

only portion being taxed is the portion which is a real gain. If that is the principle, I certainly support it.

● (1640)

We have done that in other areas. We have done it with our personal income tax, which is indexed every year. We are about to introduce, on October 1, the indexed security investment plan, which will index capital gains for publicly traded shares on the stock market.

I would like to draw to the attention of every Hon. Member a very important paper which was published in November of 1980 entitled "A Review of the Taxation of Capital Gains in Canada". On page 4 there is a very important principle stated in one brief sentence, which I would like to quote:

An individual who realizes a \$100 gain has the same increased spending and saving alternatives as another person who receives an additional \$100 in his paycheque.

That is a very important principle. There are three ways to make money in this country: first, from your pay cheque. If you are a factory worker, a school teacher, a clerk in a store, an executive or whatever, your weekly pay cheque is your first way to make money. The second way to make money is from profits from a company. The third way to make money is to invest in a capital gain and watch that gain grow.

When we heard some of the references here about capital gains tax, particularly by the Hon. Member for Crowfoot (Mr. Malone), we learned of some mistakes in the calculation of the tax liabilities on capital gains. Capital gains tax out of those three areas is the easiest tax to carry because it is a half tax. At maximum rates it is a half tax. Half the gain is brought into income and half is overlooked entirely. Then the half which is brought into income is taxed at the subsequent marginal rate. That makes the capital gain out of those three areas the easiest tax to bear because it is, first of all, only a tax on half of the profit.

Let us take the example given by the Hon. Member for Assiniboia (Mr. Gustafson) with respect to farmers in his area and follow it straight through, including in the example the extra provision of capital gains reserves, which makes the capital gains tax even easier to bear. Let us say that the farmer sells a quarter of his land at \$80,000 profit. His total sale based on the figures which the Hon. Member gave us would be, let us say, \$92,000. The farmer bought the land for \$12,000 in 1971 and is selling it for \$92,000 today. He has a total profit differential, inflation plus real gain, of \$80,000.

What the farmer would do if he sold it to his son or daughter is to report one-tenth of that profit every year. He has a ten-year reserve period. Therefore, every year the farmer reports a gain of \$8,000. Because it is a half tax, he then cuts that \$8,000 in half and he pays tax on the \$4,000.

Let us say, then, that the farmer, like the Hon. Member for Assiniboia, has other income, that he is a rich gentleman; life has smiled on him and he is in the maximum tax rate, the richest rate—like the Hon. Member for Assiniboia. He would then pay tax at 50 per cent. His annual tax, therefore, on that \$80,000 would be \$2,000 a year for ten years. It is hard to say,

Sports Franchises

Mr. Speaker, as the Hon. Member was doing a few minutes ago, that that is an onerous task if your highest tax on an \$80,000 profit is \$2,000 a year for ten years. I do not feel the Hon. Member should toss these figures around in quite such a way. It is a bit misleading.

Mr. Taylor: You have missed the whole point.

Mr. Fisher: The Hon. Member for Crowfoot also missed the fact, Mr. Speaker, that the capital gains tax is a half rate tax. We hear this a lot in the House. If we are to deal honestly with the question of capital gains, we should constantly remind our listeners and our constituents that this is the easiest of all forms of tax.

Mr. Taylor: You are haywire. That is his nest egg.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order. Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

The Acting Speaker (Mr. Corbin): Shall all orders listed under Private Members' Public Bills preceding Order No. 490 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

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[*English*]

COMBINES INVESTIGATION ACT

AMENDMENT RESPECTING GRANTING, TRANSFER AND OPERATION OF PROFESSIONAL SPORTS FRANCHISES

Hon. Ray Hnatyshyn (Saskatoon West) moved that Bill C-690, to amend the Combines Investigation Act (sport franchises), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, the purpose of this Bill, which received first reading on June 29, 1983, is straightforward and rather narrow in scope. The proposed amendment would make it absolutely clear that the granting, transfer and operation of sports franchises is subject to the full force of the competition provisions in the Combines Investigation Act.

The genesis of this particular proposal which I bring forward today was the arbitrary and rather unsatisfactory treatment given by the governors of the National Hockey League to an application for transfer of franchise from St. Louis, Missouri, to Saskatoon, Saskatchewan. At that time, Mr. Speaker, an application was made not only by the participants in the