

*Adjournment Debate*

the parent company and the Ontario government did participate. Only the federal government said no.

I met with the finance minister this afternoon to once again appeal to him to look favourably upon tax regulations that would allow us the opportunity, just the opportunity, to involve ourselves in this employee buy-out, an initiative that I think, with imminent plant closures or plant closures that have already happened, surely the government could see its way clear to involving itself in.

I am going to ask the government to elaborate: What is it preparing to do? What is it prepared to do to encourage the people in Sault Ste. Marie and the steelworkers in Sault Ste. Marie?

[Translation]

**Mr. Pierre H. Vincent (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):** Mr. Speaker, the tax system already has mechanisms to encourage share ownership by workers, namely special rules for companies that undertake in share purchase option agreements to issue shares to their employees, and a lifetime capital gains exemption structured so as to favour the acquisition of shares by employees. Mr. Speaker, these mechanisms could help facilitate the plan of workers at Algoma to buy back shares.

These mechanisms are already in place in the legislation. Therefore no amendment is required to reflect recent events such as the situation at Algoma. In fact, both mechanisms are in line with the orientation that the government has given the tax system since the reform. As you know, Mr. Speaker, the government brought in the capital gains exemption in 1985. My colleague in the opposition challenged this exemption, Mr. Speaker, but he now sees that it may be worthwhile. Its purpose is to reward success, not to offer systematic tax breaks.

Under a share purchase option agreement, employees are entitled to buy shares from their employer. If the option price is not less than the share price when the option is exercised, the mechanism yields no tax advantage. In the case of a private company which is under Canadian control at the time the option is granted, the tax benefit accruing from the fact that the call premium is lower than the stocks' value at the time of their acquisition would become taxable only when these are sold. Moreover, when an employee sells his or her

stocks, only 75 per cent of the tax benefit arising from the option, that is to say the potential surplus of the value of the stocks over the option premium when they are acquired would be added to the income of the employee when the stocks are sold.

Furthermore, any increase in the value of the stocks acquired, i.e. when the option is exercised, usually represents a capital gain for the employee and, as such, entitles him or her to the lifetime exemption I referred to earlier.

British Columbia and Ontario have a tax credit system which promotes employee stock ownership. Unfortunately, Mr. Speaker, my time is already up. I would simply add, if I may, that the existing system is complex but one that employees can easily administer.

[English]

## HIGHWAYS

**Mr. George S. Rideout (Moncton):** Mr. Speaker, it is a pleasure to rise and discuss the issue of the Trans-Canada Highway in the House.

I should say that on June 10, I asked a question of the minister concerning the Trans-Canada Highway and when the federal government would show its commitment to the safety and economic well-being as well as the health of all New Brunswickers by committing funds to the Trans-Canada Highway.

For those who have not had the thrill of driving on our Trans-Canada Highway in New Brunswick, it is probably the most deadly highway in Canada and one that obviously merits federal support and assistance.

There are numerous deaths on the Trans-Canada Highway, and in my question I refer to some of the headlines and to some of the people who have been killed on New Brunswick highways, particularly the Trans-Canada.

The headline of the editorial in *The Bugle*, the Woodstock newspaper back a few months ago read: "Is the Trans-Canada Highway a Killing Field?" That is about what it has become. The editorial comments further that perhaps a hotline should be set up for federal MPs in each riding so that people who see accidents on the Trans-Canada Highway call them so they would become aware of the problem and the carnage that is caused on that highway.