

*Income Tax Act Amendment*

was not the intention. That is why I believe that the ruling given by the judge was bad law. I do not know what more this parliament can do than authorize the Minister of National Revenue to intervene in cases, which formally he did not have an opportunity of doing, and appeal any ruling that requires the production of this information contrary to the intent of parliament.

**Mr. Monteith:** Mr. Chairman, I am certainly not opposed to the passing of this clause. All I am suggesting is that when the amendment was brought forward a year ago, greater regard should have been given to the general public, and this amending clause should have been brought in in conjunction with it at that time.

**Mr. Sharp:** May I suggest that at that time we did not have an adverse case and we never anticipated one. Since that time such a case has arisen and therefore we feel that this new procedure should be available to the government.

Clause agreed to.

Clause 23 agreed to.

On clause 24—*Amount paid in lieu of taxes.*

**Mr. Bell (Saint John-Albert):** Mr. Chairman, clause 24 repeals the old Canadian Vessel Construction Assistance Act and I want to say a few words about it. The minister has given us a brief history with respect to this act. Hon. members will remember that I was interested in this matter on a previous occasion. The minister undertook to consult the industry about some proposals that he had in mind at that time. This has been done. He did not say exactly what the attitude of the industry was, but he did say he had consulted them as he promised. To this extent, therefore some credit should be given to the minister.

● (9:20 p.m.)

I want the minister and his officials to listen to me, if they will, as I try to comprehend exactly what is taking place here, and so I can be certain there is a full understanding on the record. As I understand what the minister said, the old act to which I have just referred is being repealed. This is being done because of changes that the Minister of Transport mentioned on another occasion. We do not have, in my opinion, anything on the record to indicate why these changes are taking place. I do not believe the Minister of Transport gave any detailed explanation as to whether the old act is not working or what

the reasons were. Perhaps the Minister of Transport is the one who should indicate this; but if the Minister of Finance has any idea as to why he is being given responsibility for this matter under the Income Tax Act, I would appreciate his explanation.

According to the minister, we are omitting certain provisions in the old act with respect to exemption from the recapture of capital cost allowances. I take it there has not been any substantial objection to this from the industry. We are incorporating now, under the provisions of this act in clauses 2, 3 and 5, the rapid depreciation provision. According to my interpretation, the major assistance that can be given to the industry will remain in the Income Tax Act and a great deal of the regulatory authority contained therein. I am no expert on the Income Tax Act, but I understand that under its regulations the minister would have considerable authority to regulate the so-called rapid depreciation provision. I think the minister should give some assurance to the house that if my interpretation is correct, if there were substantial changes of any nature in the regulations under the Income Tax Act, he would consult the industry again. So far as I know, the old act was quite successful and we did not receive any substantial criticism from the industry.

Neither the Minister of Transport nor the Minister of Finance has said why the old act was not working or why the changes are being made. However, the industry was consulted. We do not know that they are fully in favour of the change. The industry is now brought under these sweeping regulatory powers contained in the Income Tax Act. So I should like to have, and I think the house is entitled to it, an assurance from the minister that, first of all, my brief interpretation of what is taking place is substantially correct and, second, the minister's assurance that if any great changes are to take place under these regulatory powers the industry would be consulted again.

**Mr. Sharp:** Mr. Chairman, I think I can give the assurances the hon. member is requesting. Certainly I can give the assurance that if there are to be any changes in the regulations under the Income Tax Act, or anything of that kind, representations from the shipbuilding industry will be welcomed. I do not believe we should go out and seek them, but I am sure they will be forthcoming. In any event, since we are interested and I believe have a better method now of providing the kind of assistance that is desirable,