

● (1430)

Senator Marshall: It is a bill to amend the Currency Act and is of a technical nature. It pertains to the accounting practices of the Exchange Fund Account and is designed to ensure that they are consistent with the procedures followed in the Public Accounts of Canada. As honourable senators know, the Exchange Fund is a special account of the Minister of Finance. It is the principal repository of Canada's official international reserves and, as such, aids in the control and protection of the external value of our currency.

Since 1986 the Exchange Fund has been consolidated with the Consolidated Revenue Fund in the Public Accounts of Canada, and this revision to government accounting practices was based on recommendations by the Auditor General of Canada and was implemented with the February 1986 budget. The Exchange Fund nevertheless continues to exist as a distinct accounting entity and is governed by separate legislation, the Currency Act, which is the subject of the proposed amendment.

In determining the net income of the Exchange Fund, the Currency Act draws a distinction between regular investment income and valuation gains or losses. The latter, which are due to exchange rate changes and gold sales, are averaged over three years under the Currency Act, while they are recognized immediately in the Public Accounts consolidation.

The proposed amendment would eliminate this difference in accounting treatment which was created by the consolidation introduced in 1986. In particular, it calls for the repeal of the three-year averaging provision in the Currency Act and would require that the accounting conventions of the Exchange Fund be consistent with those of the Public Accounts.

I would like to note that the payment of income by the Exchange Fund to the Consolidated Revenue Fund is a book-keeping entry only; no cash is involved. That's why they gave it to me! The proposed amendment has no financial implications and will affect neither the operations of the Exchange Fund nor the government's fiscal position in any way. It is concerned solely with the presentation of the Exchange Fund's financial statements, serving to make them consistent with the presentation already contained in the Public Accounts and which follows recommendations made by the Auditor General.

Honourable senators, this bill passed in the other place within an hour and a half. Speeches were short, and opposition critics were in favour of the amendments. I therefore recommend the bill to honourable senators.

On motion of Senator Bosa, debate adjourned.

FRUIT AND VEGETABLE CUSTOMS ORDERS VALIDATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Efstathios William Barootes moved the second reading of Bill C-96, to validate certain customs duty orders relating to fresh fruits and vegetables.

[Senator Frith.]

He said: Honourable senators, I rise to introduce the Fruit and Vegetable Customs Orders Validation Bill. I hesitate to do so after all of the important matters that have been discussed today during Question Period; nevertheless, this is a necessity of housekeeping.

One of the principles of the Senate of Canada is, of course, that representatives should report carefully on the nature of important legislative business before the chamber. I will not claim that the Fruit and Vegetable Customs Orders Validation Bill deals with a truly weighty public matter. I would merely say that even appointment to high public office in this chamber does not mean that we can escape from dreary housekeeping duties.

In brief, the purpose of the bill is to regularize some transactions in the nation's grocery accounts. But before dealing with the legislation, perhaps I may supply some background. During the Canadian growing season the Department of National Revenue, Customs and Excise, levies duties on imported fruit and vegetables. That is to say, we impose duties to protect the domestic growers during the harvest period. For the rest of the year imported fresh fruit and vegetables may enter Canada duty free. During the harvest season, however, Customs duty orders are made pursuant to paragraph 15(1)(a) of the Customs Tariff, which currently permits either the Minister or Deputy Minister of National Revenue to levy those duties.

During the period January 1, 1972, to January 10, 1985, Customs duty orders were signed by officers of the Department of National Revenue, Customs and Excise, on the basis of a legal opinion which held that these orders were not statutory instruments and could be signed by the deputy minister or his designated officials. However, in June 1984 the department was advised that Customs duty orders are indeed statutory instruments, that they have to be signed by the Customs minister of the day, examined in accordance with the Statutory Instruments Act, registered with the Privy Council, and published in the *Canada Gazette*. Between June 28, 1984, and January 10, 1985, the minister signed most of the orders. However, in some cases signatures or registrations were delayed beyond the effective dates. Furthermore, in some instances officials signed orders cancelling duties that were authorized by them prior to the June notification of the possible mistake or irregularity in the original legal opinion. It follows, therefore, that all orders that were not signed by Ministers of National Revenue, Customs and Excise, since the beginning of 1972 to January 10, 1985, were not issued with undiluted statutory authority.

The secretary to the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments suggested that the department draft remedial legislation to validate the duty collection and remittance orders specified in the bill. In the committee's Fourth Report to Parliament, tabled on March 20, 1987—and our own Senator Nurgitz is joint chairman of this committee—they stated that the passing of validating legislation will cause the letter of the law to properly coincide with its spirit. The