

*Oral Questions***TAX REFORM**

## TREATMENT OF CAPITAL GAINS

**Mr. Mike Cassidy (Ottawa Centre):** Mr. Speaker, my question is directed to the Minister of State for Finance. I believe he has received a copy of the New Democratic Party's third interim report on the tax system, this time on the personal tax system, which we published today.

One of the findings in that report is that, contrary to the Government's suggestion that the \$500,000 capital gains tax exemption largely helps farmers and small business, in fact 55 per cent of the benefit of the special treatment of capital gains goes to 1 per cent of taxpayers whose income exceeds \$50,000. They are mainly investors. Given the degree to which special treatment of capital gains is directed to wealthy Canadians, is the Government committed to making the tax system fair and, if so, is there any way in which a reformed tax system based on fairness can include the maintenance of that \$500,000 capital gains tax exemption?

**Hon. Tom Hockin (Minister of State (Finance)):** Mr. Speaker, I have been informed about the report of which the Hon. Member speaks. I am very pleased that they are catching up with the themes of tax reform that the Government has brought forward. We have laid down fairness and simplicity as two of the major objectives of our tax reform. I see that the Hon. Member's Party agrees with those.

In regard to the question of the \$500,000 lifetime capital gains exemption, I am also pleased that this morning the Party agreed with that in terms of farmers and small business. They fought it when it originally came in; now they agree with it.

**Mr. Cassidy:** The Minister seems to have forgotten that the minimum tax which was proposed in the House was directly because of the initiative of my Leader in the 1984 election.

## MINISTER'S POSITION

**Mr. Mike Cassidy (Ottawa Centre):** Mr. Speaker, the figures we have from the Department of Finance indicate that Canadians earning more than \$250,000 a year save more in tax from the special treatment of capital gains each year than the average Canadian earns. Can the Minister name one tax expert in Canada who believes that the \$500,000 capital gains lifetime exemption has any place in a fair and progressive tax system?

**Hon. Tom Hockin (Minister of State (Finance)):** Mr. Speaker, we will not exchange names of economists and tax accountants. There are many of them who have recommended that. Part of the Government's approach to tax reform is to look at the whole range of personal income tax exemptions and personal income tax rates. It is the same at the corporate level and the federal sales tax level. Major reforms will be included in the Government's examination of tax reform. That subject will be examined along with all others.

**AIRPORTS**

## INITIATIVE TO INVOLVE PROVINCES AND MUNICIPALITIES

**Mr. Brian Tobin (Humber—Port au Port—St. Barbe):** Mr. Speaker, my question is directed to the Prime Minister. It concerns this morning's announcement by the Minister of Transport that Canada's airports are now up for sale or divestiture by way of lease. Given that Canada's nine largest airports lost \$157 million, according to Transport Canada's financial statement, in 1985-86, why has the Government of Canada approved this thinly veiled policy to cut costs and cut services to Canadians in Canada's airports in advance of any public hearing process and review by the Standing Committee on Transport, the appropriate Standing Committee of the House?

**Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council):** Mr. Speaker, I believe the Hon. Member has it all wrong. The Minister of Transport has initiated an opportunity for provinces, municipalities, and airport authorities to become involved in the management and operation of airports throughout Canada. They are indeed a very important centre of economic activity in most communities and this initiative has been in response to a number of communities that have stated their desire to have a greater say in the management and operation of airports. This is a responsive Government, and that is what the Minister of Transport is doing.

**Mr. Tobin:** What the Government of Canada is trying to initiate is an opportunity for municipalities and provinces to buy a pig in a poke.

## COMMITTEE REFERRAL

**Mr. Brian Tobin (Humber—Port au Port—St. Barbe):** Mr. Speaker, the fact of the matter is that \$157 million was lost by Canada's nine largest airports, according to Transport Canada's own financial statement in 1985-86.

**Mr. McDermid:** How much of that was Mirabel?

**Mr. Tobin:** It was \$56 million in Mirabel.

The appropriate Committee of the House of Commons has never had this matter referred to it for a public hearing process. Will the Deputy Prime Minister give us a commitment to put this policy decision on hold until Canadians, as they deserve, have a chance to have a say in this government policy initiative which will ultimately result in Canadians having less service than is currently being provided through the Government of Canada?

**Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council):** Mr. Speaker, the Hon. Member is talking through his hat in more ways than one. First, this proposal is not a compulsory policy, it is a voluntary policy. Any community or province, or any authority that wants to be formed in terms of management of an airport