

Income Tax Act

ing the Canada Council, Mr. Crompton has received honoraria and expenses in the total amount of \$725.50 as a consultant, to assist in the completion of certain projects (unrelated to his firm) with which he had been familiar as general manager of the touring office.

OLD AGE SECURITY BENEFITS

Question No. 1,702—**Mr. Herbert:**

Has consideration been given to making optional the receipt of old age pension benefits for persons between the age of 65 and 70 and, if so, what are the financial implications?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Provision exists now for delaying the date of receipt of Old Age Security as qualified persons can apply to receive the pension at anytime after the age of 65. Payments can be retroactive for a period of 12 months only. Persons who are eligible for a partial OAS pension may actually increase their potential OAS benefits by delaying application. This is already being done on an optional basis.

[Translation]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Madam Speaker: Pursuant to Standing Order 54, I do now leave the chair for the House to go into Committee of the Whole.

● (1540)

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, January 26, consideration in Committee of the Whole of Bill C-54, an act to amend the statute law relating to income tax—Mr. MacEachen—Mr. Francis in the chair.

On Clause 1—

The Chairman: When the committee rose last evening Clause 1 of the bill was under consideration and the hon. member for Peterborough had the floor.

Mr. Domm: Mr. Chairman, I shall be addressing my remarks on the bill before us in regard to income tax, to the Minister of Finance. In the three or four minutes before adjournment last night I prefaced my remarks with an expres-

sion of the concern the people of Canada have about the direction the government is taking, through the implementation of legislation in this House, that is adversely affecting the business community in Peterborough and other areas of the country.

The Income Tax Act shows a lack of concern on the part of the government for some of the promises and commitments it made in the last election campaign. In this bill we had looked forward to changes that would bring about a positive direction in addressing the needs of the small business community, those entrepreneurs of Canada who contribute 28 per cent of the gross national product of this country. What I am suspicious about is that the government's policies on energy and finance as reflected in the income tax legislation are searching for the means to derive income to offset its excessive expenditures.

In the last election campaign the Liberal government committed itself to holding down growth in the public sector, in the civil service to a point that would not exceed the growth in the gross national product. It has betrayed that election commitment. It has sat idly and watched the cost of government soar above 12½ per cent in its short time in office, while the gross national product has only increased to something in excess of 11 per cent. That leaves the government with no alternative but to look to income taxes, corporation taxes and other means of levying these charges against the areas of our country that are moving gradually from a free enterprise system into a more socialistic form of government, with the emphasis on public ownership. This can only lead to disaster.

This government is so inconsiderate, as I pointed out last night, with its 3 per cent inventory allowance to the small business community that it has not taken into consideration that when this provision which appears on page 28 of the bill, was first conceived by the government the inflation rate was 6 or 7 per cent and interest rates were perhaps 11, 12 or 13 per cent. Since then, and since the budget three short months ago, interest rates have increased 39 per cent, and the dollar today is at its lowest level in 47 years. We all optimistically looked to the government to introduce measures in income tax legislation that would offer some relief to the business community to cover the high cost of inventory.

Another area of concern affecting the business community appears on page 33 of the bill in the clause which relates to cash accounting. Farmers have always been able to show as income in any given year only the amount of dollars that they received. That has now been extended to the fishing communities as well. I say to hon. members opposite that if they were sincere in the commitment made in the last election campaign to the small business people of Canada, that cash accounting clause would be extended to cover all entrepreneurs in Canada so that they would not be required to pay corporation or business taxes on sales in December at the end of their calendar year, on money that might not be received until well into the new year. In other words, businesses would not be required, as fishermen and farmers are not, to pay income tax until the cash was received. The government could have shown some compassion or concern about the lack of cash flow in the