

Income Tax Act

acquired before 1982. The motion changes this effective date from, as it read, 1990 and subsequent tax years to 1987 and subsequent taxation years. This change ensures that the additional grandfathering will benefit debt instruments having a term of less than 10 years as well as those having a term of 10 or more years. It is a technical change. I think all Members of the House will want to accomplish this grandfathering so I will not speak any further on the motion.

Miss Nicholson (Trinity): Madam Speaker, on a point of clarification now that we have passed the motion, is the Minister proposing to open third reading debate or are you prepared to recognize other speakers? I am not sure what is happening, Madam Speaker.

Mr. Hockin: Madam Speaker, in the interests of time and the importance of this, I will forego my opportunity to speak at the beginning of third reading.

Miss Aideen Nicholson (Trinity): Madam Speaker, the Bill before us is a major tax Bill. The government has handled it in a very unusual fashion or, shall we say, attempted to. On June 30 there was an attempt to get agreement between the Parties to deal with all stages of this Bill in one day. That was totally unprecedented approach to a major tax Bill. The Official Opposition took the view that a major tax Bill of this kind should be referred to a standing committee where witnesses could be heard and the Bill receive the normal examination. The Government acceded to that and also agreed to refer it to the finance committee, whereas the plan had been to send the Bill to a legislative committee after the negotiations to get it passed at all stages in one day failed. The next was to send it to a legislative committee.

With the new rules in the House, it has often been the case that Bills should go to a legislative committee which would deal with them promptly. However, the underpinning for that was that the standing committee would have done a pre-study of all the major issues and heard witnesses.

• (1120)

As I said, following the objections the Government did agree to send the Bill to the Committee on Finance and Economic Affairs. At the finance committee I had a long list of witnesses and the Chairman then made the proposal that, since we would be hearing from many of these witnesses on the White Paper on tax reform in any case, rather than bring the witnesses twice, we might deal with the White Paper first and then return to Bill C-64. That suggestion was accepted.

In that event, we examined this Bill for two days without witnesses other than departmental officials, but we had by that time received the benefit of many witnesses on closely related issues.

Bill C-64 is a mixture of income tax measures from budgetary papers, technical notes and press releases dating back to the February 18, 1987 Budget. Clause 10 acts as the fulfilment

of a government election promise to increase the status of two key cities.

The Bill has proposed a change to the investment accrual rules which would allow the owners of 1981 Canada Savings Bonds to defer reporting their interest income until the bonds have actually matured. People who bought bonds on a different basis prior to 1981 would otherwise have been forced to pay tax on their interest before they had any cash in their hands.

This clause in the Bill received a good deal of discussion in committee because, although the Government was moving to remove an inequity from holders of Canada Savings Bonds, the holders of Quebec Savings Bonds were not being covered by this and an amendment put by the committee dealt with that.

There are several very complicated problems in relation to retirement compensation arrangements. A number of the Bill's clauses were meant to remove the tax benefits of off-side pension plans. The committee found it necessary to do a good deal of questioning on who was covered and who would stand to gain. It really seems as though the main group to be excluded were deputy ministers. Some questions were raised about special treatment of people by people who were designing that same plan. This is an issue that still warrants further attention. Presumably, when we return to deal with the pension Bill we can look further at it.

To revert back, in June the Government was all for rushing this legislation through and I would point out that at the committee stage the Government, not individual members of the committee, introduced about 69 amendments designed to clarify matters or to remove inconsistencies between this Bill and other legislation. In other words, last June the Government was not ready with this legislation. It had not done its drafting properly. It had not done its homework properly. If we had agreed to pass the Bill through in the stage it was in then, indeed the Government would now be coming back with amendments. As it is, 69 of the amendments were brought by the Government itself to committee.

Two of these Government amendments applied to Clause 15 and dealt with the Saskatchewan Pension Plan in particular. These are technical amendments and I will not take the time of the House to go into them. However, I will say that they were necessary because of numerous government oversights in the original drafting of the legislation. That is yet another example of why this Bill should not have been rushed.

Clause 18 also posed some difficulties for the committee. It was meant to deal with successor corporations in the resource sector. The effect of the clause was to prevent companies from renouncing their flow-through rights up to parents, and parent holding companies to further renounce them and then be able to issue shares on an exchange basis. There was some suggestion that it was not within the scope of the committee to deal with this amendment but, in fact, an amendment was passed in committee.