

Mr. Deputy Speaker: The question is on Motion No. 4 standing in the name of the Hon. Member for Saint Henri-Westmount (Mr. Johnston). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Standing Order 81(11), the recorded division on the proposed motion stands deferred.

Motions Nos. 2 and 3 will now be grouped for debate and voted on separately.

Hon. Donald J. Johnston (Saint-Henri-Westmount) moved:

Motion No. 2

That Bill C-84, be amended in Clause 58 by adding immediately after line 39 at page 90 the following:

"(d) 'qualified Canadian property' of an individual means a property that was a Canadian security within the meaning assigned by subsection 6 of section 39."

Motion No. 3

That Bill C-84, be amended in Clause 58 by adding immediately after line 40 at page 91 the following:

"(d) the amount that would be determined in respect of the individual for the year under paragraph 3(b) in respect of the capital gains and capital losses if the only properties referred to in that paragraph were qualified Canadian properties."

He said: Mr. Speaker, this brings us to a very important motion with respect to the capital gains proposal contained in the budget document. I will explain the amendment in full in a moment. I hope I have the attention of Members on the other side of the House because I think anyone who looks objectively at what is being proposed will agree that this is a substantial improvement to the provisions set forth in the Budget. I am pleased to see the Hon. Member for Brampton-Georgetown (Mr. McDermid) is with us, as well as the Minister of Consumer and Corporate Affairs (Mr. Côté), the Minister of Supply and Services (Mr. McInnes) and the Minister of Communications (Mr. Masse). I hope the Ministers in particular will go back to their colleagues and reflect upon the significance of what is being proposed here.

If I may spend a moment on a technicality, Motion No. 2 will be subject to a very small technical amendment, which I understand will be proposed later, probably by my colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau). As I pointed out yesterday, the letter "(d)" should not be included inside the quotation marks in the amendment. That stands by

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itself, as it were, as a definition of qualified Canadian property.

That being said, allow me to explain to my friends in the House what this amendment is designed to accomplish. A definition of qualified Canadian property is found in Section 39(6) of the Income Tax Act. The thrust of this amendment is to give some focus to what the Government is attempting to do. We have made our arguments in principle that this is not an appropriate provision in the Budget, the provision of a \$500,000 lifetime capital gains exemption. We might have been prepared to look at something more sensible in that regard. However, clearly it is inappropriate. It is costly and, beyond that, almost completely unfocused.

[Translation]

Mr. Speaker, it has been said many times how Canadian taxpayers can use that provision. One can sell condominiums in Florida, one can sell jewels, paintings, boats. The Budget does not contain any provision for channeling those investments towards productive sectors here in Canada.

[English]

It is in that spirit that this amendment is being proposed; to concentrate the benefit of any capital gain here in Canada for Canadian investors to create the jobs we need so badly and to spur economic activity in this country. The simple mechanism whereby that can be accomplished with this amendment is by defining qualified Canadian property using Section 39(6) of the Income Tax Act which defines a Canadian security as follows:

For the purposes of this section, "Canadian security" means a security (other than... a prescribed security) that is a share of the capital stock of a corporation resident in Canada, a unit of a mutual fund trust or a bond, debenture, bill, note, mortgage, hypothec or similar obligation issued by a person resident in Canada.

There are prescribed securities for the purposes of Section 39(6) currently found in the regulations to the Income Tax Act and what is being suggested in this amendment is that a further prescribed class could be developed in the discretion of the Government to restrict the investment to qualified Canadian property. So there is ample discretion left within the terms of the motion which I have proposed.

[Translation]

For instance, the Government is quite capable of defining the fields where investments can be made, be they small- or medium-sized businesses or corporations operating on the Canadian market. It has sufficient leeway to concentrate the benefits here in the hands of Canadians so as to spur the economy and create jobs in this country. That is the purpose of my motion, Mr. Speaker.

● (1620)

[English]

As I said a few moments ago in French, Mr. Speaker, we think it is absurd to introduce a provision into our income tax system which, in fact, will encourage investors to invest elsewhere, especially when one looks at the other provisions which