

If it were not for the fact that without this bill there would be an inconsistency in what is done in various jurisdictions in Canada, I think the bill would have been amended in committee.

The fifteenth report of the National Finance Committee, which appears in our *Minutes of Proceedings* for June 19, 1990, is important. It casts a considerable shadow on the concept of a deemed trust, which is being employed by the government. The problem is that this government is using various persons—employers, or people who run businesses—to collect taxes for them. These people are allowed to integrate the tax money into their ordinary cashflow for a period. This may well have the effect of giving third parties—for example, persons selling goods or services to that person or company—the notion that he or she is dealing with a highly solvent and profitable business. Then the person, company or business goes bankrupt. At that point the government moves in and says, “Well, although we have cooperated in giving the impression that this is a viable operation, we want our money first. It is a deemed trust.”, notwithstanding that the government, by using employers and businesses, has itself contributed to the situation of insolvency. It seems to me that there must be a better way by which economists and lawyers can deal with this problem.

As I said, I am not objecting to the third reading of the bill, but I think honourable senators ought to be fully aware of the evidence taken in committee and of the fifteenth report of the National Finance Committee.

[Translation]

**Senator Simard:** Honourable senators, with your leave I would like to add a few words.

I would like to start by thanking Senator Stewart (Antigonish—Guysborough) and his colleagues for supporting the bill at this time in order to avoid further delay.

I would not go so far as to say, with Senator Stewart (Antigonish—Guysborough) that our defence was as weak as all that. Nevertheless, I certainly agree with Senator Stewart that the points made by the groups who came, including bankruptcy trustees, were so important that senators from both political parties who sat on the committee agreed to include in the report a request that the government review the whole area of “deemed trust”.

I hope the government will do just that. Thank you for expediting the third reading of this bill. It is a subject we intend to monitor very closely.

**Hon. Jacques Flynn:** Honourable senators, I was on the committee and I think Senator Stewart exaggerated the significance of this issue. The problem is with the *Bankruptcy Act*. We must know whether the government maintains a priority with respect to monies collected on its behalf by certain persons. This is a problem that has existed for some time.

Whether the government should let people who are responsible for collecting money use it as a source of financing is a

[Senator Stewart.]

matter for debate. I think we shouldn't take this to far. We will have to be careful.

**Hon. Fernand-E. Leblanc:** Honourable senators, I think Senator Flynn's comments are apt. In fact, the first paragraph of the report indicates that the Bankruptcy Act should be reviewed as soon as possible, since a review has been in the works for about ten or fifteen years. The old act exists but is no longer adapted to current needs.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Some Hon. Members:** Agreed.

Motion agreed to, bill read the third time and passed.

[English]

### IMMIGRATION ACT

BILL TO AMEND—CONSIDERED IN COMMITTEE OF THE WHOLE

On the Order:

The Senate in Committee of the Whole on the Bill C-77, An Act to amend the Immigration Act.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on Bill C-77, the Honourable Gerald R. Ottenheimer in the Chair.

**Senator Doody:** Honourable senators, awaiting our call is the Parliamentary Secretary to the Minister of Employment and Immigration. If the Senate will permit, I shall ask Mr. Bill Kempling and the officials with him to come and present their case.

**The Chairman:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Pursuant to Order of the Senate, Mr. Bill Kempling, Parliamentary Secretary to the Minister of Employment and Immigration, Ms. Ann M. Midgley and Mr. Peter D. Hammond were escorted to seats in the Senate chamber.

**Senator Doody:** Honourable senators, I would like to introduce Mr. Bill Kempling, Parliamentary Secretary to the Minister of Employment and Immigration. I do not know whether Mr. Kempling has an opening statement, but I am assured that he would be delighted to answer any questions you might have, and I am sure that he would be pleased to introduce the two officials who will be giving him advice this evening.

**Mr. Bill Kempling, Parliamentary Secretary to the Minister of Employment and Immigration:** Honourable senators, I have no opening statement, but I would be pleased to answer your questions.

**Senator Frith:** During my intervention in the Senate on Bill C-77 I put forward some questions. Senator Doody's office has provided me with some material that may very well have come from you or from the department.

**Mr. Kempling:** I am aware of it.

**Senator Frith:** They were questions seeking information, and that information has been furnished. The answers are quite complete.