

Government Orders

Mr. John Maloney (Erie, Lib.): Mr. Speaker, I have one brief question for my friend from Mississauga South who was an accountant in his former life.

The bill before us responds to the concerns of the artistic donor and custodial community with respect to review board procedures as well as to concerns that donations of cultural objects are sometimes made for the purpose of tax avoidance. In his experience as an accountant has he seen widespread use of the legislation for the purpose of tax avoidance?

• (1340)

Mr. Szabo: Mr. Speaker, I thank the hon. member for Erie for his important question. As a chartered accountant, having operated a practice for over 25 years, I must admit that I have not seen any reports or cases come before the courts with regard to problems of donations of cultural property.

The process outlined in the bill is a rigorous, independent one by people who are in the business of cultural and heritage artefacts and items. The process is meant to ensure fairness and equity in our tax system for Canadians who wish to make donations of cultural and heritage property. Because of that rigorous process there is no question in my mind that the determination of the values for tax purposes is fair and reasonable and represent fair values for all Canadians.

Some members have described this process as a win, win situation. It is win, win for all parties. Museums and other cultural institutions will be able to acquire for the enhancement of their collections important artefacts and objects of art for the enjoyment of all Canadians at substantially lower values than they would have to put out should they have to purchase those at fair market value.

That alone creates a situation of leverage. That leverage situation means that we get much more for the dollar. Donors of cultural property are not getting cash out of the deal. They are not getting, whether it be directly or indirectly through taxes on the transaction, more by the tax credit method. In fact, they are getting less. They are getting less than they would otherwise.

It is fair to say that people who come forward and donate, and the figure is some \$60 million a year, are not doing it because they are out to get something out of the system. They are, in fact, putting back into the system much more. It is a tremendous expression on behalf of Canadians who have been fortunate enough to acquire assets and objects of art that they are prepared to contribute to Canada, so that all Canadians can enjoy our wonderful heritage.

It is timely that we are talking about cultural and heritage artefacts. No province could be more proud of its cultural heritage and its contributions to Canada than the province of Quebec. At this point, as a member and as a Canadian, I would congratulate it for the wonderful contribution it has made to the Canadian culture and heritage. It is an outstanding example of

what we can do as Canadians together. For that we should all be thankful.

Mr. John Richardson (Perth—Wellington—Waterloo, Lib.): Mr. Speaker, I would like to ask a question of the hon. member, but he has disappeared.

The nature of Canadians is to give and support institutions within their communities, both at the lower level and to the senior levels of the museum chain. A country is known by its culture, not by its material aspects, and what it leaves behind for the world. Little by little the artefacts have been gathered together by small museums at the local level, the provincial level and the national level.

• (1345)

Does the hon. member feel strongly that the bill will ensure that those who give those valuable artefacts whether to museums or to art galleries would be given fair compensation under the rules of the Income Tax Act as the bill is presently written?

Mr. Szabo: I thank the member for the question and the comment.

Fair compensation is a relative term. For some Canadians fair compensation has to do with money. Bill C-93 provides for a tax credit mechanism with regard to the treatment or the non-treatment of capital gains. The donors are really getting only about 50 per cent of the equivalent of the fair market value. The donors are not getting in monetary terms fair compensation.

When \$60 million worth of artefacts are donated to Canada it must mean there are a lot of Canadians prepared to make those contributions so that all Canadians can enjoy the cultural and heritage artefacts we have.

Their compensation is knowing we live in the best country in the world and that we want to share it with all Canadians and with all who visit our great country.

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, today we are continuing to debate the merits of the Cultural Property Export and Import Act.

When the act came into place in 1977 the time was ripe for lengthy debate on the measures necessary so that the symbols of our cultural heritage were not only recognized but preserved. In 1977, 10 years had already passed since Canada celebrated its centennial and it was time to take a hard look at who we are as Canadians, what we are as a country and consider what Canada could possibly become in the next 100 years.

The Cultural Property Export and Import Act was brought into force very much in keeping with the spirit of encouraging the development of our nation not simply for nation's sake but as a nation that can hold its own beside its neighbour to the south and among its neighbours that make up the world; to encourage the