

Statements by Ministers

Toronto is Canada's largest and most important financial centre. Our actions will not take anything away from that city. We have been careful in developing our proposal not to include banking operations now conducted in Canada which are not tax motivated and which would shift employment from one region to another. Only those banking activities which meet the dual test of attracting business currently done offshore while not displacing business which now exists in Canada are being considered.

[Translation]

It is our intention to further the national interest by strengthening the international competitiveness of our financial institutions, while providing for a reasonably strong presence of our international financial expertise in Montreal and Vancouver.

[English]

In fact, our action will complement the major initiatives which we have taken to enhance the competitiveness of our financial services industries to help the Canadian banking centres compete equally with the Americans, the British, the Japanese, the Swiss and others. We are lifting the shackles on the financial industry with our new regulatory proposals which my colleague, the Minister of State for Finance (Mr. Hockin), announced before Christmas.

If there is one region or city which will benefit from this Government's action it is the Province of Ontario and particularly Toronto. Our proposals have sent a strong signal to the world that we believe in Toronto and have confidence in Toronto as one of the world's major financial centres. The vast majority of international business in our financial system is being done in Toronto and this business will continue to be carried out there. Our purpose, therefore, with this new initiative, is to bring new incremental business to Canada, not to move existing business from region to region or leave it offshore.

We will be monitoring the operation of this measure to ensure its effectiveness with respect to these objectives.

[Translation]

By establishing international banking centres in two of this country's major cities, we are sending a message to those who might go to other countries to take advantage of special tax provisions that they now have a second option and that option is Canada.

[English]

We have had extensive discussions with the financial communities, in particular the banking industry in Montreal, Vancouver and Toronto. This Government has been sensitive to the concerns raised by those interested parties. We have listened and now it is time to act. Unlike some of our critics who rely on emotional appeals to a narrow regional point of view without examining the facts, we as a national Government are addressing this initiative for the good of the country as a whole.

Therefore, pursuant to Standing Order 84(1), I wish to lay upon the table in both official languages copies of a Ways and Means motion to amend the Income Tax Act and, pursuant to Standing Order 84(2), ask that an Order of the Day be designated for the consideration of said motion. I am also releasing copies of technical notes to facilitate the understanding of the proposed legislation.

In closing I look forward to participating in a reasoned consideration of this issue based on a full appreciation of our intentions and the facts.

Some Hon. Members: Hear, hear!

Miss Aideen Nicholson (Trinity): Mr. Speaker, once again the Government has managed badly what could have been a good issue. It has created division, set city against city, and apparently needlessly if we accept the Minister's statement of intent today at face value, as of course we do.

• (1510)

The Minister told us today that he is interested in attracting new, incremental business, that he is interested in creating opportunities for Vancouver and Montreal, and that this will not hurt Toronto.

The Minister also talked about "cold hard facts". However, we heard no facts whatsoever in his statement. The Minister made a statement of good intentions. Since he is an honourable man, we will wait to see his good intentions acted upon. But look at what has happened up to now. Expectations have been raised in Vancouver and Montreal. The proposed international banking centre in Vancouver was included in a Regional Economic Development agreement. After having raised expectations, the only activities which will be covered are those concerning loans to and deposits by non-residents. The actual measure is much weaker than the one which the cities had come to depend upon.

Second, the Minister said that the aim is to attract to Montreal and Vancouver certain kinds of business which would not normally be conducted in Canada. However, the Ways and Means motion and the explanatory notes offer us nothing which would limit this tax break. The Minister complains that commentators have "dealt more with pure fiction than cold hard facts". However, the confusion was created by the Minister himself; he refused to allow his department officials to appear at committee before Christmas where they could have given us the facts, if they exist. The only facts which have been made available to the Standing Committee on Finance are two studies which indicate that the revenue foregone by establishing an international banking centre would not be compensated for by the advantages. Presumably, the Minister has other studies. Why has he declined to make them public? We hope that his officials, who are due to appear before the committee at 3.30, will give us this information today.