

Oral Questions

I urge the Government and both opposition Parties to deal with Bill C-71 as expeditiously as possible.

ORAL QUESTION PERIOD*[English]***TAX REFORM**

WHITE PAPER—EFFECT ON FAMILIES

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, in the absence of the Minister of Finance I will direct my question to the Minister of National Health and Welfare. It concerns tax reform which, in reality, is turning out to be just another Tory tax grab from middle-income families.

Last week the Tory chairman of the Finance Committee warned Canadians that the middle class would be hit hard by this Tory tax reform package. We learned over the weekend that even the Minister of National Health and Welfare had to speak to the Minister about this unfair attack on more than one million Canadian families caused by cuts in the child tax benefits. Why is the Tory tax reform so unfair? Why did the Minister not look after his own affairs and advise the Minister of Finance on the unjust decision he made affecting Canadian families?

● (1420)

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, most of those allegations turn on the question of the child tax credit. The Hon. Members know that below the threshold of \$24,500 families with children are ahead as a result of the changes we have made. Right above the tax threshold there is a slight change, but if that is put together with the reduction in taxes because of lower marginal rates, families with children are ahead and the Hon. Member knows that.

[Translation]

ELIMINATION OF \$1,420 EXEMPTION FOR STUDENTS 18 YEARS AND OLDER—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): If I choose to return to this injustice, Mr. Speaker, it is because I feel the Minister has failed to understand the importance of this issue, and I urge him to read the documents carefully. Because this reform he has introduced will affect over a million families who will lose in whole or in part the fiscal value of the dependent child exemption which they could claim before.

I ask the Minister: Does he feel it is fair to cut this \$1,420 exemption which families could claim in respect of students who are 18 years of age or over? That is the age where children cost the most. At a time when the birth rate is dropping in Canada, does the Minister feel it is fair to eliminate this \$1,420 exemption in respect of children over 18 years of age who are still attending school without replacing it with a tax credit?

[English]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I am concerned that the Hon. Member has not read the total tax reform document. If he had read it, he would know that the tuition tax credit is now transferable. Under previous Governments, the deduction for tuition always had to be taken by the student who had a very low income which was rarely ever taxable. Now that is transferable to a parent or a grandparent. That is an important advance not only for students but, I would suggest, for post-secondary education as well.

[Translation]

QUERY WHETHER TAX CREDIT WILL COMPENSATE FOR FINANCIAL LOSS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Minister of State (Finance) refuses to recognize the fact that there will be no exemption for dependent children 18 years of age or over, that there will be no tax credit and that, also, a woman who is separated, divorced or widowed who has a dependent child 18 years of age or over still attending school will not be able to claim this child as a spouse for tax purposes. Therefore, I ask the Minister: Does his Government intend to change the relevant provision to reinstate the exemption for dependent children 18 years of age or over who are still attending school, or at least to include a tax credit to compensate for the significant tax loss middle income families will experience?

[English]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member can get himself stirred up by looking at two parts of the over-all package. If he were to look at the over-all package, he would find that the taxpayer he describes is way ahead. There are lower marginal rates at all levels. That plus the tuition credits to which I have referred add up to a much better situation in the specific example he just described.

TELECOMMUNICATIONS TAX

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, when it comes to imposing taxes on Canadians, the Government does not care whom it taxes or where it goes to get the taxes. First, children's snack food, and paint, and wallpaper, and now a 10 per cent tax on long-distance phone calls and cable TV. The Government twisted the Bell telephone ad. It now reads: "Reach out and tax someone".

My question is for the Minister of State for Finance. For millions of rural Canadians there is no difference between a local and a long-distance telephone call. Is it not true that the Government will tax all Canadians for every call made to their doctors, their dentists, and their children? Is this what is called fairhandedness?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the tax on telecommunications was very carefully