

Taxation Reform

I want to make a suggestion because the members of the committee are going to require a lot of assistance when dealing with the voluminous submissions which will come from various parts of the country. I refer particularly to research assistance. As I listened to hon. members on the government side speaking today, for the most part supporting the recommendations of the white paper, I realized it would be a tragedy if the research available to the committee came only through the normal channels and if this were more or less government oriented.

It would be a very wise move if research assistance could be provided for each party delegation that constitutes the special committee in order that there may be a well rounded consideration. This certainly would assist the various members of the committee who represent the various positions which have already been expressed in this House. I hope the government will take this into consideration and provide the extra research facilities for this extremely vital and important work which this committee will have to do.

Mr. Deachman: We provided nearly \$200,000 for this. What did you do with it?

Mr. Thompson: I remind the hon. member who mentioned the \$200,000 research fund that this applies to the entire opposition and does not in any way compare to the amount available for research facilities to members of the government side. This applies to every cabinet minister and every department. In this special instance, this committee needs extra research assistance and I believe it should be made available to every group or party that forms this committee.

Some hon. Members: Hear, hear.

Mr. Thompson: I believe the greatest result that can come from this white paper is the inevitable discussion that it is going to generate and, in fact, has already generated. This white paper is an elementary and by no means complete statement of taxation reform in Canada, which is so very much needed. I must say this is a positive aspect of the white paper. My feelings centre around the fact that the minister, in spite of stating he is not going to be rigid in his attitude toward the white paper, will favorably consider many of the proposals. I am concerned, from the remarks being made in the House by the Minister of Finance, that the white paper actually is government policy.

I hope, Mr. Speaker, that some broadened aspects will be the result of this study. It seems that only part of the over-all tax reform that is needed in Canada has been presented. The white paper states that reform of the sales tax is less urgent, and can be accomplished after action on the proposals of this white paper. Why should it be piecemeal in that way? Why does the white paper not deal with the over-all aspect of taxation reform? Many new aspects of the sales tax structure are badly in need of reform. Without the government's proposal, in this regard it is going to be difficult to assess the total proposed tax structure. No mention is made of plans to reform the administrative aspect of the taxation system. The tax jungle remains with us unless the need for extensive administrative changes is recognized and the taxpayer is given an opportunity to know where he stands. As far as the Ottawa taxation authority is concerned, taxation procedures will continue to be enshrouded in red tape.

• (2:50 p.m.)

I do not believe there is any real recognition, either, of the tremendous need which exists in Canada today in connection with the financing of vital social services such as education, health and certain aspects of municipal work. Some people would say that this falls within the jurisdictional field of the provinces, but I am sure all the provincial treasurers have made it plain that this is the area in which the greatest discrepancies exist as far as taxation is concerned. The provinces will certainly need greater access to revenues if they are to carry out their responsibilities adequately in the directions I have indicated.

Another criticism of the white paper concerns its neutral attitude toward inflation. I think this criticism is justified. The federal treasury extracts higher revenues each year as inflation continues and the proposed capital gains tax will give it a further vested interest in inflation. Unfortunately, the proposals contained in the white paper do not go as far as they should if we are to consider at this time the over-all picture of tax reform.

Another criticism which concerns me relates to the relief which is proposed for those in low-income groups. What is proposed here will really be of no assistance whatever to those who make too little to be liable for tax. The minimum wage at the federal level—and the minimum provincial rates do not vary much—is \$1.25 an hour. This amounts to approximately \$2,600 in a working year.