

has upon the mining industry. The hon. member for York West has received some doughty allies in this connection, and I should like to quote briefly from them. A meeting was recently held of the mining ministers of all the provinces. Wonderful to relate, they arrived at a unanimous view. There were no good boys or naughty boys at that meeting; they were all good in that they agreed. This is what they suggested:

It is recognized that mining is hazardous and speculative in all of its stages, and that a mine is a wasting asset. In order to encourage capital in the mining industry, it is fundamental that the income tax structure should be of such nature as to offer a reasonable prospect of return of capital.

That does not seem to be unreasonable—"a reasonable prospect of return of capital."

It is felt generally that the present depletion allowances are not sufficient to ensure a return of capital particularly in new ventures, and in fact, are having the effect of discouraging mining developments.

Therefore, the conference recommends that the rate of depletion allowances should be adjusted to conform with the principles set out above, and that immediate study be given this matter, in order to arrive at percentage allowances, both for companies and shareholders, which would be fair and equitable, for precious metal, base metal, coal and industrial mineral mines.

I suggest that with that unanimous view coming from all the provinces there is a splendid case where dominion-provincial relations could work harmoniously. It would need only one more consenting party to the nine which have consented already. Perhaps if there was success here it might take elsewhere; it might infect the others and lead to further successes.

I should like to say a word about tax administration. Sometimes the administration can be almost as important as the tax itself. If the law is clear, if it is known, if it is fair, and if it is speedy, that is an enormous help to business.

But none of those things are present here. The law is not known. It is buried in a mass, not only of statutes but of regulations which are not made publicly available in toto. The law is not clear. A lawyer added to a good accountant can hardly tell you what the law means. If it is fair, most people think the contrary; they think it is full of outrageous injustices. As for its being speedy, we all know of the terrible delays which go on and on and on. The truth is that business is being frustrated and discouraged and even enraged. Sometimes it thinks it is being despoiled. That is the situation we have at the moment.

[Mr. Macdonnell.]

I want it to be clear that I am not criticizing the officials who are in the unfortunate position of trying to administer this cumbersome legislation. The tools never were good and now they are worn out. The act is thirty years old. It was made in the horse and buggy days of income tax. It has never been properly revised. Amendment has been piled on amendment, with a sprinkling of provisos and counter-provisos thrown in. It was never made on a scientific basis; it is like Topsy, it "jest growed." It has become more and more contradictory as it goes on. It needs revision, and every year revision is delayed, revision will be that much harder.

There are so many defects in it that it is hard to know where to begin. First of all, there is the fact of over-centralization, which creates an enormous amount of delay. It means also that the local people are frustrated and not given a chance to do their best. Delays drag out so that companies carry unascertained liabilities for years. In the case of the paper companies I doubt if they have yet got a statement of their position after all these years. If they have, it is only just recently.

Then there is no procedure that is known and binding. The law is chock-full of discretions. I have analysed the discretions in the act. There are some ninety different discretions in the income tax act and twenty-six in the Excess Profits Tax Act. I have tried to indicate how perfectly fantastic many of these discretions are, and I should like to give the house an illustration. The discretions creep in in all kinds of ways, and you have to be very astute to find them. It takes a good lawyer to find them, because all kinds of words are used to introduce them.

We find nine references to "the opinion of the minister." There are twenty-one cases in which the minister has "power to determine." There are eleven cases where it is "in his discretion", and so on. I should like to give a short summary showing what these discretions produce. Really the results are almost fantastic—this is not too strong a word. I have summarized the results, and with your permission, sir, I will give them to the house.

The minister can decide that any expense incurred by a company is in excess of the expense that should have been incurred, and he can disallow the amount he decides is in excess. He can decide that a company has made a bad deal on the sale of bonds or the borrowing of money and that it should not have contracted to pay as high a rate of interest as it did, and he can disallow a proportion of the interest. He can decide that a company should be allowed no depreciation, or a