

Business of the House

that it does not intend to come to any conclusions concerning the recommendations of the royal commission on taxation until after it has had an opportunity to receive the views of taxpayers, experts and various associations. We plan to begin taking decisions in the fall of this year as to the major aspects of the tax reform.

In the meantime a number of taxpayers have made representations to us that in some instances the very uncertainty introduced by the royal commission report is causing them to act as though the recommendations of the commission had been adopted by the government. This is particularly so with respect to the incentive provisions which the commission recommended be withdrawn.

We have given careful study to see what we could do at this time to minimize these uncertainties without prejudicing the government's freedom of action in determining the ultimate shape of the tax reform it will propose to parliament. We have concluded that it is appropriate for us to give two undertakings so that people can carry on with the development of important projects in respect of which the incentive provisions now in the law are quite important.

The first undertaking concerns the three year exemption for new mines. We have concluded that should the government decide to propose the removal of this incentive, it would not do so in a manner that would remove the exemption with respect to income earned before January 1, 1974, nor would it in any essential manner change the method of application of that exemption before that date. The effect of this undertaking will be that companies which now have projects in the planning stage will have the years 1968, 1969 and 1970 to come into commercial production in time to receive a full 36 months exemption. In establishing this period we have taken account of the time required to bring large projects into production, particularly in areas where transportation and weather are important factors. This period will afford companies the time necessary for the extensive preproduction development work and the construction of ore processing facilities required before commercial production can begin. It is felt that this undertaking should permit companies which will be faced between now and the end of the year with decisions involving a commitment of substantial sums of money to proceed in the expectation of receiving the benefits of the three year tax exemption.

The second undertaking concerns the treatment presently accorded to prospectors and their backers under section 83 of the Income Tax Act. Should the government decide to propose the withdrawal of this incentive, we would not do so with respect to amounts received before January 1, 1969 that relate to properties or interests acquired before January 1, 1968. We believe that this undertaking should minimize the effect of the commission's proposals upon 1967 exploration programs.

I wish to emphasize that this announcement does not mean either that the government has adopted the commissioners' recommendations or that we have rejected them.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, all I want to say is that in the absence of the hon. member for Skeena (Mr. Howard) who asked yesterday whether the minister would make a statement, and on his behalf, I should like to thank the minister for clarifying the situation.

Mr. Bert Leboe (Cariboo): Mr. Speaker, in view of the fact that I also asked this question several days ago and received the same answer as did the hon. member for Skeena I wish to say that I too am very pleased, and I am sure that the government and the people of British Columbia will be very pleased by this announcement, because some half a billion dollars worth of projects were put on ice as a result of the uncertainty with regard to this situation.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Speaker, may I call it six o'clock.

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Mr. Deputy Speaker: Order, please. Perhaps the hon. member for Vancouver-Kingsway would allow me to make a short statement. The house will then be able to hear the hon. member at eight o'clock.

Before leaving the chair, I think it might be helpful if the Chair were to make a brief reference to the adjournment proceedings.

In accordance with section 3 of standing order 38, the subamendment proposed earlier this day by the hon. member for Burnaby-Coquitlam (Mr. Douglas), must be disposed of before the house adjourns at the close of this sitting.

That being the case, it is the opinion of the Chair that the adjournment proceedings which might otherwise have taken place at 10