

Until recently the only information that we had received at the federal level as regards a possible Newfoundland initiative on administrative arrangements has been by way of newspaper articles and the questions posed by the hon. member for St. John's West. No submission had been received by Department of Energy, Mines and Resources from any Newfoundland authority to the effect:

that the two governments set up an interim offshore management committee so that there will be a forum for discussion and co-ordination and so that the industry will know where to go to get answers in this matter of disputed jurisdiction.

In conclusion, it was not until November 21 that we received a letter, dated November 3, from the minister of mines and energy for Newfoundland enclosing a copy of the Newfoundland offshore regulations and requesting that officials meet at an early date to discuss the mandate, membership, and operational procedures of an interim committee. The envelope in which this letter was received was post marked St. John's, Newfoundland, November 16. Officials of the Department of Energy, Mines and Resources have been instructed to follow up this request.

In view of the unwillingness of Newfoundland to consult meaningfully with us in the past, we welcome this new initiative and hope that it will improve the situation.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn. I do now leave the chair for the House to go into committee of the whole to consider Bill C-11.

Motion withdrawn.

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: It being 6.30 p.m., I do now leave the chair until 8 p.m.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: When the committee took recess clause 2 of the bill was under consideration.

Income Tax

Mr. Stevens: Mr. Chairman, now that the minister has had a chance to have his dinner and to consult, presumably, with some of his officials, I wonder if he can give us any better estimates as to what we are talking about in clause 2. What is the nature of the so-called loophole we are trying to fill? How many people are involved? How much money is involved?

Mr. Chrétien: Mr. Chairman, I have nothing else to add.

Mr. Stevens: I believe the minister said he has no further information to give us on that.

Mr. Alexander: What is he doing over there?

Mr. Stevens: The minister said he has said what he has to say. Let me put another question to him. I really find it surprising that a minister would bring a bill to us and have the gall to suggest that it is not passing fast enough, yet when we get to clause 2 the minister does not even know what clause 2 is all about.

Mr. Lumley: He has already explained it.

Mr. Stevens: If the minister wants speedy passage of the bill it is certainly not our intention to delay it, but on behalf of the Canadian public we think it is our responsibility to ask a few pertinent questions as to why the government wants some of these amendments and why the minister thinks it is necessary to make the changes he has in mind. In short, I would think a minister of finance would almost welcome being able to explain exactly why he feels members of this House should support him on various aspects of a bill.

I have a copy of a letter which was sent to the minister's predecessor by a chap from Winnipeg. I would like to get the minister's reaction to what this man is pointing out. He says he lived in Calgary and his company required him to move to Edmonton. As an inducement the company agreed to give him what would now be looked upon by the minister—or at least by his staff—as a relatively low interest loan. The reason the company agreed to give him a low interest loan was that the mortgage he had in Calgary was at 5¾ per cent. My question to the minister on behalf of this chap from Winnipeg is: how is he going to handle a situation where someone has the benefit of a 5¾ per cent mortgage and his company wants him to move to another city? When a company realizes an employee has favoured financing on the home he is leaving and gives him comparable financing for the home to which he is moving, how is the minister going to handle that situation?

In his letter this man points out that there is going to be a deemed income, deemed by the National Revenue people, if this clause passes, to the extent of whatever the difference is between, for example, a 5 per cent rate on the mortgage he has compared with what will be looked upon as the prescribed rate, to use the minister's terminology, if this clause should go through. Clearly this chap is going to be penalized as a result of his move, notwithstanding the fact that all his employer is attempting to do is put him back in the same relatively favourable position he was in when he had a mortgage in Calgary.