

*Financial Administration Act*

First of all, Mr. Speaker, to make sure everyone understands what we are talking about—fiscal matters tend to be so complex that even the experts get confused—I would like to quote Section 17 which allows the remission of taxes or penalties. Mr. Speaker, I will now quote Section 17 which provides: “The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax, fee or penalty”.

● (1710)

Mr. Speaker, today we are talking about repealing this section which currently allows the Government, on recommendation of the Governor in Council, in circumstances when it is in the public interest or economically preferable, to forgive income tax owed to the Government by a company, an institution or a private citizen.

Mr. Speaker, as I said at the outset, the Public Accounts Committee drafted a very detailed report on the question, after the Auditor General of Canada's reminder on March 31, 1985, in connection with the income tax remission granted to Hudson Bay's Oil and Gas Company Ltd., a subsidiary of Dome Petroleum Ltd., in February 1985.

Mr. Speaker, the report contains a number of recommendations. For instance, the Public Accounts Committee recommended under No. 7 of its report tabled in the House on October 28, 1986: The tabling in Parliament of all income tax remission orders; the preparation of an explanatory note, to accompany each remission order so tabled, outlining why the remission order is in the public interest; the reference of all remission orders so tabled to the appropriate Standing Committees; and the prior approval by Parliament of all income tax remission orders exceeding \$20 million in value.

Mr. Speaker, we have here a recommendation by the Public Accounts Committee which says that income tax remissions should not exceed \$20 million, and we have a motion that says that the Government should consider the advisability: “of repealing Section 17 of the Financial Administration Act and require that all remissions of taxes, fees or penalties be submitted, each year, to Parliament for approval”.

Mr. Speaker, I believe Parliament has the right to review all tax remissions. We have income tax legislation that is clear and specific, with whose provisions all Canadians, whether private citizens or corporations, must comply. If the Government, and I think the Government has a right to make that decision, if the Government considers that it is in the public interest, it should grant remission of income tax or penalty or interest or whatever, but I also think that the Government should provide Parliament, in a report or through the Auditor General . . . that was actually how the whole thing started, how we found out about the problem, when the Auditor General reported he had been unable to obtain the requisite information on this transaction.

I recognize the fact that the Government is entitled to act under Section 17 but I also think this section should not always

be kept secret in the case of such transactions, and I don't think it should be left up to the Government or to the corporation but to Parliament, which represents the people of this country, which represents all taxpayers who have a right to know all the details and what the justification was . . . in other words, if the Government makes this decision, it should at least let taxpayers know, through Parliament, what its reasons were for making the decision. I think that this would let us give the Government an opportunity to take the appropriate action in the public interest and then call the Government to account for what it has done; it could report directly to Parliament or through the Auditor General's report so that we could know whether the reasons why such a remission of tax, interest or penalty was necessary.

I believe that the same goes for all the other recommendations of the Public Accounts Committee. For example, I quote the recommendation in Section 9 of the Public Accounts Committee report: “Your Committee recommends that the Minister of Finance in future ensure that income tax remission orders do not deal with any matter currently before Parliament.” This is to avoid conflicts of interest, etc.

So, Mr. Speaker, I agree that we need a Section 17 to allow the Government to make tax remissions if it sees fit in the public interest, but at the same time, the Government must account for its actions and report to Parliament.

We have a tax system—and I said at the very beginning that it was a very complex system that no one can understand—that gets more complex from time to time, especially these days, and every time we want to improve it, every time we talk about tax reform, Mr. Speaker, this system becomes more complex.

In the 1970s, we had a tax reform and it was really six months after the new Tax Act was passed—there were so many amendments that it was impossible to figure out. Nearly twenty years later, we have another tax reform, which is even more complex.

Why are the tax laws so complex? The reason is the Tax Act does not concern only taxes. If we just said, “Taxes must be paid, period,” fine. But the tax law is meant to take account of the regions. Each region has its own needs. Different sectors of our society have needs. So we have a tax system that addresses particular social, economic and political situations and thus creates all this complexity and exceptions. Often, there are very specific cases, individual cases in the public interest that relate to regional economic development, so the Government, for the sake of regional development and in the public interest, grants tax exemptions or waives an interest penalty, but I think that like any democratic government, after taking such action, it must report to Parliament.

Mr. Speaker, I think that this is the distinction I make in this debate between the motion to repeal and have Parliament approve all remissions and the Public Accounts Committee report that sets a limit of \$20 million on transactions.