

*Income Tax Act*

equal jurisdiction with the federal government in the income tax field, both corporate and personal, but one would think that they were in this field on sufferance. There is at the present time merely an agreement as to the sharing proportions and the collectability of income tax. We know there are divergent views. For instance, the province of Quebec says that it collects its own income tax and other provinces are making threatening noises because of the insensitivity of the federal government to their views.

This document was produced by the federal government which only has a 50 per cent interest in the income tax field, yet it insists that this will be the law. As I said, this is a cavalier attitude and not in keeping with the principle of partnership between the provincial administrations and the federal government administration of this country. It is a complete rejection of that. Last week the provinces made their views known and the majority of provinces, both in number and population, told the federal government that Bill C-259 should be deferred. But the Minister of Finance said, no, that it would go into effect on January 1, 1972. What right does he have to say that? Merely because he is the sponsor of the bill? Constitutionally, it is wrong to say that. It is a "take it or leave it" attitude.

• (12:10 p.m.)

Let me refer to paragraph 12 of the communiqué put out following the federal-provincial conference. It refers to a number of matters arising out of Bill C-259. This is the great paragraph showing the laconic way in which the government treats this. It reads:

The federal and provincial governments expressed their views on the above matters and related aspects. A diversity of views exists.

According to paragraph 13, the federal government explained the need to implement tax reform on January 1, 1972 and to continue certain undertakings as to levels of revenue to the provinces. How good of it to do so, Mr. Chairman. How downright condescending the federal government was to the provinces which, in income tax matters, have as great an interest as the federal government has. The federal government has laid down a number of conditions. It has said that provincial tax statutes must conform to the federal statute. The provincial administrations have told the federal government that they cannot do this in many instances.

Let me single out the province of Ontario, the province with the largest provincial government in the country. Ontario is the source from which by far the greatest proportion of income tax comes. It is the province that harbours by far the greatest number, if not the majority, of corporate organizations in this country. That province says that it cannot alter its corporation tax act in such a way that it will be effective on January 1, 1972 and conform to the federal statute. The net result will be that businesses operating in the province of Ontario must deal with two separate corporate taxation acts. I appeal to hon. members who have a knowledge of business and who are accountants or lawyers to say how they would care to operate a business firm in the province of Ontario in 1972 under two separate corporate taxation acts. The federal government cares a fat lot about that.

It would appear, unless I hear to the contrary, that members on the government side care not a tittle about that; not even those who come from the province of Ontario care. I suppose their attitude will be, "Tough luck." Well, I hope they see every officer of a corporation in the province of Ontario who will be affected by this and explain their attitude on this bill. Let them say why they support it. I see that the Parliamentary Secretary to the Prime Minister, who is a businessman in Ontario, has just entered the chamber. I should like to see him telling his business associates in Ontario that two corporate tax acts will operate in 1972, if this bill goes through. Whether he likes it or not, his own business interests will be affected. Let him explain if he is prepared to accept that, and why he is prepared to accept that. He was a member of the finance committee when the white paper was being examined. Certainly, there have been changes, and he advocated some changes. They have been introduced into the bill. I give him credit for that. I will ask him, however, just as I would ask others like him, if he is prepared to tell his business associates in the province of Ontario that the federal government has the right to call the tune with regard to the taxation of corporations in Ontario and that the province of Ontario, which has equal jurisdiction, has nothing to say on this subject.

Think of the confusion that will arise in 1972 in the handling of transactions, with the federal government handling them one way and the provincial tax statute saying they must be handled another way. And remember, Mr. Chairman, this is the law. This is not the Temporary Wheat Reserves Act that the government can try to set aside at will. You know, other governments act differently in these matters. This government cannot say that the law of the province of Ontario with regard to corporation taxes can be set aside by the administrative officials of the Department of National Revenue, by the officials or authors of this bill in the Department of Finance or by the government of Canada. This government does not have the right to say that. It is that simple. There has to be accord. That accord is not there.

In my own province, which has an equal right, there is no accord. Yet the federal government says, "Tough luck; we are going ahead. Conform." Is that the way to maintain confederation? I do not think so—unless some people place greater emphasis on certain cultural aspects. If they do, that is their choice. However, from an economic, financial and fiscal standpoint, this sort of attitude does more than almost anything else to alienate people in various sectors of the country. I want to warn hon. members.

**The Chairman:** Order, please. I regret to interrupt the hon. member. I do so to advise him and the committee that his time has expired.

**Some hon. Members:** Carry on.

**The Chairman:** Does the committee consent unanimously?

**Some hon. Members:** Agreed.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I thank the members of the committee for their courtesy. I hope I can maintain the continuity of my remarks. I want to warn hon. members. If there is a feeling of alienation, it is