

The Budget—Hon. Michael Wilson

ing changes. They will make fundamental improvements in the ability of Canadians to build decent pensions in a fair and flexible way.

● (1720)

I will be introducing legislation to improve minimum standards for private pension plans under the federal *Pension Benefits Standards Act*. The measures improve rules for vesting, portability and survivor benefits. They will be of particular benefit to women. These proposals are the result of extensive consultations with provinces to ensure a high degree of uniformity in pension benefits across the country—another excellent example of federal-provincial co-operation.

[Translation]

The changes that I am announcing will ensure that more workers will have the opportunity to join pension plans and the right to participate in the management of pension funds.

[English]

They will provide workers with rights to their pension benefits after two years of plan membership and ensure that such benefits will be portable. They provide for equal pensions for women and men retiring under identical circumstances. Provision will be made for survivor benefits and for splitting of pensions between spouses upon marriage breakdown.

I am not proposing to legislate mandatory inflation protection at this time. There are too many uncertainties about the future costs of various proposals for inflation protection and there is no consensus on how best to achieve it. However, the Government will encourage all firms under federal jurisdiction to adjust pensions for inflation on a voluntary basis. They will be required to report publicly on the adjustments made and the source of funds used for that purpose.

The government will monitor the situation closely and continue discussions with provinces, business and other interested groups with a view to taking additional action to protect the purchasing power of pensions.

I also propose to reform the system of tax assistance for contributions to private pension plans. The current system discriminates among people in different types of pension plans. Starting in 1986 the limits on RRSP contributions will increase each year until 1990, at which time equity will be restored between RRSPs and other types of pension plans. Persons who do not fully use their allowable RRSP contribution in any year will be able to make up the difference within a seven-year period. This will provide Canadians with access to a much more flexible and comprehensive pension system.

These new measures will significantly improve opportunities to build decent retirement incomes for the growing number of Canadians in small business, farming and the professions.

SUPPORT FOR THE DISABLED

At the National Economic Conference the point was made strongly that the tax definition of disability is too narrow. I intend to broaden the definition of disability for income tax

purposes. I expect 120,000 individuals to benefit from this change.

CULTURAL MEASURES

The arts and cultural sector plays a vital role in preserving and developing our intellectual heritage. It is not only a source of pride for Canadians, it is also an important source of jobs. I am announcing, in collaboration with the Minister of Communications, (Mr. Masse) the formation of a special task force to propose initiatives to encourage the private sector to increase its support for the arts.

In response to representations that have been made, I am also announcing tax changes to permit Canadian visual artists to write off the cost of their inventories and to assist them in donating their own works of art to charitable institutions.

VOLUNTARY SECTOR

The voluntary sector will benefit two initiatives in this budget. I am proposing changes to make it easier to donate gifts of property to charities and to protect the charitable status of organizations carrying on non-partisan political activity in support of their charitable goals.

IMPROVING TAX FAIRNESS

Many Canadians have questioned the fairness of the tax system and of tax administration. This is a matter the government views with great concern. Our tax system rests on a foundation of self-assessment and voluntary compliance. If Canadians feel that the system is unfair, this foundation will erode.

[Translation]

The greatest source of concern is the ability of some high-income individuals to take advantage of existing tax incentives to shelter virtually all of their income. There is no question that such tax planning is legitimate, and that the incentives serve valid objectives. Canadians nevertheless feel frustrated when some high-income individuals pay little or no tax. I share this frustration.

[English]

I will therefore be introducing a minimum personal income tax, beginning in 1986, to ensure that high-income Canadians pay their fair share. I am tabling today a paper that explores three alternative ways of imposing a minimum tax. I will use this consultation process to encourage the provinces to adopt the same system in order to maintain uniformity and consistency across the country.

In addition, I am moving to curtail the tax-shelter financing of certain types of property, including yachts, recreational vehicles and hotels when used in certain circumstances.

Some Hon. Members: Oh, oh!

Mr. Wilson (Etobicoke Centre): I am glad that the Leader of the Opposition still has a sense of humour.