

Private Members' Business

the present time. Just as we cannot afford to forego tax revenues, because our tax system is extremely complex and some people can even afford tax experts to bypass the system. I am not talking about fraud or anything illegal here, just going over every comma and every sentence in the Income Tax Act to get the most out of it.

I am just back from a series of consultations held by the finance committee in western Canada, where even tax experts told us: "Look, we cannot even make sense of this Act ourselves, and we are not sure that the government can make sense of it either. One of these days, we will have to consider a real reform, whose first objective would be, even before the amount of tax revenues to be generated, to simplify the whole system". Of course, the second objective would be to determine the optimal level of revenues to be generated by a new tax system.

All of this brings me back to an issue which has yet to be settled. The people have the feeling that the current tax system is not working and they are not mistaken.

Take, for example, the GST which has been in effect for several years now and which will not generate more revenues this year than last year. There is a problem here. Even though the growth of domestic demand is weak, we see that taxpayers have developed a number of ways to avoid paying this tax, which is perceived as being extremely unfair.

This has been fuelled by the Liberal members who decried this tax, when they were in opposition, and promised to replace it, something they never did. By the way, we should also be concerned about that. People felt that their concerns were legitimate since they even had the support of a political party saying that the tax was unfair.

It is true that it is not perfect, that it is flawed, that it causes a lot of problems, but the Liberal Party was accused of demagoguery when it said that it was a new tax. The tax on services was new, but the tax on goods simply replaced the federal sales tax. In that context, it is not right to make the taxpayers angrier than they already are about the current tax system for purely political reasons.

I come back to the fact that we cannot afford today to add these types of deductions, but if we want people with low incomes and few savings to feel that there is some kind of justice, we have to ensure that our tax rules do not allow higher income people to avoid paying their fair share.

Sometimes people are right, sometimes they are wrong, but when we refuse to have a thorough debate on an issue, the perceptions that people have, whether good or bad, remain. An example of that is the perception that banks do not pay their fair share. I do not have a definite opinion on that, but I think that it is something that is worth looking into. It is not by avoiding the

issue or by making a fine statement that will sound great on the news, such as it is too generous, it is out of date, etc., that we will make progress. We will have to look into all this.

Perhaps when the Minister of Finance and the Minister of Revenue both consult Canadians on the budget next year they ought, instead of listening to all of the organized groups whose final word is always "Do anything you want to anybody else but me", to set some guidelines for a real debate, true consultation on various scenarios for tax policies and tax expenditures, in order to get a proper evaluation.

• (1810)

How much do the present measures cost? What are their objectives? Based on that, let us go out to Canadians so that they may make their own evaluation and come up with a final conclusion that "We can afford this, but not that. Here are what our priorities are for taxation for economic and social development".

Our taxation system pursues two objectives, obvious economic ones, but a major social objective as well: the redistribution of wealth. This ought never to be lost sight of. For that reason, if the taxation system is simplified, that second objective must not be lost sight of.

You do not deal with fiscal problems due to the fact that not enough tax revenue is being collected from people who could pay more, by increasing the number of deductions that already exist. We simply cannot afford it. How much would the measure suggested today cost? Good question. I repeat, those who are a little better off may manage to avoid this altogether by having more than one bank account, as I explained earlier, by having three or four accounts, for instance. That often happens.

I have two or three accounts myself. The point is to put your money into different accounts, keep your interest income below \$1,000 and thus avoid paying taxes on this income. I realize this technicality could be improved upon while maintaining the purpose of the motion which is that interest income of \$1,000 and less would not be taxable, but in the end, what have we achieved? How are we going to finance all that? The question lies here as well.

Therefore, out of a sense of fairness, yes, we have to work on it, but not necessarily in the way suggested. In the minute I have left, I wanted to say, because I heard mention of RRSPs, where accumulated interest is tax protected, that they are not really affected by such a motion, because RRSPs are taxable only when money is removed from them. This is when tax is taken, according to our income at that point.

So this would not promote saving necessarily. It would not have a particularly strong effect on saving, because the vehicle already exists and is already attractive enough, I imagine, from