

Income Tax Act

poses and changes the definition of capital employed so that there can no longer be a deduction allowed for unproductive assets, that is assets not required for purposes of the business.

• (4:30 p.m.)

The bill subjects shareholders to a tax on their share of the deemed dividend which would result if a co-operative redeemed or acquired any of its common shares or reduced its common stock. Under the existing act, shareholders of a co-operative are specifically exempt from tax under such circumstances.

The bill withdraws the present exemption from taxation of moneys received from provincial grants. I think this should be checked out with the departments responsible for the encouragement of co-operative movements for that aspect of the law, which is clearly property and civil rights, falls within the responsibility of provincial governments.

The plea I make today is for small co-operatives. The definitions of co-operatives should be redrawn so that a distinction can be made between big business co-operatives, which need little or no protection, and small co-operatives which public policy has long sought to encourage. There is a curious bit of irony about the changes that the government plans for the co-operative and credit union movements in that one of the senior members of cabinet, the President of the Privy Council (Mr. MacEachen) is a distinguished alumnus of and a former professor at the University of St. Francis Xavier. Of all universities in the country, this one had much to do with the development and evolution of the co-operative movement. The irony is that the Secretary of State for External Affairs (Mr. Sharp), through his CIDA program, the Colombo Plan and others, helps to bring students here from other countries in order to continue their education. St. Francis Xavier University receives many of these students and assists them to study the development of co-operatives and to translate the results of their studies into methods for helping developing countries. That is one aspect of a better policy but, on the other hand, the indigenous or national movement in Canada is being seriously frustrated by the government's so-called reform in this area.

I shall end this part of my speech, Mr. Speaker, by saying there is no doubt at all that it is the Members of Parliament who will hear, first hand, about the unease across the country felt by credit unions and co-operatives about this aspect of the government's bill. I hope the minister will yield to the pressures—and they are proper pressures—from those of us who see in the co-operative movement a self-help program worthy of every bit of encouragement.

Farmers and fishermen will be more heavily taxed under this bill than they are today. This flat assertion is not loosely tossed into the debate to try to win friends from the agricultural or fishing community. Rather I make the statement based upon the way the bill proposes to treat income gained from farming and fishing, bringing these vocations more into line with the tax treatment of other businesses. But are they like other businesses? What is the government's philosophy about the future of the small or family farm? This is no plea for some bucolic past when everything was fine down on the farm. Those

days are gone and I suppose most farmers are glad that they are. Rather it is a plea for the efficient yet small family unit which is operated not only as a way of making a living but which is a way of life. Is this act but one more weapon in the hands of the government to deal yet another blow to the individual farmer? Have the long range policy implications of this bill been thought through by officials of the Department of Agriculture and the Department of Regional Economic Expansion, to mention but two? Or is it specialist legislation considered in the antiseptic corridors and offices of the Departments of Finance and National Revenue?

One of the pleas made by the former minister of communications, the hon. member for Duvernay (Mr. Kierans), is a thoughtful criticism of the government evolution of policy. I think I paraphrase him correctly as saying power is developed in somewhat of an isolated manner, department by department, without any over-all concern about policy implications or how policy decisions will react in other departments. I believe that as far as the farmers and fishermen are concerned, the departments that should have had most to say about the policy implications of the tax changes were not very much part of the planning of this legislation. If this is not an accurate assessment of the situation I hope someone from the government side will set me right.

The last of the four points I wish to discuss today, Mr. Speaker, is child care expenses. Here, I think the relative committee did a workmanlike job. It is an example of what good sense often comes from parliamentary committees when they consider some abstract legislation. After all, Members of Parliament should be close to what might be called the real difficulties facing people in their daily lives. If I had the time, and if members cared, I could expand my remarks into a discourse about the Member of Parliament because I feel he becomes increasingly important as government becomes increasingly depersonalized and its policies dehumanized. But nobody is interested in that on a Monday afternoon, Mr. Speaker, and this debate is on a more precise topic.

There is to be a deduction for child care expenses of up to \$500 for each child under age 14, with a maximum of \$2,000 per family. This is in addition to the general deduction for children as dependants and will normally be claimed by the mother. A deduction is to be permitted for expenses of caring for a child over age 14 and who is dependent because of mental or physical infirmity. I hope that deduction can be claimed whether the child is cared for in this country or in special schools in the United States or other countries. It is my understanding that this is not now the case, and it is a serious fault in the legislation. The deduction may be taken by the father if he is a widower, or divorced or separated. He may also take the deduction if the mother is incapable of caring for herself or children, or if she is confined for 14 days or more to a bed, wheelchair, hospital, mental hospital or prison. For such periods, the father's deduction is to be limited to a maximum of \$15 per week for each child to a total of \$60 per week, subject to the over-all limitations of \$500 per child or \$2,000 per family.

Qualified child care expenses include babysitting costs, day nursery care, and up to \$15 a week, not exceeding \$500 a year, toward lodging paid at schools and camps.