

Adjournment Debate

and limited partnerships. The decision taken by the Department of National Revenue was holding up a very important project in my riding. In any event, it seems to me that this whole procedure of not providing advanced rulings for limited partnerships and tax implications of that mechanism is bad. Surely the Government should be providing certainty for the private sector. It should be providing a stable position for investment, as well as certainty and confidence to the private sector. The decision to stop giving these advance rulings is simply adding to the uncertainty of the private sector in making new joint ventures.

I am especially concerned in this case because it involves Algoma Steel. In Sault Ste. Marie there are about 20,000 constituents, within the city itself, and another 10,000 or 12,000 constituents in the surrounding area who depend on this industry as the main economic activity. Two and a half years ago Algoma Steel discontinued the construction of a \$300 million tube mill to make a new seamless tube which would be saleable in Canada, the United States and other countries. This tube is now available only from Japan and a few other countries.

During the course of the summer months Algoma Steel decided that it would proceed, using a tax credit transfer, or a capital cost allowance transfer, as a limited partnership with some other company. Representations were made to the Department of Finance and a meeting was held in September at which a proposal was given to the Minister of State for Finance (Mrs. McDougall) by the company. Two weeks later the Minister of Finance and the Minister of National Revenue (Mr. Beatty) said that they would not give advance rulings. Of course, when that happened, the whole opportunity to proceed with the completion of the tube mill was totally thrown into limbo, as were other projects across the country.

In his reply, the Minister of Finance said that they were reviewing the situation. If and when a decision is made, or whether any decision will ever be made, really puts the completion of this massive plant into jeopardy. We must look at it in terms of the 3,000 or 4,000 people who have been laid off by the company. Unemployment lists are up from 5,000 some three years ago to 11,000 at the present time. The giving of an advance ruling on a limited partnership could ensure the completion of the Algoma Steel Company's tube mill. It would create 250 to 300 jobs in the construction phase and as many as 700 jobs in the actual operation of the tube mill—not just in the tube mill, but in producing the additional steel by the company.

I would urge the Minister, the Government and the Parliamentary Secretary to stop this procrastination and to make a

decision which will allow this important economic development project to go ahead at Algoma Steel.

[Translation]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, first of all, I wish to congratulate you on your appointment.

Mr. Speaker, it is a great pleasure to rise in the House today to clarify several points that were raised by the Hon. Member of the Opposition in his questions addressed to the Minister of Finance (Mr. Wilson) last Friday.

In the first place, it is absolutely necessary to correct the very serious and very inaccurate statements made by the Hon. Member that this Government has discontinued the practice of advanced tax rulings. In fact, Mr. Speaker, the Government continues to support fully this essential component of our tax system. We feel that providing advanced tax rulings is essential—in order to obtain further clarification and thus help Parliament in adopting certain tax provisions for individuals who wish to obtain such an opinion before taking measures that might prove to be costly.

● (1815)

[English]

Issuing advance rulings in the specific case of limited partnerships and joint ventures, however, has been curtailed for good reason. Both the Minister of National Revenue (Mr. Beatty) and the Minister of Finance (Mr. Wilson) viewed the impact of recent decisions as a severe test of Parliament's original intent in approving the flow-through provisions of the tax. Some were also found to test the limits of the federal treasury's ability to finance all eligible applicants.

In no longer issuing advance rulings in the case of limited partnerships, and joint venture in the circumstances outlined in the speech of the Minister of Finance on October 24, 1984, the Government has safeguarded the principle that its scarce financial resources be applied in the manner Parliament intended. Furthermore, there is a sincere and justified concern on the part of the Government that advance rulings be used to enhance real investment and not necessarily to purely tax-motivated transactions.

With reference to specific tax cases raised by the Hon. Member on Friday last, I am not permitted by the provisions of the Income Tax Act to disclose any details of a taxpayer's file.

For all of these reasons, the Hon. Member will surely support the Government's initiative in applying the policy as announced by the Minister of Finance on October 24, 1984. In addition, he may wish to take particular heed of the fact that a