

*Income Tax Act*

The fifth item was heat exchangers. These are a vital part of the utilization of solar energy, whether it is directly assisted solar energy forms or whether it is indirect.

The sixth item is a solar designed greenhouse. These are showing up all across the country. I would think that there is hardly any question that these six items which I have listed can be qualified as proven hardware. They help the individual to shift from non-renewable types of energy to renewable.

The eleven points which I put forward and which I suggested should receive a grant of 150 per cent are items which are not only marginal in cost in the sense of the amount of money a person will save is hardly worth the expenditure, but because they are still in an uncertain stage of proof I say they should have a 150 per cent write-off. This percentage figure which I have taken of 150 per cent is roughly equivalent to what private industry or business gets when they are trying to go into new research operations. I know it is roughly 160 per cent for business, but I have picked 150 per cent for this list of 11 items. I have suggested that this type of deduction only be possible to the year 1985 on the grounds that by that time there will be proven equipment and a return should be made to the 100 per cent write-off.

I will read these 11 items into the record, which will make sense to most people. First of all, heat pumps, whether they are from an air source or a water source. Secondly, concentrator collectors, solar thermal energy conversion, or STEC for short. Thirdly, heat storage facilities. This is vital in northern climates where storage must take place for a few cloudy days or for long periods of cold weather. Fourth, methane production. Fifth, vertical axis windmills. Sixth, solar absorption air conditioning. Seventh, residential photovoltaics. Eighth, individual water recycling and conversion of waste to energy. Ninth, conversion of cow manure to protein. Tenth, energy plantation; and eleventh, production of hydrogen.

That is a first draft. I could add quite a number to it. I think I have made my point, first that any individual in Canada who spends his own money to buy any proven hardware should have a 100 per cent write-off under the Income Tax Act. Secondly, any individual who buys something in the experimental stage and tries to make it work should get 150 per cent write-off. That was the essence of that proposal.

● (1552)

I cannot give with assurance the amount of business that would arise from this. I know the projections made by various associations and societies in Canada run as high as \$1 billion a year on this type of transaction. A billion dollars worth of new items produced in Canada each year would yield a very sizeable income increase to the government, not to mention the wages and all the other benefits that would go through the system.

I think, and I think I am right in this, that the Minister of Finance is in agreement with that proposal. His letter came back to me dated March 2, 1978, four months later. I am not going to read it all. It is a very sad letter. Hon. members will

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

see why in a moment. I am just going to quote the key parts. I quote:

In your memorandum you suggest that any type of capital expenditure to reduce utilization of traditional energy sources by an individual, be accorded a fast write-off under the capital cost allowance system. The capital cost allowance system permits a taxpayer to deduct the cost of a depreciable asset in computing income where that asset is used to produce income from a business or property. Your proposal would represent a major departure from the general policy of only permitting deductions with respect to assets used for the purpose of gaining or producing income.

I might read one more line because I think it illustrates the type of thing the civil servants write for ministers.

In my view, allowing deductions for such personal expenditures would create a dangerous precedent and might seriously erode the tax base.

Translated into plain terms, the Minister of Finance signed a document, written by civil servants, which states that you must not give to the individual in Canada the same tax rights and privileges that business gets. If business spends money to make money, they get a 100 per cent write-off. If they spend money on experimental equipment and research, they get a 160 per cent write-off. However, to do that for the individual to make money by reducing his heating costs or electrical energy costs is a dangerous precedent and would erode the tax base.

Such a statement in the last sentence is completely false. Under the tax laws of parliament which have been put through in the last three years, we give individuals the right to get 166 2/3 per cent write-off if they invest in Canadian exploration or if they invest in Arctic exploration combined. That means if an individual taxpayer in this country wants to get a write-off against his income tax under the law passed in parliament, he can get 166 2/3 per cent write-off against any form of income as long as he puts it into helping to find more non-renewable oil or gas resources. However, he does not get one cent write-off if he puts even one dollar into trying to get some utilization of renewable energy resources.

That is the crime this government has committed. It is the crime to which the Minister of Finance signed his name when he signed that letter. It is an issue which the people of Canada have to make very clear to future governments, namely, that they want to make use of these renewable energy resources, particularly when they are going to save themselves a great deal of money, when it will make money for the government and when it will help the nation by not having to buy so much energy from offshore.

That issue destroys the whole budget presentation of the minister. He brought in a neutral budget with a few changes like RRSPs, the question of rollover for capital gains tax for farmers, small business people and so on, all of which are good. However, why ruin a budget containing a few good things like that with a decision to turn down something substantially bigger, something that would help the minister balance his budget and get this country out of the stagflation that now exists?

This issue of letting civil servants who have been consistently wrong for 30 years or more run every minister of finance has to be the main issue in all our democratic forms of