

Income Tax

to college with, people he worked in business with, who are out of work, and their attitude toward him as a secure bureaucrat is one of burning resentment. Distrust, indifference and resentment are dangerous attitudes if we want to work together in the future to pull ourselves out of this crisis. As one of my constituents said in a letter:

I do not believe that the Canadian taxpayer will trust any Government incentive program for quite some time.

In fact, who could blame them? Businesses which have gone bankrupt will not easily re-open their doors. A senior citizen on a very limited income told me, "This budget is making everyone live in fear, and fear is foreign to me." She will not forget that feeling of insecurity. The tenants who cannot find affordable housing will never recapture the exorbitant rents they are having to pay because the Government removed effective incentives to build. Many Canadian taxpayers will pay more tax because the Government changed the taxation rules and disrupted their planning. Many Canadians will never return to their jobs because their jobs have vanished. And this is particularly hard on the young Canadians who tend to be the last hired and the first fired.

When I am working in my riding with Government programs which are too narrow to deal with the problems, one of the toughest problems I have is finding work for young kids who do not have a work record, do not have unemployment insurance and cannot qualify for the Government's job creation programs.

One of my constituents is a chartered accountant who wrote me recently that his practice had grown substantially for all the wrong reasons and he said his clients are desperate to find ways to survive while dealing with problems beyond their understanding. I think this constituent has touched on one of the major problems underlying this Government's economic policies, and that is the intrusion of the state into areas which have previously been reserved for the individual.

There are two disturbing themes which can be identified through the last two budgets, the Minister's economic statement, and in this income tax legislation. The first is the fact that the Government is forcing Canadians to depend on the state rather than on themselves. Second, the Government is taking money from people before they receive it. These two themes have formed the basis for the original November budget, and they are present in this income tax legislation.

There is no question, Mr. Speaker, but that this income tax legislation is a much improved document over that first budget. Over the last 13 months some 47 retreats and withdrawals have been made to the initial proposal, largely because of the efforts of the Official Opposition on behalf of and working with Canadians hurt by the budget. Certainly we welcome some positive measures that the Government has included in the legislation. I am glad to see, for example, that the Child Tax Credit has been increased by \$50 per year, per child. I think this credit is one of the most fair means of helping out families with children. I applaud any move to strengthen it. With my NDP colleague, the Hon. Member for

Kamloops-Shuswap (Mr. Riis), I would welcome any measure to extend daycare credits.

• (1740)

I think our income tax legislation is improved by the provision in the Bill which permits the tax-free transfer of an RRSP between spouses in the event of a marriage breakup. That is a constructive move. I am also very pleased to see that the Government has agreed not to touch the employer contribution to health and dental plans. I was afraid that if this measure had been included in the legislation, many Canadians would simply opt out of these plans.

Today the Minister of Finance claimed that the legislation reduces taxes for 5.8 million Canadians, for a total saving of approximately \$1 billion per year. What the Minister failed to acknowledge is that the major beneficiaries are high income Canadians whose marginal tax rates has been reduced. Low and middle income Canadians gain little or nothing from lower or marginal tax rates and will lose proportionately more from the partial deindexation of old age and public service pensions.

Many employees are also adversely affected by the 40 per cent increase in unemployment insurance premiums announced by the Minister in his October economic statement and by the increased taxation of some important employee benefits. As an example, loans to employees to permit them to purchase a home or shares in their company will become taxable. This measure discourages employees from investing in their own firms, which is a measure that we need in order to encourage the productivity increases that we need to fuel our recovery.

In the case of loans for housing, it also represents a real barrier to worker mobility. As the Council of Forest Industries of B.C. wrote me, this will make it even more difficult to attract employees to areas of high housing costs, such as outside Vancouver. This measure seems particularly ill-timed, since the federal Government has been strongly encouraging the Provinces to eliminate all barriers to worker mobility. The cost of housing is certainly a major barrier to that kind of mobility.

Similarly, the standby charge on which the amount of taxation on company cars is calculated has been doubled. We in the Official Opposition did succeed in persuading the Government to limit the increase, since the November budget proposed an even higher rate of taxation, and we are pleased that the Government has agreed to modify the taxation for those who do not use their cars a great deal for personal business. We still believe this is an unnecessary tax increase at a time when this industry has been hit very hard by the recession. Many auto dealerships across the country have gone bankrupt over the past year, and yet the Government persists in adding to their burden by forcing the employers and the employees to keep much more detailed records in order to exact this tax.

One of the meanest aspects of this Income Tax Act is its effect on Canadians who are retired or who are trying to provide for their retirement. Many of these changes are