

Income Tax

I would hope the minister has not closed the door entirely, so I will repeat my question. I would ask him to consider it before we get to clause 4. If the minister has this right to proclaim, then there is still uncertainty. Under my suggestion there will be no uncertainty for the next two months. Without my suggestion, businesses in the throes of trying to decide whether they should go on taking these losses every month will quit right away. But if they know that there is a chance, then they will hang on.

I speak on this matter with some personal interest since I have several small Canadian companies in my riding which are seriously affected by this situation. Even though only some 200 to 300 families are affected, it is a pretty serious matter for them. I think we could keep their management hanging on for another couple of months if they thought that, out of the discussions being held on April 9 and 10, some relief for them would flow.

My personal feelings would be multiplied many times in all these mining towns in B.C. where mines have quit operating and others are considering doing so because they are unable to continue with their projected cash flow for this year. It is silly for these mines to continue using up their ore when all their money goes in government taxes.

Under the suggestion that I am putting forward I do not think the government will lose one iota of power. If the bill is passed, clause 4 and its related clauses should not be proclaimed until after the conference. That is all I ask. I would ask the minister to consider that proposition between now and the time we reach clause 4, and if he thinks there is some merit in my argument, then I hope his staff will produce an amendment, one that is practical and realistic, which the House can accept. I think this could be done on an all party basis. We will not take away any of the minister's or the government's rights.

I simply ask that before parliament passes the edict that no provincial taxes or royalties are deductible, let there be one more opportunity for consultation to see whether there can be agreement. Perhaps during the course of negotiations we can set some limit that will satisfy the federal government that the provinces have reduced their royalty taxation level to a point with which they can live. This would mean the federal government could come down a little bit too. I do not think this proposal destroys the minister's options, and I ask him to think about it.

Mr. McCain: Mr. Chairman, it has been suggested that the proposal in clause 1 of the bill to attend the nearest school may not serve the purpose intended. Sometimes there are transfers of personnel across Canada. For example, a family from Victoria might very well be transferred to Sherbrooke, or a family from St. John's might well be transferred to Quebec City. In this kind of situation it might be very inconvenient for a family to attempt to educate its children at the nearest school. A family might be transferred from Lac St. Jean to Calgary, and perhaps the handiest school in which the family can educate its children in French might be at St. Boniface. This places the family in a sort of no man's land where it has no connection or familiarity with its surroundings, and imposes a hardship that I do not think the bill intends to impose.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

It could not be described as less than charitable if one were to ask the minister to use a word other than nearest. If the family cannot be educated in the community in which the husband is employed, then surely he should have the option of educating his family in the community from which he came, or in the community which he might ordinarily call home, where the surroundings would be familiar.

If the minister does not want to do this on behalf of the father, then I plead with him to do it on behalf of the children. He should give children the most convenient possible opportunity to be educated. I ask him not to limit the school to the nearest school, because this could impose a very serious hardship on some people. While the act is intended to be generous to some people, this generosity may be defeated by the restrictive words "school closest to".

I should also like to say a few words on the subject that has been under discussion, namely, that of royalties, and the tax exemption clause applying to them. There is a very distinct philosophical change being imposed upon Canadians by the government. It has come with little, if any, notice and has been precipitated, I agree, by some unusual approaches on the part of provincial governments to tax structures.

What is the consequence of this? About a month ago I was discussing the impact of this bill with a citizen of a community in Canada that is totally dependent upon a mine located within that community. The ore body consists of a varied concentration of metals which are being removed. The direct line royalties imposed by the province, and the lack of exemption of royalties as a tax, have forced the company to move into a high grading proposition, and has certainly reduced the life span of that mine by one, two or three decades, depending upon the value of the minerals, the metals, as they are extracted.

This is a direct result of a rigid position imposed by provincial and federal governments without consideration for labour or capital opportunity—either one—required in mines where metal in a particular ore may be pretty scarce.

While it may look good to extract from our natural resources the maximum amount of income at both the provincial and federal level, it is pretty nearly time that both provincial and federal governments took a humanistic approach to determining how much employment is involved, and how much wasted metal is left behind which might otherwise have been extracted.

It is not too long ago that the provinces of Canada found it necessary in some instances to deal with developing mining corporations on the basis of a royalty collected by the provinces according to percentage of profit. In some instances the government of Canada has agreed to this concept, in spite of prior agreements that development in some areas of Canada was important, and the resulting employment of those people was also important.

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There is one community in Canada where some 2,000 or 3,000 people are now directly employed as a result of federal-provincial negotiations on a friendly basis. This was the result of a mining company being allowed to go in