

Government Orders

how lost money is simply not true. In the first place, the work of art or the artefact that is being donated to an art gallery or a museum will either have been with the donor's family for generations or it will have been purchased by the donor at some point in the past and is now being donated to a public collection.

If, in the case of a work of art, it was bought through a commercial gallery or an auction house, an open market transaction occurred. Money changed hands during that transaction and taxes were paid to governments both in the form of sales tax and income tax paid by the art dealer or the auction house.

Similarly, these objects, often of great cultural significance, were purchased with after tax dollars, that is, with the disposable income of the donor. It is important to remember that a donor of cultural property is not reimbursed dollar for dollar for the fair market value of the donation. Instead a donor receives a tax credit equal to 17 per cent of the first \$200 and 29 per cent of the fair market value beyond that. Simple mathematics indicate that the tax refund, the forgone revenue the donor receives is only a fraction of the fair market value of the object.

If a person buys an object with after tax dollars, donates it to a distinguished institution and then receives a tax credit for 29 per cent of the fair market value of the object, it is difficult to see how anyone can fault that individual. They will also have donated it to a public institution where it becomes part of Canada's cultural patrimony that is accessible to everyone.

• (1240)

Members of the third party have objected to tax credits for donations but they have not yet addressed the purpose and intent of this bill. Tax credits are not the issue. In any event, I believe I have adequately demonstrated that tax credits for donations provide an incentive and a modest acknowledgement of a donor's generosity. They do not, as stated earlier, even come close to reimbursing an individual and in fact can contribute to significant revenue gains in a variety of areas of the economy.

It is perhaps worthwhile reminding hon. members that the purpose of this bill is to establish an appeal of decisions of the Canadian Cultural Property Export Review Board to the Tax Court of Canada. It establishes two types of appeal: the right of review of a determination by the review board itself and then, if necessary, the right to appeal to the Tax Court of Canada.

This need for the right of appeal is not new however but a re-establishment of the right of appeal that was inadvertently lost in 1991 when the responsibility for determining fair market value was transferred from Revenue Canada to the review board. There has been concern that the right of appeal would simply add to the backlog of cases to the tax court. We do not know if this will happen but every effort has been made to ensure that it

does not. The redetermination process will allow the majority of disagreements to be settled directly with the revenue board.

Is the possibility of adding a few more cases to the workload of the tax court a reason to deny someone that right of appeal when they disagree with a decision that directly affects them? Is this a reason to open the reinstatement of right that was lost and now denies some individuals natural justice through their inability to appeal to the courts? I believe not.

It is also questionable if the reinstatement, and this must be emphasized, of a right of appeal will lead to an increase in appeals to the Tax Court of Canada. This right to appeal existed before when the responsibility for fair market value resided with Revenue Canada. Therefore, it seems reasonable to assume that the tax court is in a position to resume this responsibility.

People from every province and territory have made donations to institutions designated under the Cultural Property Export and Import Act and people from around the world are now able to share in the enjoyments of the works of art, archival collections, books and artefacts that are preserved in public collections as a result.

These cultural institutions both preserve Canada's heritage in movable cultural property and make a significant contribution to the economy. Culture is not a frill enjoyed by only a few people but a valuable economic activity as well. To ensure that it continues to play this vital dual role, our museums, archives and libraries must have vibrant collections that will both contribute to knowledge and attract attention and visitors.

The tax incentives offered by the Cultural Property Export and Import Act are an important means to ensure that the donations of significant cultural property will continue. Without a right of appeal, as contained in Bill C-93, some donors will feel that they have no recourse if they disagree with a decision of the Canadian Cultural Properties Export Review Board and they may not be prepared to make a donation.

The appeal process will contribute to the preservation of Canada's cultural heritage collections of international stature. Both activities are important to Canada as a nation. I encourage all members of the House to support Bill C-93.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, I have a question for the hon. member. I congratulate him on a very able speech.

The member must know that at second reading of the bill the members of the Reform Party voted against it. Some of us were kind of surprised at that because the bill does something to promote Canada's culture. It does quite a lot to promote Canada's culture I would suggest, particularly the culture that is contained in Canada's museums and art galleries.