

Income Tax Act

The owners of chartered banks are the big shots of finance and the individuals who hold shares in them are practically forgotten. It is to these big financiers that the chartered banks which are commonly known today belong. Indeed, I do hope from the bottom of my heart that our caisses populaires and credit unions will some day be able, like chartered banks today, to create credit. Then you will see that these chartered banks will not have long to live.

● (1720)

[English]

The Acting Speaker (Mr. Turner (London East)): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner (London East)): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

An hon. Member: Six o'clock.

The Acting Speaker (Mr. Turner (London East)): The hour appointed for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At 5.22 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

AMENDMENTS RESPECTING TAX ON CORPORATE BORROWINGS, INCOME FROM MINERAL RESOURCES, AND PERSONAL INCOME

The House resumed consideration of the motion of Mr. Sharp (for the Minister of Finance) that Bill C-65, to amend the statute law relating to income tax, (No. 2), be read the second time referred to committee of the whole.

The Acting Speaker (Mrs. Morin): Order please. I must advise the House that if the minister speaks at this time he will close the debate.

Hon. Donald S. Macdonald (Minister of Finance): Madam Speaker, there is really very little I can add to the able presentation made this afternoon on behalf of the government. I would say, however, that since the bill was given first reading in the House a number of amendments have been suggested to the government which we have

[Mr. Gauthier (Roberval).]

agreed to accept. Therefore, when we go into the clause by clause study, my colleague, the Minister of Indian Affairs and Northern Development (Mr. Buchanan), will be glad to put these amendments on our behalf.

The Acting Speaker (Mrs. Morin): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mrs. Morin): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On division.

Motion agreed to, bill read the second time and the House went into committee thereon, Mrs. Morin in the chair.

On Clause 1.

Mr. Lambert (Edmonton West): Madam Chairman, I wish to ask the minister whether, with regard to the amendments in clause 1, subclauses (1) and (2), the comments of the resource producing provinces have been favourable. May I assume what his predecessor told me, that these amendments were being made as a result of negotiations between the Government of Canada and the province of Alberta and others in order to soften the impossible position taken by the two sides as the result of budgets last year?

Mr. Macdonald (Rosedale): Yes, Madam Chairman. I think it is fair to characterize the clause as put before the committee this evening as distilling the discussions and—agreement may be too strong a word—understanding arrived at as a result of several federal-provincial conferences. In effect the changes will not result in any very substantial diminution of provincial revenue, although the province has made it clear and has since announced certain changes in its own royalty system and its drilling incentive system, which will make for a more favourable regime within the province of Alberta in particular.

I suppose that putting this into its most meaningful context, looking at the new tax system and taking into account the royalty changes and the drilling incentives, at the very minimum, for the additional \$1.50 a barrel which the firms will get from drilling, they can expect a minimum of 28 cents. Assuming that they take full advantage of the exploration and development possibilities, of the \$1.50 the company can retain 71 cents. Therefore it does provide a very substantial incentive for a firm that is prepared to engage in exploration in Canada. As a corollary, for a firm that is not prepared to continue exploration in Canada it is rather a disincentive. I think it is fair to say in general terms that as a result of this amendment alone the provincial share of the revenue is no less. However, the province of Alberta has made certain decisions itself that will have shifted a number of percentage points from its own account into that of the corporations.

● (2010)

Clause agreed to.

On clause 2.