

Finance

publicly owned utility in his own province. Surely if a public utility charges rates which are not agreeable to my hon. friend, that is something being done by the public utility which is under the control of the province itself.

I therefore believe, Mr. Chairman, that this amendment should be rejected. I believe that it would compel the provinces to take action which, in their own wisdom, they might prefer not to take, as against action which might be as much in the interest of all the consumers of the gas or electricity being provided in that province as would be a reduction in rates.

Mr. Barnett: I find the argument advanced by the Minister of Finance to be most intriguing indeed because the only interpretation I can place upon his argument, if it is to have general validity, is that in effect he is advocating the complete abolition of taxes. Far from recognizing his argument, that in the absence of this legislation there is a weight in favour of the provinces bringing about the public ownership of public utilities, I consider that this legislation is weighted the other way, toward the preservation of the private ownership of public utilities.

Mr. Sharp: May I ask the hon. member a question? If the provinces were concerned about the effect of our general taxation upon other industries, why did they not make representations with respect to industries other than public utilities?

Mr. Barnett: I would suggest, Mr. Chairman, that probably by and large the reason for this is that the members of most of the provincial governments subscribe to the same philosophy as that advocated by the Minister of Finance. They believe in protecting the right of private industry to make profit, and they are not concerned with the most economical provision of services to the people of this country.

The whole principle of the corporation tax is based upon profits, and the only case where any discrimination arises is in the minds of certain people such as the premiers of British Columbia or Alberta or the present Minister of Finance. They consider that there is some imaginary discrimination in allowing a company to operate at cost and not pay corporation tax. This is the question of principle that is involved. The Minister of Finance can stand up here and talk all he wants about his belief in and support of public ownership, but in effect what he is doing by introducing this

[Mr. Sharp.]

bill is expressing, in very specific terms, his own belief in the preservation of private ownership even in the field of public utilities. This is what this issue is all about.

I am not disposed to argue the question of principle at any length. We had a discussion of this at the second reading stage of this bill. All I am seeking to do by my amendment, in view of the acceptance by the house of the principle of the bill, is trying to ensure that this refund of corporations tax will be passed on to the customers. This will, in a minor way, rectify the balance and put the customers of private utilities on the same footing as the customers of public utilities. If properly managed, public utilities will provide their services to the consumers at a minimum cost.

Let me turn for a moment to the argument advanced by the hon. member for Medicine Hat. I have been momentarily diverted from it. He referred to clause 4 which, if I understand it correctly, bears no relation to the principle of my amendment because it simply says that if the province turns this money back to the private utility, that will not be regarded as taxable income. There might be a need for a consequential amendment flowing from my amendment in clause 3, if it is carried. Clause 4 states that the province can turn this money over to the private utilities—the phrase used is “for its own use and benefit”—and the corporation will then not be liable for taxation on this sum. Clause 4 does not say whether the corporation is to pass this on to the consumers. All I am suggesting is that we should ensure that the corporation profits, which have come out of the consumers’ pockets in the first place, be handed back to the provincial government; that, in giving this money, we should say “We want to make sure it goes back to the customers from whom it came in the first place”. Quite frankly I cannot see that this legislation will protect the interests of the people of Canada unless we agree to ensure that what I have proposed does happen.

● (7:20 p.m.)

The Deputy Chairman: The amendment submitted by the hon. friend for Comox-Alberni seems to go beyond the proposed resolution and also beyond the bill entitled: An act to authorize the Minister of Finance to transfer to the provinces a proportion of the income tax payable by certain public utility companies. The amendment goes beyond the principle of the bill and introduces a new provision which, in the opinion of the Chair, is irrelevant and beyond the