

Supply

now more difficult in the United States to avoid paying one's due to the government.

Why not do the same here? Why is the government so reluctant to follow up on our suggestions to target two sectors on a priority basis? The first one is the tax conventions signed with 16 countries considered to be tax havens. Investment management companies will tell you that they can easily find loopholes. It is easy to establish subsidiaries in some of those 16 countries and take advantage of tax loopholes which will allow you to save hundreds of thousands of dollars, if not millions, or even billions, in federal taxes.

Why does the government refuse to review these 16 tax conventions? Is it because of possible conflicts of interest? Is it because some friends of the party might be taking advantage of these tax havens by creating bogus companies in these countries? They also declare phoney operating losses in these tax havens, so they can deduct them from their profits in Canada and avoid paying taxes.

It is time something was done about this. When the government talks about cutting back, when Quebecers and Canadians are asked to tighten their belts and make incredible sacrifices, maybe it is time the Minister of Finance acted responsibly and stopped protecting his friends and the friends of the Liberal Party of Canada, whose incomes are not necessarily those of the average Canadian.

Tax treaties should be a priority in the next budget. The minister should overhaul some of these treaties which are riddled with tax loopholes.

Family trusts are another case in point. In November, and even in his last budget, the minister tried to make a good impression when he said he would create a sub-committee of the finance committee to analyse the impact of family trusts on federal tax revenues.

• (1550)

The subcommittee was set up, but despite assurances that the process would be completely open, first of all we never got the co-operation of senior officials from the Department of Finance who just laughed at us in committee; second, whenever we asked for additional information and studies, the real stuff, we were turned down; and third, before Christmas, when the official opposition presented a motion in the finance committee to review the policy on family trusts for wealthy taxpayers who never have to pay a cent of capital gains tax, the committee's Liberal majority and the Reform Party voted the motion down. They even voted against a study of family trusts. I think that is unconscionable.

In concluding, I have another recommendation. In his report, the auditor general referred to federal accounts receivable still outstanding. He mentioned the \$6.6 billion, owed by taxpayers, especially wealthy taxpayers, to the federal government. They did not deny the fact that they owed the money, but because of this government's spineless attitude, no attempt is being made

to recover the \$6.6 billion. According to the auditor general, we could recover 80 per cent of this amount.

If the minister needs a few more billion, we suggest that he can get around \$14 billion without even touching social programs. It is high time government members woke up to this fact, because people have had enough.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I listened attentively to the member's statements. As he well knows, when leading up to a budget there is always speculation and rumour. Indeed, what we have heard today from the member is a lot of speculation and a lot of rumour.

The member started off by talking substantially about somehow shifting the tax burden to low and middle income Canadians. The member knows that when the Minister of Finance addressed the finance committee on October 17 and 18 the very clear message was that the minister was not looking at increasing taxes as a primary vehicle for deficit reduction and meeting his target of 3 per cent of GDP.

As the debate and the work of the committee have gone on, there has been no question that the committee, of which the hon. member is a member, has concentrated on many items the member has raised. These include the elimination of overlap and duplication among different levels of government; the reduction of subsidies to businesses; and dealing with loopholes that are not illegal but were brought in to handle certain situations at a certain time which may no longer serve their purpose.

The member also spent quite a bit of time referring to the rich and making the rich pay. I thought it might be helpful to pass on to the member for his information some facts that were published by StatsCanada.

The top 10 per cent of taxpayers in Canada in 1992 started at some \$50,000 a year. Those top 10 per cent of taxpayers paid 34 per cent of all taxes. In addition to that, that top 10 per cent of taxpayers also contributed 42 per cent of all charitable donations.

When we are talking about who is paying for what, it is clear we have to take into account the full dynamics of the financial affairs of those people who are successful. I think the member would agree that we want Canadians to aspire to do as well as they possibly can. If we have successful leaders in businesses and industry, we will also have successful people working within those businesses and industry.

I have a question I want the member to deal with. He talked about tax reform. I think most members will agree that tax reform is an important process of this House. He talked about it in the sense of reducing the complexity of our taxes and simplifying them.