

Income Tax Act

a year allowance provided in the act for the years of occupancy applies whether it is an 80 acre farm or a 2,500 acre farm. Regardless of the size or the value of the land, this \$1,000 allowance is an across the board exemption. This is wrong. Therefore, I move:

That paragraph (b) of section 3 as set forth in clause 1 of the said bill be amended by inserting in lines 15 and 21 on page 2, immediately after the word "property" in each said line, the following:

"other than land used in farming as defined in this Act and"

[Translation]

Mr. Lambert (Edmonton West): Mr. Speaker, I apologize for not having had the opportunity of translating it, but I think that the French-speaking members have understood what I said.

[English]

The Chairman: The Chair might ask the advice of the committee. I was under the impression we had before us sections 38 to 55 inclusive and then section 3. If the Chair is in error, I ask the advice of hon. members. My information is that we are dealing in accordance with the statement of the President of the Privy Council, with sections 38 to 55 and then section 3. We can certainly change this in accordance with the wishes of hon. members.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I think the understanding is that we have before us at this time sections 38 to 55 inclusive and the other group that begins with section 3 and ends with section 111. The understanding is that the Chair having called section 38, we are dealing with all these sections including section 3, 111 and so on and that we handle them in the same way we have handled the other groups of sections. The only difference between what Your Honour has said and what I think is our understanding is that what we have here is not two separate groups, but one group consisting of sections 38 to 55 inclusive and the group that consists of sections 3, 71, 73, 85, 87, 88, 89, 96 and 111.

Mr. Lambert (Edmonton West): Frankly, Mr. Chairman, this disposition with regard to grouping had its origin with me. Section 3 was specifically exempted from an earlier discussion because, as I indicated, section 3 is the section that first sets out capital gains. Section 38 starts in with the specifics. I ask Your Honour to look at section 3 which appears at page 2. Line 12 reads:

(i) the aggregate of his taxable capital gains for the year from dispositions of property other than listed personal property, and his taxable net gain for the year from dispositions of listed personal property.

For that reason, I have moved to exempt farm property as defined. The definition of farming appears in section 248. We will then be squarely on target, because I cannot put this amendment with regard to section 38.

• (3.30 p.m.)

The Chairman: The Chair understands precisely. It was just in order that there might be no misunderstanding at a later date. The committee has heard the hon. member for Winnipeg North Centre and the hon. member for Edmonton West, so we can proceed on that basis.

The question the Chair must resolve, however, is an immediate one. It is the acceptability from a procedural standpoint of the amendment of the hon. member for

[Mr. Lambert (Edmonton West).]

Edmonton West. It does seem that if this amendment were accepted I would be permitting a private member to do something which lies within the prerogative of the Crown, that is, to take a financial initiative. The hon. member might be able to dissuade me from this view; I am merely making an initial observation and I shall invite assistance from the committee. However, it does seem to me that if farmland is made exempt, revenue with respect to capital gains would be lost to the Crown, there having been a shifting of the incidence of taxation. Possibly hon. members can assist me on that point.

Mr. Lambert (Edmonton West): Yes, Your Honour. I put it to you that any possible amendment, according to the interpretation you have suggested, must result in a shifting of the incidence of taxation. But no quantum of tax has been fixed with regard to farmland. No quantum has been fixed in this particular area. It is proposed in a general statute that there shall be a tax levied five years hence, but, with the greatest respect, what incidence of taxation is there? There is no special amount which is to be raised. It seems to me incidence of taxation relates to a quantum of money which is to be raised by the government by certain means in certain circumstances. We are now considering an event in the future. There are no revenues which are projected from this particular source, nor will there be in the future. I put it to Your Honour that in these circumstances if we follow your argument, no amendment was possible with regard, for example, to the child care allowance. To vary the statutory age limit from 21 to 18 would have meant increasing the scope of child care allowance, thus resulting in a shift in the incidence of taxation. Then again, as I recall it, an administrative change was made, without any accompanying resolution on the part of the Crown, with regard to the transfer of property in trust for minors.

This matter was discussed on Wednesday afternoon last. A change was made in the age, from 19 to 18. It may be we shall see further changes with regard to the age as a result of discussions which have taken place. If the suggestion which Your Honour has made is adhered to, then, as I understand it, outside of crossing a "t" or dotting an "i" or the substitution of one word for another so as to better express an idea, an ordinary member has no possibility of proposing changes to a statute of this type, and this I cannot accept.

We are not proposing tax increases. It is said I have introduced proposals for tax reductions. I have. This is, I agree, a proposal for a general tax reduction covering farm lands. But it does not disturb the incidence of taxation in any way. I am working within the confines of that act. I am not enlarging the scope of farming as defined in the legislation. Farming remains as defined in the act—a definition which covers even beekeeping. Had I proposed amendments to the definition clause, had I, for instance, sought to enlarge the scope to cover, say, trout farming or pheasant farming or some type of farming which is not included in the present definition, Your Honour would doubtless feel constrained by the limitations he has indicated to rule that the amendment was out of order as being beyond the scope of an hon. member who is not a member of the government.