

*Government Orders*

because, for the ordinary people of Canada, these programs have nothing but negative connotations.

There were some references to privatization, and I thought they were most apt, especially in light of the fact that the minister who was described yesterday as shepherding this legislation through the House is also the minister responsible for privatization.

One of the previous speakers mentioned the number of homeless people in Canada. I would remind members of the House and all Canadians that it was this very same gentleman who, a couple of years ago when he was Minister of Housing, said that the homeless in Canada were homeless because they wanted to be and that if they really wanted shelter, they would certainly be able to find it. If they did not have shelter, it was their own fault.

The question I would like to ask my colleague from Nanaimo—Cowichan is something along these lines. He made reference to government revenue and said that whether it is given away in grants, gratuities or not collected it is still lost revenue. I wonder if the member could expand on the idea of revenue not collected contributing just as much to the deficit as money which is given away.

**Mr. Stupich:** Mr. Speaker, if I may just say to begin with, when the minister spoke about this and said that it could or should be revenue neutral, he was certainly falling far short of saying that it “would” be revenue neutral. He obviously does not know at this point in time. On previous occasions we have had the Minister of Finance tell us that certain legislation was going to be revenue neutral only to find out that by his own calculations he was out about 25 per cent. Thus I have no confidence at all in this particular piece of legislation being revenue neutral.

The legislation before us talks about the different ways in which the government is closing loopholes. Every time it closes a loophole which would allow someone to get away with putting more money into an RRSP than the legislation originally intended, what the government is doing is allowing that person to reduce his or her taxable income and thereby reduce his or her income tax for that year.

The government might say later on that it is going to catch up, when the person starts drawing the pension he

will pay tax on that income that was deferred and on anything that the deposit has earned in the meantime. By then, in all likelihood, the person will have retired or at least be in a low-income position. The person might through some adversity have to start drawing those RRSP funds out earlier. A person would not do that unless he was in a lower-income position, at which time he would have to pay tax at a lower rate.

The GST might catch up with him and the government might get back at him through that method. But I do not think the plan for the GST was to catch up on people who are avoiding paying income tax at lower income tax rates in earlier years. Some of the loopholes are described in the papers that I have before me, but in general that is it. Whatever the scheme, whatever the method, it is to reduce taxable income by putting money into an RRSP in one year and then reporting that income some year down the road, hopefully at a lower income tax rate for the person involved, and hopefully by sharing it with others. There are various methods of paying it. It is to reduce that person's income tax rate in the current year and that costs the government money.

Anytime you reduce a person's taxable income by allowing him or her to get away with paying less on income that year, both the federal and the provincial governments lose tax revenue for that year. According to the government's own figures, and it has talked about a difference of \$350 million, it says that people have been avoiding paying income tax to the extent of \$350 million because there have been these tax expenditures that they have been able to push ahead for future years and have put into RRSPPs, thus avoiding paying tax to the extent of \$350 million. That means revenue in the neighborhood of \$1 billion, if they are able to push into future years. That is the kind of thing I was talking about with tax expenditures.

**The Acting Speaker (Mr. Paproski):** Are there questions or comments? The Hon. Member for Beaches—Woodbine.

**Mr. Young (Beaches—Woodbine):** Mr. Speaker, I have a question for the hon. member. You may not be aware of this but the hon. member was a Minister of Finance in the New Democratic Party Government in British Columbia a few years ago. Listening to his speech and the responses that he has given to the questions, his expertise in this area shows very clearly.