

Corporate Affairs to make sure that these builders have passed on to purchasers the reduction in the sales tax. That indicates the confidence that the government has with regard to builders. The builders never passed it on with regard to land and they will not pass it on with regard to building materials. When I hear the hon. member for York-Simcoe pleading for the developers and trying to make a distinction between the large developers and the small developers, it makes me laugh.

● (1510)

Mr. Stevens: Mr. Chairman, as I indicated earlier, I would like to make some progress here. If it is the will of the committee of the whole, perhaps we could stand this entire clause. Before doing so, it may be helpful if the minister could clarify two points. I wonder if he can tell us what his estimated revenue from this tax will be; and second, does he agree that in the case of an apartment developer this tax is something which the apartment developer will have to live with and will have to include in his over-all cost of the rental accommodation until such time as he may resell the property? In short, most apartment developments are built and rented, the net result being that this cost is something the developer cannot recover other than out of rent, and this cost will be instrumental in increasing that rental level due to the fact that the tax must be covered by the apartment developer in some way.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, the estimate on the revenue was set forth in the budget speech and in the documents at \$25 million.

Mr. Stevens: Mr. Chairman, can the minister answer my second question? Does he agree that in the case of apartments this is a charge which will not be recoverable by the developer until he actually sells the apartment building? In the meantime, presumably, it is going to have to be covered out of additional rent.

Mr. Turner (Ottawa-Carleton): The hon. member is right when he says that the charge is only recoverable as an additional charge; but that is only one of the costs calculated in rent, and setting rent is a complicated business, as the hon. gentleman and his friends know.

The Chairman: Shall clause 7 carry?

Some hon. Members: Stand.

Mr. Turner (Ottawa-Carleton): Stand clause 7, Mr. Chairman, and perhaps we could move to clause 8.

The Chairman: Does the committee agree that clause 7 shall stand?

Some hon. Members: Agreed.

Clause 7 stands.

On clause 8.

Income Tax Act

Mr. Turner (Ottawa-Carleton): I have a minor technical amendment because of a typographical error, which adds the word "the" before the word "business" at line 4 on page 24. I therefore move:

That clause 8 of Bill C-49 be amended by striking out line 4 on page 24 and substituting the following:

"not carry on the business in Canada."

Mr. Knowles (Winnipeg North Centre): Are you sure it was typographical? They always blame the printer.

Mr. Stevens: Mr. Chairman, I was wondering if the minister could give a brief explanation as to why he felt it necessary in subclause (1) to change "receivable" to "due" in that, as I would understand those two words, receivable is certainly a more limiting concept than referring to something as being due.

Mr. Turner (Ottawa-Carleton): The use of the word "receivable" in the old section did not cover those receivables which, although due, were not actually received. The reserve is meant to be claimable for amounts which, although receivable by the vendor in the year, are not actually received until the subsequent year.

The Chairman: Order, please. I think that we should deal with the amendment first. Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

Clause 8, as amended, agreed to.

On clause 9.

Mr. Turner (Ottawa-Carleton): This whole clause is a consequential amendment anyway, but I have a technical and relieving amendment to the clause adding the words: "or the acquisition of property" in lines 27 to 29 on page 24. Without these words the interest expense on money borrowed to acquire resource property could not be added to the exploration and development expense account. Consequently a deduction is now available for this interest expense. I move:

That clause 9 of Bill C-49 be amended by striking out lines 27 to 29 on page 24 and substituting the following:

"purpose of exploration or development or the acquisition of property and the expenses incurred by him in respect of exploration or development or the acquisition of property."

Mr. Lambert (Edmonton West): I am a little concerned, Mr. Chairman. Already the people in the business of oil development have expressed their feeling that there is going to be a difficulty. There is going to be a fuzziness because of the difficulty of determining exactly what is what. The minister is building up some problems for himself in determining the allocation of the cost. With the greatest respect, I ask the minister to stand this clause because I think it is one that we want to look at in the total picture of royalties and exploration and development expenses—the treatment of the oil and gas industry.

Mr. Turner (Ottawa-Carleton): I would agree with that. Would the hon. gentleman agree to pass the amendment to the clause?

Mr. Lambert (Edmonton West): Yes.