

THE SENATE

Thursday, December 21, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.
Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

21 December 1989

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 21st day of December, 1989, at 3.30 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

INCOME TAX ACT AND RELATED ACTS

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Income Tax Act, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, the Old Age Security Act, the Public Utilities Income Tax Transfer Act, the War Veterans Allowance Act and a related act.

Bill read first time.

SECOND READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time now.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[Translation]

Senator Simard: Honourable Senators, I am pleased to rise now to support Bill C-28 to implement the changes to the Income Tax Act which were announced by the Minister of Finance in his last April budget.

The provisions of this bill must be considered in the global context of this budget's objectives. As the Minister of Finance said when he tabled the said budget, Canada's major and growing debt is a serious problem and must be brought under control if we want to build our future instead of mortgaging it. The measures in this bill will contribute quite appreciably to the realization of this objective.

Bringing the national debt under control is not an end in itself. It is a means to achieve an end, an essential pre-condition to the maintenance of our social and other programs, the fostering of a sustainable economic growth, the improvement of our competitiveness and the creation of productive jobs.

[English]

Honourable senators, all Canadians share the desire to reach these goals. We all want an environment in which inflation and interest rates can come down. That means we must have firm, measured and consistent fiscal and monetary policies. Reducing the deficit and controlling the debt are an integral part of the government's policy approach. The April budget responded to the need for fiscal action to control the debt. Its balanced package of measures places a greater burden on those who are better able to bear it. On the spending side, the government has cut expenditures in such areas as defence, foreign aid, business subsidies and other transfers as well as payments to crown corporations and government operations. These, we believe, have been effective in the current year and will have a substantial impact on spending for several years into the future.

At this time I want to turn to the measures contained in the bill.

[Translation]

A number of changes affect personal income tax.

First, this bill implements an increase in the personal surtax, which will rise from 3 per cent to 5 per cent. As well, an additional 3 per cent high-income surtax will be applied to federal income tax on income in excess of \$15,000. It will