

*Government Orders*

when he wrote about archival documents: "Of all the nation's assets, archives are the most precious. They are the gift of one generation to another. The extent of our care of them marks the extent of our civilization". These words apply equally to the holdings of museums, art galleries and libraries.

Tax incentives that offer partial financial compensation to a donor of cultural property are a small price to pay for the preservation of our national heritage. Through these tax credits, the Government of Canada is able to assist institutions to continue to acquire and preserve significant cultural objects when acquisition budgets are shrinking or non-existent.

It is also important to consider these amendments in the tradition of tax incentives as a means to encourage charitable donations. Income tax exemptions for donations to educational institutions, hospitals and churches have been included in the Income Tax Act since its passage in 1916.

In 1930 these exemptions were extended to registered charities. Tax exemptions for donations to educational and charitable institutions including museums, archives and libraries have therefore been a fundamental principle of the tax policy since income tax was first introduced.

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In recent years, the Income Tax Act has been amended so that tax credits now extend to gifts to non-profit organizations that provide housing for senior citizens, Canadian amateur athletic associations, Canadian municipalities, the United Nations and its agencies, and registered national art service organizations. As this list indicates, tax credits are part of an overall fiscal strategy to encourage donations to a wide range of organizations.

Institutions designated pursuant to the Cultural Property Export and Import Act, that is institutions that have demonstrated they meet legal and professional requirements for the preservation of our cultural property, are both educational institutions and registered charities. Tax credits for donations to these institutions are therefore not new but instead are consistent with the history of giving in Canada.

It has also been suggested that tax credits for donations of cultural property are a waste of taxpayers' money because donors are able to get rid of works of questionable importance. This suggestion demonstrates a lack of understanding of the collecting practices of Canada's custodial institutions and of the professionalism of Canadian curators. It also implies that every object acquired by a museum, art gallery, archive or library is automatically certified as a cultural property for income tax purposes.

I would like to address each of these points in order, as an understanding of these issues is key to understanding the

importance of the tax credits available for gifts of cultural property.

First, with respect to the acquisition mandates and practices of Canadian custodial institutions, it must be understood that these institutions are established with a specific mandate to acquire and preserve defined types of objects. Museum curators must therefore carefully select which objects they are going to acquire and must be able to demonstrate how they fit into this acquisition mandate. They do not accept just anything or everything. In fact, I have been told by senior museum curators that they turn down as many offers of gifts as they accept.

Second, museums, archives and libraries are staffed by professional personnel who are acknowledged experts in their subject areas. They know what is culturally significant and what is not. They know what should be preserved and what sometimes unfortunately, must be allowed to perish or be exported. They are also keenly aware that their institutions cannot preserve every example of even important cultural objects. In short, professional judgment is applied when decisions are being made about what objects are worthy of being added to the permanent collection.

Third, there seems to be an assumption that when an object is chosen for inclusion in a public collection it is somehow automatically certified as cultural property and therefore is eligible for a tax credit. Again, this is a fallacy. Just as professional judgment is applied to what will be required, it is also applied when deciding if an application for certification as cultural property for income tax purposes should be submitted. In short, only a fraction of the objects that are acquired in any given year receive a tax credit.

To be eligible for certification, an object or a collection must satisfy the criteria of outstanding significance and national importance found in section 11(1) of the Cultural Property Export and Import Act, which states:

(a) whether that object is of outstanding significance by reason of its close association with Canadian history or national life, its aesthetic qualities, or its value in the study of the arts or sciences; and

(b) whether the object is of such a degree of national importance that its loss to Canada would significantly diminish the national heritage.

It is clear from these criteria that only truly significant objects are eligible for certification for income tax purposes. The decision is not made arbitrarily but rather according to specific legislative requirements that are applied uniformly to all objects that are considered for certification by the review board. It is also worth noting that the decision as to whether an object is of outstanding significance and national importance is made by a board composed of people who are active in the cultural community.

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The Cultural Property Export and Import Act requires that review boards be comprised of people who work in custodial