

copy of Bill C-97 which was introduced following the *June presentation* of the budget.

When discussing income tax one must remember that unless one is discussing the sort of tax proposals brought forward in 1970 for the so-called reform of income tax, the interest of most members of the House in the subject, considering the number of committees they must attend, is at a rather low level. So far as the public is concerned, the proposals we are discussing today and will discuss later in committee of the whole are old hat because although their applicability may have been deferred they actually came into force at the time of the budget.

General satisfaction was expressed in the budget debate with regard to the indexation of income tax, because the minister intended to introduce provisions which were to correct some anomalies, and certain allowances were to be expanded in order to take into account inflation. One sees, if one reads the ways and means motion on which this bill is based, that we are embarked in part on a process of tightening up.

I want, first, to talk about the general effect on income tax of the tax indexing in 1977, because on that point the taxpayer will be most interested since it will affect his personal income. I think the point bears repeating because less than a month ago the minister announced the effect of this year's tax indexing on forthcoming tax levels. After all, as I recall, that provision in the 1972 election campaign was derided by the minister's predecessor as hair-brained and as likely to bankrupt the country. The formula adopted by the government is different, admittedly, but the end result and principles are entirely the same. It now appears that the Minister of Finance (Mr. Macdonald) suffers from strained shoulders from patting himself on the back and saying what a good move this was.

Let us see what the bill will do. Bill C-22 proposes that for 1976 and subsequent taxation years the amount of personal exemptions and deductions will be rounded to the nearest \$10. That is not too significant. We know that because of the increase in the CIP, personal exemptions in tax brackets will increase by 8.6 per cent for the 1977 taxation year. This means that the basic personal exemption will increase to \$2,270 from its rounded level of \$2,090, the amount which applies to the 1976 income year. Similarly, the married exemption will increase to \$1,990 from \$1,830, and the deduction for the aged and disabled will increase to \$1,420 from \$1,310. Elsewhere in the bill there is provision for an increase in child-care allowances and child expenses. We see, as well, that the maximum exemption for children under the age of 16 will rise to \$430 from \$390. For children aged 16 and over, the corresponding increase is to \$780 from \$720. This is all good news to the taxpayer. Even though there has been somewhat of a decline in the rate of increase in the cost of living, the cost itself has continued to rise. We know that the taxpayers of Canada have been very hard pressed on one side by a severe progressive income tax scheme, and on the other by the ravages of inflation. As a matter of explanation, the 8.6 per cent indexing adjustment is based on the increase in the average consumer price index for the 12-month period ending September, 1976,

over the corresponding average for the preceding 12-month period.

• (1620)

I have gone to the point of putting a lot of what might appear pedantic knowledge on the record for the benefit of those who read *Hansard*—and it is surprising how many do—to get this precise information. After all, bulletins, press releases and communiqués from the Minister of Finance are not available to that many people. The news appears in a newspaper, possibly on page 39, and is missed by a lot of the population. Therefore, I make no apology for giving information that was given by the Minister of Finance to indicate clearly that with regard to personal income tax the 1977 taxation year will reflect such changes.

There are a lot of things in this bill of which it will be quite simple for us to say we fully approve. It may be a little more difficult when we get into the technical language of the clauses, but that is for me and others to raise at that time. In the notice of ways and means motion proposed by the minister there is a change with regard to the registered retirement savings plans reflecting increases because of highly increased incomes. If these plans are to maintain their value as a savings vehicle, the ceilings must, of course, be raised. I will put on record in a short while a proposal from an old friend of mine who is well versed in insurance affairs. It indicates that the increase proposed by the minister prefers one class of taxpayers against another.

The whole matter of RRSPs will have to be examined more carefully in committee of the whole. As we know, some individuals either in television programs or newspaper articles have taken a rather one-sided view of RRSPs. They have raised a lot of fear in the minds of those who watch the television program. They get only a garbled version of what the program is trying to say. The program itself may be garbled. The net result is that members of parliament, including ministers, receive a flood of mail from people who say that the provisions, which have been there for a long time and which have been working very well, are a total rip-off. This, I just cannot see. As I said, we will want to look closer at our RRSPs and establish once and for all what may be the limitations and the great advantages.

I am pleased that the minister has increased the ceiling for section 125 of the act, increasing the totality of small business to \$150,000 and increasing the total business limit for a taxation year to \$750,000. The next one, No. 4, is, as far as I am concerned, a final admission by tax officials that for 25 years or more they were in total error. This has to do with principal occupation. If it had not been for a most pernicious rule in income tax law in this country, I suggest that Canadians would own anywhere from 25 to 35 per cent more of the petroleum and natural gas industry of this country.

I recall when I first came to parliament years ago asking the then minister of finance to give Canadians equal opportunity with regard to investing in the search of and drilling for oil and natural gas in Alberta and Saskatchewan. After all, in the