

Mr. Stevens: Mr. Chairman, I am not satisfied with the explanation. I am trying to make the point that I think it would be preferable, be it subsidization of private schools or not, that the bill allow this type of accommodation for expenditure on education of the child of an employee in Canada as opposed to deliberately wording it to force the child, if the parent wants to get the benefit of this section, to be educated in some perhaps inadequate school simply because it happens to be the closest to where he is working.

In subclause (2), Mr. Chairman, I am not familiar with the \$25,000 level referred to there. Could we have an explanation of this?

Mr. Turner (Ottawa-Carleton): It is because the benefit is not conferred if the employee reimburses.

Mr. Nystrom: Mr. Chairman, the hon. member for York-Simcoe covered quite a bit of the ground that I was concerned about, but I wonder if the minister could give the revenue implications of the different measures, clause by clause, and the numbers of people who may be affected and so on.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, the hon. member for York-Simcoe put that question to me as well, but it is impossible to do it on every clause. It is impossible to know how many people are going to take advantage of the provisions. We are dealing with an equitable tax system. The total revenues and total expenditures affected by the budget, and against which this bill operates, are contained in the budgetary papers in a good deal of detail.

Mr. Nystrom: What is meant by child in clause 1? There is no reference to age. Can that mean someone who is 18 years old attending university?

Mr. Turner (Ottawa-Carleton): That is defined in the statute itself.

Mr. Nystrom: Then a person going to university could qualify as long as he was a child?

Mr. Turner (Ottawa-Carleton): The answer is yes, but I would refer the hon. member to the definition in the statute itself. This is amendment, and most of the definitions are already contained in the statute.

Mr. Jones: Mr. Chairman, the minister says this is a reasonable clause, but I should like to know how he proposes to administer and police it. How do we determine primary language? It is not defined anywhere. How do we determine what is the closest school? This is not defined either. I have a feeling we will be sending the RCMP and members of the Department of National Revenue all over the country and, if it extends outside the country, then to the rest of the world in order to determine where is the closest school. There are serious implications as far as policing and administration are concerned.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we operate under a voluntary self-assessment system which is checked on a spot check basis by auditors of the Department of National Revenue. Our whole system is based on

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that voluntary self-assessment, and we take it for granted that the ordinary taxpayer will do his best to assess himself in accordance with the tax forms reflecting the law. How is the definition of language satisfied here? The clause says:

... the language primarily used for instruction is the official language of Canada ...

That is either French or English.

... primarily used by the employee ...

The employee declares which is the language he primarily uses, and the Department of National Revenue would accept that. This was primarily introduced for those sections of Canada where an employee of one language works in an area where the other language is predominant—perhaps in some areas of Quebec where French is predominant and there is an English employee working in a company, or an area in the north of Canada where there are French speaking Canadians working and not many schools of French instruction. We felt it was proper to allow the revenue to carry that particular situation.

Mr. Ritchie: I presume this refers to a contract between employer and employee. The employer is not going to give any money unless it is necessary, so why the restriction? It would seem to me that it is only when an employer finds it difficult to get an employee to work for him that he feels it necessary to make this arrangement. If it is part of the contract, then why should it be allowed?

Mr. Turner (Ottawa-Carleton): If this is part of the contract and an employer feels it is just, or the employee makes it a term of the contract that he be paid a sufficient amount of money to educate his child at the closest school in his own language and the employer pays that, then if this amendment were not introduced that allowance would be taxable in the hands of the employee. This amendment renders it a non-taxable benefit.

Mr. Wenman: Mr. Chairman, in view of the increasing cost of education and the serious impact of this on families, is the minister considering increasing the exemption for dependent children, and more specifically for child care? Since the minister has apparently been talking in terms of the cost of living, has he also considered increasing this exemption?

Mr. Turner (Ottawa-Carleton): Some of the exemptions are already indexed, Mr. Chairman. Any extension of that system would be a budgetary matter on which I would not like to comment.

Dealing with the question of the hon. member for Yorkton-Melville, the relevant sections for the definition are 252 and 70 of the Income Tax Act.

● (1540)

Mr. Johnston: Mr. Chairman, on reading this clause of the bill, I was struck by what I consider a serious omission. The matter I am about to raise was brought to my attention by a constituent whose wife and two sons were killed in an automobile accident, and who gave up his job in order to raise and educate his remaining daughter. He can do this because he saved money earlier in his life. Owing to inflationary pressures he finds it increasingly