

Income Tax Act

An hon. Member: He is here.

Mr. Friesen: He is here? I am sure he is listening to everything he can.

An hon. Member: With both ears.

An hon. Member: Pursed lips.

An hon. Member: And open arms.

Mr. Friesen: I know the Minister of Finance wants to talk about clause 1 and I thought that once in a while we should refer to it.

Mr. Lumley: Hear, hear! After three hours.

Mr. Friesen: I do not want to disappoint the hon. member completely, but I would like to make passing reference to clause 1. If the parliamentary secretary will notice, it has reference to a person at, and I quote:

—a special work site at which the duties performed by him were of a temporary nature and from which, by reason of distance from the place where he maintained a self-contained domestic establishment (in this subsection referred to as his "ordinary place of residence") in which he resided and actually supported a spouse or a person dependent upon him for support and connected with him by blood relationship, marriage or adoption, he could not reasonably be expected to return daily to his ordinary place of residence,

● (2052)

An hon. Member: Ask them what it means.

Mr. Friesen: I do not know whether they could tell us. But there is one group of people who would fit this description and who have faced the wrath of the income tax department every year. They are the truck drivers. Truck drivers are now expected to save every little receipt they get in the local coffee shops as they drive across the country. And if they exceed \$9 they can get, maybe, a \$12 or \$15 deduction on expenses. I can just see every truck driver having a little filing cabinet in his cab in which to keep receipts from coffee shops. There are really some ridiculous connotations for truck drivers. The government are expecting truck drivers to save all receipts, but civil servants travelling across the country get \$25 per diem. Somehow truck drivers are expected to save as much as possible, but members of parliament, members of the Senate and bureaucrats should spend as much as possible. It doesn't add up. It savours of discrimination.

It is one thing to drive in your local community where expenses are commensurate with the area, but what if you are a truck driver moving into, say, northern British Columbia or the Yukon or the Territories. You cannot always stop at a local greasy spoon to save money. Meals cost a great deal of money in those areas. We are asking these truck drivers to save receipts, and the implication seems to be that they are going to eat too much and live too high, possibly at the expense of some loss of revenue to the government.

I turn to another aspect which has come to my attention because I have a large number of employees of airlines in my constituency who are beginning to write to me on this subject.

[Mr. Friesen.]

The government seems to have a plan to put a tax on the airline passes given by the airlines to employees. I suggest to the Minister of Finance that here he is getting into dangerous territory.

I have already asked the Minister of National Revenue by letter how far he proposes to go with such a policy. How far is he willing to go in taxing these proposed perks? Does he propose to concern himself with every store clerk in Canada who gets a 10 per cent reduction on every piece of merchandise bought for personal use from department stores and other places where they work? Does he propose to estimate how much they save in a year and put a tax on it? Take one example which I brought to the attention of the Minister of National Revenue. Suppose, for example, you are a medical doctor and your wife is about to have a baby and one of your colleagues delivered the baby without charging a fee because he was a personal friend. Is it intended to impose a tax on that saving?

Then there is the position of the voluntary firefighter across Canada. For the past ten years or so they have been able to claim a tax deduction of \$300 a year. Numbers of us have written to the Minister of Finance saying it is time for an adjustment to be made to bring the tax more into line with current realities. But the minister says he does not think so.

These are just a few items which occur to me, items which need amendment or further consideration. In so many of these respects the taxation policy is not only contradictory but is setting dangerous precedents and inviting habits among the taxpaying public which may be regretted in the future. It is inviting people to try to get as much as they can out of the treasury and to cheat on their taxes because there is so little over after the demands of oppressive taxation have been met.

All that is by way of introduction. I will be back later.

Mr. Huntington: Mr. Chairman, when you intervened to tell me my time had expired I was talking about the value of the new incentive for industrial research and development. I was drawing attention to the fact that research and development performed by industry in 1977 cost \$846.4 million, and if you subtract the federal grant component amounting to \$214.8 million the net value of research and development funded by industry is \$631.8 million.

The minister in his budget speech mentioned R and D costs at the level of 20 cents on the dollar. But if you look at the rate of growth of research and development you will find that from 1971 to 1975 the rate of growth was 10.3 per cent per annum, which in real terms only matched inflation. It was a no-growth situation in terms of constant dollars.

If you look at the value of the new incentive for 1978 at 20 cents cost per dollar invested in research, and you take the \$631.6 million research funded by industry at a growth rate of 10.3 per cent at 20 cents on the dollar, you arrive at a figure of \$13 million. Yet the Minister of Finance in his budget address stated that, according to his estimate, in the initial years the reduction in federal revenue would be about \$50 million a