

*Income Tax Act*

quite at liberty either in the house or anywhere across the country to peddle the propaganda of the Liberal party. After all, we are all politicians and consider ourselves free to espouse any particular cause we wish or to indicate our intentions in this manner. However, I suggest it is quite another thing to introduce the propaganda of a political party into a piece of legislation to be enacted by the house. As the phrase stands in the legislation, and the minister has just confirmed this, it is a piece of misleading propaganda and I think it should be removed forthwith. Therefore, Mr. Chairman, I move:

That clause 5 be amended by deleting where it appears immediately following words "Part IA" the word "temporary".

• (3:30 p.m.)

**Mr. Sharp:** Mr. Chairman, I assure members of the committee that it is the intention of the government that this surtax be temporary. If the opposition wants to make it permanent it will help to do that by taking the word "temporary" out of this wording.

**Some hon. Members:** Oh, oh.

**Mr. Sharp:** I have no particular objection to the removal of the word, though perhaps I should explain the sense in which this surtax is temporary. The surtax was designed not to affect the revenue of the provinces and to give us, the federal authority, the full benefit. I fully expect, however, that we shall have to discuss with the provinces taxation reform and the incorporation of all our taxes, whether federal or provincial, in a new tax structure. We shall be bringing down our views on this matter this coming spring, I hope.

As I said previously, this surtax is not intended to be a permanent feature of our taxation system. I am not suggesting by that statement that we will not need revenue which is the equivalent of this revenue; I am only suggesting that this surtax is intended to be temporary. It may become incorporated in a new tax structure in which there will probably not be a surtax at all.

**Mr. Barnett:** Mr. Chairman, the minister has been contradicting himself on the one hand and confirming my remarks on the other hand. I have no objection to his announcing, as Minister of Finance, his objective but I point out it is a matter of public knowledge that the present government, in the technical sense, will be far more temporary than this piece of legislation. It is all very well for the Minister of Finance to state his present intentions, but they fool no one.

[Mr. Barnett.]

We all know he will not be Minister of Finance for long or, in any event, that he hopes not to be. In the technical sense, if he continues to be responsible for finance it will be in a different manner. His statement of intent is all very well and good but in my view it does not alter my argument. I submit that a misleading phrase ought not to be included in the legislation.

The minister spoke about the tax being made permanent. In this connection I might point out it is a matter of record that I first sought to rectify what I considered to be his error of judgment. I said that until parliament takes a different course from that being taken at the present moment I would oppose putting into law a measure such as this.

**Mr. Sharp:** I do not think that the committee intends, by an amendment of this kind, to make the surtax permanent. Yet it seems that by removing the adjective "temporary" members of the hon. member's party and of other opposition parties want to make this surtax permanent. I do not. I think it should be temporary and it will be replaced in due course. Whatever the hon. member's intention may have been, I suggest that the proposed amendment can only backfire on those who have made the proposal.

**Mr. Knowles:** The minister cannot get away with that statement. He said he does not want this surtax to be permanent. If that is so he could have worded the legislation so that it would not be permanent.

**Some hon. Members:** Hear, hear.

**Mr. Sharp:** Mr. Chairman, I think it is in accordance with good practice to have taxes of this kind remain in effect until they are withdrawn or amended. If the hon. gentleman will examine the matter he will see that the tax could not be put on just for the taxation year 1968 because if we were in the middle of our tax reform proposals at the end of 1968 we should face a most difficult situation. We looked at this question carefully and it seemed to us that we should enact this tax in such a way that it would remain in effect until amended. There is no other satisfactory way of bringing this tax forward, except to say that it is for two years. But that does not make it any better or more acceptable. It seems better from the administrative point of view to have the tax in its present form. I see no satisfactory alternative. Certainly the first alternative suggestion that was made, that the tax should be for the taxation year 1968,