

Adjournment Debate

wisely, because the word "consultation" can mean many things.

What the Indian bands need is a measure of certainty. I would ask the parliamentary secretary to clear up this point once and for all so that the bands, especially this particular one in my riding, can get on with the planning they must do if they are to serve the people on their reserves.

● (2220)

Mr. George Baker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the minister was asked on February 18, 1977, by the hon. member for Vancouver South (Mr. Fraser) if there was to be a change in policy relating to the treatment under the Income Tax Act of band councils on Indian reserves. The minister replied briefly that "a key group of officials" of her department had been established and was working in conjunction with officials of the Department of Indian Affairs and Northern Development and with representative of Indians "on a better and more fair application of the Income Tax Act on matters of great concern for the Indians".

Regarding any possible change in the status of Indian band councils, she indicated that interpretation bulletin IT-62, dated August 18, 1972, was still in effect; that if a change is to take place, there will be consultations.

A change has been under consideration, but any new policy relating to the question had not been determined when the question was asked; in fact there has not yet been a final

determination of a change. And the minister clearly promised there would be consultations before any change took place.

The interpretation bulletin to which I have referred deals in paragraphs 7 to 14 with the department's treatment of band councils, and generally provides that Indian band councils on Indian reserves are considered as Canadian municipalities. But, as the hon. member would be aware, that policy is extended only to certain band councils. Paragraph 11 reads:

The powers exercised by Band Councils that have reached the advanced state of development required by Section 83 of the Indian Act and the powers exercised by other Canadian municipalities are so similar that such Band Councils will be regarded as Canadian municipalities for purposes of subparagraph 110(1)(a)(iv) and paragraph 149(1)(c) of the Income Tax Act.

The fact of a band council being a Canadian municipality within paragraph 149(1)(c) does not concern us greatly if that is all that is implied. The problem that arises is this: a band council might so qualify and acquire a municipal corporation within paragraph 149(1)(d), and hope to shelter its income no matter the nature of the corporation's activity or its source of income.

However, there is a legal view that a band council, not being an incorporated body, cannot be a Canadian corporation. Thus, a corporation it controlled could not be a municipal corporation within paragraph 149(1)(d). That is where the matter stands at the present. As the minister has stated, if a change is to take place there will be consultations.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.25 p.m.