wonder if the minister would comment on this particular aspect of my question.

The Chairman: Shall this vote carry?

Mr. Hardie: Not until after the minister has commented on the statement just made.