

*Excise Tax Act*

individuals will be paying more of the costs of government through increased income tax or through increased charges for the services which government provides. Corporations have been paying less and less and will continue to pay less and less of their share.

As a result of the corporate tax policies of the former Liberal Government which are being continued and made worse by the present Conservative Government, the tax system has mushroomed over the past 12 years into an increasingly large and elaborate set of measures that allow corporations to pay effective tax rates well below the official corporate tax rates of close to 50 per cent. In 1980 corporations were able to use various tax breaks to reduce their effective tax rates to an average of 23 per cent.

The burgeoning list of corporate tax breaks has been a key factor in shifting Canada's tax burden over the years from corporations to individuals. In 1951 corporations paid 28 per cent of all Canadian taxes. By 1981 their taxes, having been reduced by a wide range of special balances and exemptions, accounted for only 17 per cent of the tax bill. Correspondingly, the share of the total tax bill paid by individuals rose from 24 per cent in 1951 to 43 per cent in 1981. This, of course, has cut down on the ability of ordinary citizens to live as well as they should and it has taken away from their purchasing power so that they are not able to buy the goods and services which have been produced by Canadian companies.

Let us see how these tax breaks to corporations really work. One of my colleagues pointed out that at the present time a typical unmarried nurse will pay income tax of \$5,800 on an income of \$25,000. He also indicated that a single high school teacher will pay income tax of 26 per cent on a \$33,000 annual salary. On the other hand, let us look at what some of the large corporations are paying. Husky Oil, with assets of \$561 million and pre-tax earnings of \$22 million, paid an effective rate of 5 per cent—

**Mr. Mayer:** Your former leader is a director.

**Mr. Orlikow:** Mr. Speaker, my friend, the Minister of State for the Canadian Wheat Board (Mr. Mayer), says that our former leader, and I presume he is referring to Mr. Douglas, is a director of that oil company. So what? I am not suggesting that the company is doing anything illegal or improper. The company is doing exactly what the Government tells it it is entitled to do. I would be surprised if the Minister who is the Hon. Member for Portage-Marquette would defend a system in which Husky Oil with pre-tax earnings of \$22 million pays an effective rate of 5 per cent as its corporate tax while comparing that rate with the rate paid by the farmers and small businessmen who live in his constituency. I would like him to return to his constituency to see if he can justify that discrepancy to his electorate.

Let us take Consolidated-Bathurst Limited as an example, Mr. Speaker. With pre-tax earnings of \$79 million, it paid no taxes in 1982 and in fact claimed a credit of \$3.6 million to be deducted from future taxes. Shell Canada, one of Canada's largest oil companies with assets of \$4.7 billion and pre-tax

earnings of \$302 million, paid no income tax in 1982. In fact, it received a credit of \$47 million against future taxes. I wonder how many individuals in Canada have that kind of arrangement.

In 1954 the federal Government of the day collected \$1.17 billion in income tax from individuals, slightly more than the \$1.05 billion collected from corporations. However, by 1982 the federal Government collected \$26 billion in income tax from individuals and only \$8 billion in income tax from corporations. This means that individuals were shouldering 76 per cent of the tax burden as compared to corporations which were shouldering only 24 per cent of the tax burden.

What actually happens in this kind of tax system, Mr. Speaker? Deferring taxes is one of the key ways in which the tax system allows corporations to reduce their tax burden. Billions of dollars in corporate taxes have been deferred. That is the official description of those taxes. However, the word "deferred" is in fact misleading because in almost every case the taxes are deferred indefinitely and the corporation holds on to its money indefinitely. In fact, Jean-Jacques Carrier, a spokesman for Consolidated-Bathurst, put it very bluntly when he said in reference to deferred corporate taxes:

If you ask me when we expect to pay these, I'll tell you never.

He did not say that he would pay them next year, the year after or a few years from now when the expansion, modernization and improvements in technology which the company is hopefully making will be complete. Mr. Carrier indicated that he will never pay those deferred taxes. What is true of Consolidated-Bathurst is true of Inco and Canadian Pacific. The same is true of virtually every large corporation in this country.

It is that kind of system which explains why Consolidated-Bathurst recorded a tax rate of 34.7 per cent in 1982. That was in its financial statement, even though it paid no income tax.

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Deferred taxes have been accumulating in corporate accounts. In 1971 deferred taxes amounted to \$2.78 billion. By the end of 1980 deferred taxes had increased almost tenfold to \$24.24 billion. One does not need to be very radical to say that is wrong. Former Liberal Cabinet Minister Eric Kierans pointed out that for new small firms the kind of depreciation and tax benefits which are permitted for corporations mean nothing, because those firms do not have the kind of profits which would permit them to defer their taxes.

If the Government is worried about the deficit, it should go after the people who have the money. It should go after the corporations which have received billions of dollars in deferred taxes that will never be paid. I would have much less objection to the corporate tax breaks if I could be convinced that those breaks were being used to improve the efficiency of the companies and the environment which has been damaged so severely by so many mining and forestry corporations over the years. I would have much less objection if the money was being used to provide jobs for Canadians.