instance, after they have been cut. The only purpose of this amendment is to make it clear that the profits tax or income tax imposed should be on the same income in each case, and not, for instance, on the income of a previous year, although paid in the same taxation year.

Mr. FLEMING: I thank the minister for his clear statement. Will he say to what extent the terms of this amendment go in meeting the views of the provinces as set out in the negotiations? I gathered from the minister's statement that it goes a substantial way, but that there still remains a field perhaps in connection with processing where the demands of the provinces have not been fully met by the amendment.

Mr. ABBOTT: I am not quite sure to what negotiations my hon. friend is referring.

Mr. FLEMING: I am referring to the position taken by the provinces a year ago in this building at the dominion-provincial conference, when they asserted their claim to the six minor taxation fields and priority in the fields of logging and mining. This amendment, I gather from the minister's statement, does go some way in recognizing the claim of the provinces to priority in mining and logging.

Mr. ABBOTT: This amendment does not change the position at all. Paragraph (w) as contained in the law last year extended the principle that logging and mining profits taxes imposed by any province could be deducted from gross profits before computing dominion income tax. The amendment this year is a minor one to ensure that the profits tax will be calculated on the same set of profits, not on other profits.

Mr. SMITH (Calgary West): In this subsection the term "mining operations" is a different expression from that used in subsection 3. I would ask the minister whether mining operations covers the drilling of an oil well.

Mr. ABBOTT: I would have to give very much the same answer I gave in the other case. I do not believe it is. But if drilling an oil well is mining I suppose it would be covered.

Mr. SMITH (Calgary West): Can the minister tell me why it is not? Drilling an oil well is clearly a mining operation. It cannot be anything else. It is going into the ground for minerals just as all mining is.

Mr. ABBOTT: I am told that no provincial government in Canada imposes any income tax on oil well companies. It all takes the form of a royalty, and that, of course, is clearly deductible. So that the question has not arisen as a practical one so far.

Mr. SMITH (Calgary West): The minister is quite right about that. But let us look to the future. I live in a place where, if I may say so, with great respect, they may tax anything.

Mr. ABBOTT: It might encourage the imposition of a profits tax by provincial governments. I do not know whether we should do that or not.

Mr. SMITH (Calgary West): I take it that the simple answer is this. The minister says that he does not know whether mining operations covers drilling for oil or not.

Mr. ABBOTT: I do not believe it does.

Mr. SMITH (Calgary West): My opinion is so contrary to his. Oil is a mineral and drilling for oil is a mining operation. You go into the ground to get it. Gold is a mineral and you go into the ground to get it. The only difference is the size of the hole you put down.

Mr. ABBOTT: My hon. friend is an expert on oil wells and I am not.

Mr. BLACKMORE: Before we pass this section, I wonder if it would not be a good thing to ask the minister what he would consider an appropriate occasion upon which we might discuss this whole question of taxing people for money rather than having it created by the dominion government itself. He suggested a while ago it might be a good thing to discuss it on an appropriate occasion. What would he suggest as an appropriate occasion?

Mr. ABBOTT: My experience, in my seven years in the house is that, during the course of a session, numerous occasions arise in which this matter is debated at length. One occasion would, I suppose, be the estimates of the Department of Finance. I do not know; I do not want to put any ideas into the hon. gentleman's head, but I suppose that would be an occasion. Certainly in the course of the seven years I have been here I have found there have been many occasions such as the second readings of various financial bills and a variety of other occasions when the question has been discussed at some length whether we can finance without imposing taxes. What those other occasions may be I cannot think of many of them offhand, but I know that the amendment to this section of the Income War Tax Act is not the appropriate place.