

Government Orders

The position of the seniors in these groups was expressed as follows by their representatives.

[English]

“The position of seniors is that our generation made a lifelong contribution to building our country and we believe strongly that Canada should continue to provide a measure of security for seniors in their declining years”.

[Translation]

On December 1, here on Parliament Hill, I also met representatives of the coalition of seniors for social equity. The association which has a membership of about 500,000 senior citizens, submitted a brief on the income of seniors: Myth or Reality. The coalition expressed the need for wide ranging consultations and planning, involving both government and seniors groups, before any changes were made in the old age security program.

Mr. André Lécuyer, a spokesman for francophone seniors, stressed that it was important to give people time to plan and adjust to changes in the system. According to Mr. Lécuyer, the public had been led to believe that the government could save more money than it does now, by cutting income security programs for seniors.

The spokesman for the coalition and president of the Federal Superannuates National Association, Mr. Claude Edwards, said during this press conference that they were not prepared to sit idle at a time when the very foundation of their superannuation plan was cracking. He said it was like buying insurance during one's working life and, upon retirement, being told by the insurance company that the policy had been cancelled and the money was no longer available. Why tax seniors?

And what about family trusts? According to some tax experts, wealthy Canadian families use family trusts as a special tax planning tool. Assets in trusts are not subject to capital gains tax for several decades, which means that these families are able to protect part of their family inheritance from one generation to the next. The family trust system introduced in 1972 by the Trudeau government, provided for the disposition of assets in trust after 21 years, which means in 1993, for instance, in the case of trusts created before 1973.

The Bloc Québécois has nothing against the principle of family trusts but objects to their use as tax shelters. For instance, the Bloc Québécois objects to the carrying forward of capital gains tax to the next generation. Furthermore, we want the government to reveal the figures on the value of assets and family trusts and the amount of tax revenue lost by deferring capital gains.

Why is the government so hard on the most vulnerable in our society who have worked all their lives and deserve a decent quality of life?

Bill C-59 is unacceptable in its present form because, as a result of certain measures introduced in this bill, the most vulnerable in our society will be penalized.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, today is a sad day for parliamentarians, a sad day for Quebec and a sad day for Canada. Our thoughts today are with our hon. colleague, the Leader of the Opposition who is courageously fighting a very serious personal battle. I wanted to begin my comments by letting him know that our prayers are with him, his family and his children. All Canadians are with him.

• (1020)

I am pleased to join in the debate and to support Bill C-59. There are several aspects of the legislation and how it relates to our overall tax system that deserve comment and clarification.

Let me emphasize that our government knows full well Canadians believe taxes are already too high and we agree with them. That is why our priority objectives are to stimulate economic growth while putting in place real fiscal discipline. It is this double-barrelled thrust that will ultimately allow us to reduce taxes in the years ahead.

Let us remember that the tax deficit relationship is a two-way street. Every dollar of deficit borrowing we accept today will axiomatically lead to higher taxes tomorrow. Every dollar we can trim from the deficit, preferably through spending cuts but also through tax measures if need be is a step on the road to keeping the tax burden down.

That is why our government's 1994 budget was in many ways a tax reform and a tax reduction budget. It included measures to eliminate loopholes and increase tax system fairness and equity. It also committed to direct action to bring down unemployment insurance premiums which is a payroll tax that acts as a real barrier to new job creation.

It was also a tax reduction budget because of the firm commitment made by the Minister of Finance to cut the deficit to 3 per cent of the economy in three years. Again, let me make this central point. Fiscal discipline is the key to long term tax reductions in two key ways.

Obviously the less we have to borrow the less we have to tax to repay the loan and its interest, but there is another important dimension to this process. Controlling government's appetite for debt is our fundamental tool for getting interest rates back down. Lower interest rates mean lower carrying costs on our \$500 billion debt. Again that means fewer tax dollars we need to spend.

I understand the concern some Canadians may feel about measures that add to tax revenues today in order to let us cut taxes in the future. We know the tax fatigue felt by so many. That is why the 1994 budget undertook a program of net spending reduction over three years. That is the most significant of any budget in a decade.