

Adjournment Debate

to a dramatic increase in the rate of murders. I have a table here I should like—

Mr. Deputy Speaker: Order, please. Perhaps it would be convenient for the hon. member to interrupt his speech at this time and present the table to us on Tuesday when the debate is resumed.

PROCEEDING ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

CANADIAN BROADCASTING CORPORATION—RECOVERY OF INCOME TAX FROM EMPLOYEES STATIONED IN UNITED STATES—REFUSAL BY CORPORATION—POSITION OF MINISTER

Mr. A. D. Hales (Wellington): Mr. Speaker, this debate at this time is the result of the failure of the Secretary of State (Mr. Faulkner) to provide satisfactory answers to the questions I asked on January 10 and January 23. Those questions related to the recovery of income tax by the CBC from employees stationed in the United States. Some very basic and fundamental principles are at stake in this issue, and I trust my efforts in this regard will not be considered perfunctory.

This issue arose when the Auditor General reported to Parliament in 1969 that a Crown corporation for which he was the auditor, namely the CBC, failed to remit income tax and social security to the United States government for 17 of its employees while stationed in the United States. I realize there was a period during which the CBC was not sure whether the employees fell under Canadian income tax laws or United States income tax laws. During the period in which the CBC was trying to settle this dispute it continued to make deductions from its United States-based employees at the same rates as Canadian income tax, and kept this money in trust; then for some reason or other it was later returned in the same year, 1965.

● (2200)

The total amount of income tax owing by these 17 people was \$134,573.99. One of the employees in the group had an indebtedness of \$15,000, which is included in the figure I have just mentioned. Realizing the complexity and seriousness of this whole problem, the public accounts committee appointed a subcommittee chaired by the very capable and distinguished Liberal member for Ontario (Mr. Cafik). It held six meetings, and the public accounts committee held 15 meetings to discuss this whole matter.

Witnesses from the CBC and from the Department of National Revenue were heard as well as many others, including Mr. J. A. Coates, legal counsel from an outstanding international taxation firm in Toronto, who gave evidence for the guidance of the committee. The committee reported its findings and made a 13-point report to the House. I wish time permitted me to place the whole report

[Mr. Madill.]

on the record. However, I shall mention only two recommendations. First, recommendation No. 7 reads:

That the corporation's action in 1965 was seriously inadequate in terms of taking steps to avoid exposing itself to a corporate liability without having made provision to recover the funds from its employees.

The last, and most important, recommendation made by the committee was that the CBC should immediately take steps to attempt to recover the \$134,573.99 from the 17 employees involved. This matter now rests at that point. I should simply like to ask the minister the following questions, and I am sorry he is not here. First, was it not a reasonable assumption for the 17 employees of the CBC to assume that they should pay income tax in one country or the other? No one in their income bracket should be exempt. Second, I should like to ask the minister whether he feels that the hard-earned dollars of John Q. Public should be used to pay the income tax of the employees of the CBC, especially the one who had a tax liability of \$15,000.

Further, I should like to ask, on what basis can a Crown corporation to whom parliament grants estimates to the tune of \$200 million defy or disregard a recommendation tabled by an all-party committee of this House? Next, I should like to ask why the registered letter of March 29, 1973, was sent by the CBC to the 17 employees when it did not demand payment by the recipients. Finally, I should like to ask the minister this important question: Does he intend to instruct the CBC to collect this income tax, as recommended by an all-party committee of parliament, or does he intend to accept the refusal of the president to collect the income tax? That is the issue. It is a very important issue and one which must be settled.

I cannot understand how the president of the CBC can be taking a stand which defies a recommendation made by an all-party committee of this House. That is the issue. I hope the minister will answer these questions. I am sorry he did not feel that this was an important enough subject for him to be here tonight to answer these questions.

[Translation]

Mr. Gilles Marceau (Parliamentary Secretary to Secretary of State): I will not return the compliment to my hon. friend by telling him that he is not important, even though he is not a parliamentary secretary, because he knows that it has always been a custom for a parliamentary secretary to answer questions and I will try to do my best.

After the discussion which took place during the meeting of the Standing Committee on Broadcasting, Films and Assistance to the Arts, before which CBC appeared on April 5, last, I can only reiterate, in the name of the Secretary of State (M. Faulkner), the statement made by the President of the Canadian Broadcasting Corporation, Mr. Picard.

As the hon. member for Wellington (Mr. Hales), already knows, the attitude of the CBC as regards the recommendations of the Committee on Public Accounts in its report of June 30, 1972 was adopted following the advice from the CBC legal advisers. The hon. member will also understand that those legal advisers were assigned under a law enacted by Parliament.