

Oral Questions

PLEA THAT MINISTER HELP MOTORISTS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, to get back to my question, I would like to ask the Minister once again: Does he or one of his Cabinet colleagues intend to stand up to the oil multinationals and protect the consumer, the drivers who will have to face a three-cent increase in the price of a litre of gas in just one week?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that if the Hon. Member is keeping his ears open he will know there are some oil companies which have said three cents a litre. Other have said they want to increase gasoline by one cent a litre. I think the consumer has a lot of power in his hands here by just ignoring those companies which are raising gasoline by three cents a litre, proving through the marketplace that the consumer has a very strong voice and can teach them a lesson by going to the companies which have only increased their price by one cent.

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● (1130)

THE BUDGET

CORPORATE TAX STRUCTURE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Finance. Yesterday I asked the Minister why it was too soon for the Government to have corporate tax reform but not too soon to increase taxes on the ordinary family. Also yesterday, in talking to some journalists outside the House, the Minister pointed out that as a result of the last Liberal Budget there is a hangover of some special corporate tax breaks that are in the value of a number of billions of dollars. Will the Minister now tell the House how much the Treasury is losing on an annual basis, how many millions or billions of dollars are we losing as a result of this special category of corporate tax breaks?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Leader of the New Democratic Party has mixed and matched some of the things that I did say in my luncheon with journalists yesterday. What I said is that there is a loss overhang related to the capital cost allowances that were built up during the capital investment boom leading up to the 1981-82 recession. Those credits, in addition to the losses that were endured during the major recession in 1981-82, have resulted in this loss overhang.

The problem that I referred to, and that I refer to on many occasions in the House, is that people are trading these losses from a loss company to a profitable company so that the taxable income of the profitable company can be reduced. We found this offensive. We have made a number of changes, not the least of which have been changes that we made earlier this year to address this problem. I also said in the Budget that we

will put in a general avoidance rule to address the problem, as well as deal with it on a more permanent basis in tax reform.

REQUEST FOR CORPORATE TAX REFORM

Hon. Edward Broadbent (Oshawa): Mr. Speaker, this Government will always deal with these issues at some point in the future. I would like to quote the words of the Minister from what he said not in the current Budget or in last year's Budget but in 1985 when he had this to say about the same category of break:

—the existence of the large banks of unused losses has been a continuing source of instability in the tax system. The possibility of large reductions in government revenues has led to frequent and complex change. These measures have a cost to taxpayers—

Since in the Minister's own words corporations continue to save millions—indeed billions—of dollars, and since other taxpayers have to make this up by paying too much, why can we not have the tax reform in the corporate sector now instead of down the road?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member said we are not acting. I do not know where he has been for the last two-and-one-half years. We have removed the scientific research tax credit which the Liberal Government brought in and which cost us about \$2.5 billion. We changed the rules on limited partnerships. We changed the Little Egypt Bump about which the Hon. Member was quite interested. We changed the seeding that oil companies were using. We changed the carve-outs. We changed a number of provisions that were helping high-income Canadians finance hotels and yachts. We brought in a minimum tax.

We have been dealing with this problem on an ongoing basis. I said—and I repeat my answer of a minute ago—we are going to deal with it further in tax reform. I hope that the Hon. Member will get off his chair and give us some support for what we are trying to do.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I have no intention of giving support to a Government that increased taxes on individuals by 52 per cent but had a net reduction of corporate taxes by 18 per cent. That is what the Government has done.

Some Hon. Members: Hear, hear!

[Translation]

LARGE CORPORATIONS—REQUEST THAT GOVERNMENT
INTRODUCE TAX REFORM NOW

Hon. Edward Broadbent (Oshawa): My last question is as follows: Because of these loopholes in the corporate tax system, individuals have to pay more than their fair share. Why not introduce changes now to reform the corporate tax system?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have said several times in the House that we have been examining this problem since September 1984. We changed the rules on tax avoidance, and in our tax report, we intend to