

Income Tax Act

pose of making money. Co-operatives are established only for the purpose of helping their members.

Some hon. Members: Hear, hear!

Mr. Peters: It has always been necessary for a co-operative to establish a limited amount of capital, sometimes in order to buy equipment. A little co-op was started in Ottawa which probably is a good example. A group of people decided to get together and donate their time. They did so and established a grocery co-op. They did not have a paid cashier or paid manager. No one was to be paid. This co-op obtained a small building, went to a wholesaler and purchased the material for the co-op. Then, these people started distributing the commodities in the store to themselves. One person volunteered to work today, another volunteered to work the next day and so on. No money was involved. Pretty soon, however, it was found that there was a certain amount of breakage and, I suppose there were losses in other ways. It was found a charge of about 1 per cent was necessary in order to cover these losses.

Then, this group found they needed a refrigerator and the problem was, how to get a refrigerator. Do you go to the Salvation Army and ask for a charitable donation? They wanted to do things themselves, so they had to raise a little capital to buy a refrigerator. In addition, it was decided it would be advantageous to add to the equipment in the store. This was a very basic co-op. In the beginning, as I say, a number of people got together and decided to serve their own ends. In some cases this necessitates the accumulation of capital and the investment of it.

If this government is honest, which is not likely, perhaps it will tell us what it is doing in respect of the churches. Some church organizations might own perhaps 1,000 houses in a city, the income from which is plowed back into the church operation. Are these churches taxed? No. The government does not have the guts to tax the churches. The municipalities do not have the guts to tax the churches. Some people may also say that the organized religions of this country have been able to buy churches because most people in this country have decided they have the right to organize themselves for their own purpose, not in a manner that would hurt anyone else, not a competitive manner, but only to serve their own ends. In many cases these churches have amassed, over a very long period of time, a very large amount of capital, and because of circumstances have a very rich portfolio of real estate.

The co-op is in the same position. It does not pay patronage dividends to someone who is not a member. I am not paid any dividends, although I belong to several co-ops. I have shares in a co-operative but because I do not deal there I am not paid any dividends. I do not deal there simply because this is a farmer's co-op and I do not have any reason to buy food for cattle or wire for fencing. I really have no reason to be dealing with that co-op and therefore do not receive any dividends. That is the way it should be. The people who deal in that co-op, and are members of it, have combined together to produce for themselves an amount of capital that will supply them with a service.

If co-operatives were competitive, and if over the years they had been given an advantage, why would Coldpac

not have been able to deal with Canada Packers and Swifts as well as others. Coldpac was in Barrie for a number of years, but because of the structure it had and its inability to build up capital assets it went broke. This happens much too often in the co-operative movement. I know of no co-operative that has been able to amass a very large amount of money. If there are dividends in the operation, whether it be farming, a grocery store or whatever, those dividends in the hands of the person receiving them represent income on which he would pay a tax, because obviously he would have other income as well.

I should like to ask the parliamentary secretary why the government is picking on the co-ops which all his backbenchers will tell him are self-help organizations. Why has the government picked on them if it is not doing the same thing in respect of the churches, which in many cases are in the real estate business. We have churches in Ottawa having a congregation of 15 or 20 people which own property worth \$2 million or \$3 million. There must be a certain amount of return from that eventually. The municipality does not impose any taxes on these churches, and if it did such a small group of people would not be able to pay the taxes. They are not taxed municipally, they are not taxed provincially and they are not taxed federally. Another self-help organization, the co-operative movement, has been taxed over the years municipally, provincially and federally. What we are suggesting is that if one self-help organization is to be taxed the other agencies, as Carter would have suggested, should be taxed because a buck is a buck. Are the churches being subjected to the same type of taxes as the other self-help organization, such as the co-operative movement?

I intend to obtain an answer in this regard from the parliamentary secretary, so he might as well answer now. As you know, Mr. Chairman, as long as there is an intervening speaker we have the right to speak as often as we are recognized by the Chair, so if I do not receive an answer before this debate is over I shall probably participate a number of times because I would like an answer.

• (12:30 p.m.)

[*Translation*]

Mr. LeBlanc (Rimouski): Mr. Chairman, I welcome the opportunity of expressing my views and above all calling for clarification of the provisions of the bill to amend the Income Tax Act affecting credit unions and co-operatives.

The legislation deeply concerns my constituents in the riding of Rimouski, as indeed it concerns all other Canadians.

Far be it from me, Mr. Chairman, to claim I can deal with the subject as an expert. I must humbly confess that as a layman in this field I must rely on assumptions.

The provisions of the Income Tax Act now before us and, for that matter, many others, are rather complex in the view of the ordinary citizen. Only insiders, experts or bookkeepers in the department or in private enterprise or economists can with any authority deal with this matter. In any event, I am sure that on the whole, a great number of people need a lot of explanations.

The success of Caisse populaires and cooperatives is of great concern to me. I am wondering like many other hon. members where this legislation will lead us, although