

Adjournment Debate

Politicians have to realize that the time has come for a stand on these issues and to give the straight goods to Canadians. Sustainable development is what all Canadians want. They want jobs. Of course they do. They want jobs so they can contribute to the betterment of our country. They want Canada's international reputation to be good environmentally. This project will not accomplish that.

We have to look at the land use consideration. Why do the people of Prince Edward Island even contemplate putting a fixed link to the mainland? I value being an islander. I like being islander. It is important. When you are an islander it is the world in microcosm. You know the limitations. You know the finite nature of resources. You live it every day. You know there is a finite amount of water, there is a finite amount of garbage that you can deal with so you mitigate your actions accordingly.

By connecting with the mainland, all of that goes out. You think that oh well we can ship our garbage off, we can ship our water on. This is not sustainable development, this is a wacko political re-election bid by both the Liberals and the government.

I noticed also that the minister said there is no guarantee that the bridge will be built. It is nice that he is at least that honest because it will not be built after the election if the government is re-elected, God forbid, or the Liberals are re-elected, God forbid. There will be no bridge built because it is economically, socially and environmentally unsustainable.

PROCEEDINGS ON ADJOURNMENT MOTION

• (1800)

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

AUDITOR GENERAL'S REPORT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, last November 24, following the tabling of the Annual Report of the Auditor General of Canada, I asked the Minister of Finance why the government was allowing Canadian businesses operating foreign affiliates to use tax loopholes to reduce their taxable income in

Canada. According to the Auditor General of Canada, these loopholes could cost Canadian taxpayers hundreds of millions of dollars. The Minister of Finance replied that he had made some efforts by introducing the general anti-avoidance rules. May I remind you, Mr. Speaker, that these anti-avoidance rules have not yet been used.

Also, several tax experts agree that the general anti-avoidance rules are inapplicable and therefore ineffective because these tax avoidance schemes are not forbidden under the Income Tax Act. Unless the minister asks for Parliament's approval to promote competitiveness by allowing Canadian companies to use avoidance practices which are less abusive, he must demonstrate to Canadian parliamentarians here today that he has the will to eliminate these tax loopholes. He must review the abusive tax arrangements for foreign affiliates to minimize tax losses. These losses are of the order of several hundred million dollars. This is not peanuts, as we say; it is a lot of money.

At a time when the government is trying to reduce its budget imbalance, the Minister of Finance is, in my opinion, only further eroding our tax base.

[*English*]

Will the Minister of Finance review the foreign accrued property income rules, better known as FAPI? The Income Tax Act must define active and passive income in the context of the anti-avoidance rules. Even Revenue Canada is concerned over this issue. The Department of Finance was provided on many occasions with specific recommendations to amend the Income Tax Act in respect to the FAPI rules. The Department of Finance has not acted on any of these recommendations from Revenue Canada.

Furthermore, many Canadian corporations receive tax free, active business income earned offshore by their foreign affiliates in a designated country. The problem is that many of these designated countries are tax havens, as we call them, and should not be listed as designated countries. For example, Liberia is a designated country listed in the income tax regulations despite the fact that 12 years ago this Parliament refused to ratify a tax treaty with that country. Even officials with the Department of Finance agree that when it becomes obvious that Canada will not be in a position to conclude negotiations, considerations should be given to take countries off the designated list.