

Mr. LESAGE: The first one is a document of the Department of External Affairs entitled

“Revenue Exemptions and Miscellaneous Privileges Granted in Canada to Representatives of Foreign and Commonwealth Governments.”

The second one is a notice of the Foreign Exchange Control Board for diplomatic officials.

By Mr. Graydon:

Q. With respect to the point you have just explained, Mr. Erichsen-Brown, does our own Foreign Exchange Control Board approve of article 8 before our government signs it?—A. Yes.

Q. It is thoroughly considered by the Foreign Exchange Control Board?—A. Yes.

Q. And they have no objection to article 8?—A. They have no objection to article 8.

Mr. MACNAUGHTON: Surely the important words are in paragraph 1 subsection (b) “Operate a foreign currency account with a bank in Canada and make deposits to and withdrawals therefrom without permit.”

Q. Yes.

The CHAIRMAN: Shall article 8 carry?

Carried.

Shall article 9 carry?

ARTICLE 9

The Organisation, its assets, income and other property shall be exempt:

- (a) from all direct taxes; the Organisation will not, however, claim exemption from rates, taxes or dues which are no more than charges for public utility services;
- (b) from all customs duties and quantitative restrictions on imports and exports in respect of articles imported or exported by the Organisation for its official use; articles imported under such exemption shall not be disposed of, by way either of sale or gift, in the country into which they are imported except under conditions approved by the Government of that country;
- (c) from all customs duties and quantitative restrictions on imports and exports in respect of its publications.

The WITNESS: Article 9 provides that the organisation is to be exempt from taxes. Essentially that is in line with the general principle that no state seeks to force another sovereign state to contribute to its exchequer. Obviously you cannot tax a foreign state, and an international organisation which includes members of other foreign states in a similar position.

Mr. FRASER: In this article 9 the organisation is exempt from all taxes except public utility charges. Do the foreign embassies here in Ottawa, while they are tax exempt, have to pay public utility charges?

The WITNESS: Yes, they do, they have to pay the Hydro rates and the water rates even though they are issued in connection with the tax bill. We insist that the water rates be regarded as a matter of services rendered rather than a matter of tax raised for the purposes of government in Canada.

Mr. FRASER: And they would have garbage collections too, would they not? Would that go into it?