

*Government Orders*

**Mr. Ian Murray (Lanark—Carleton):** Mr. Speaker, may I first congratulate you on your appointment. This is also my first opportunity in the House of Commons to thank the people of Lanark—Carleton for putting their trust in me as their member of Parliament.

I want to thank the Minister of Finance for convening this special pre-budget debate. This is a worthwhile extension of the cross-country consultations the minister has held during the past 10 days.

The most important consultation with the people of Canada took place late last year when each of us during an intensive 47-day election campaign heard first hand from Canadians how they felt about their country and their governments.

The economy of my riding which is just west of Ottawa includes small businesses, farms, manufacturers and the centre of Canada's high technology industry. The people of Lanark—Carleton have felt the full impact of the recession and the realignment of international trade. I have been impressed by the tenacity and the resilience demonstrated by many small business owners.

I am sure all hon. members listened during the election campaign to countless individual examples of economic hardship, personal bankruptcies, jobs lost or families squeezed by ever-increasing taxes demanded by every level of government.

On October 25 Canadians voted for change. They demanded a change from a system that fostered dependency to one that rewarded initiative; a change from a climate of worry to a climate of hope; and, a change from a system of privilege to a system of fairness.

When the first budget of this government is presented it will be judged by the men and women of Lanark—Carleton on how we live up to our commitment to change. There is no shortage of ideas available to the minister as he prepares the budget. There are only difficult choices. Therefore we need a set of principles to guide us as we make those choices. In particular, we need to reward individual initiatives and those who create jobs for other Canadians. We must be fair. We must agree that taxes are too high. People have said "enough".

In the short time I have today I want to mention a few specific items. Whether we like it or not each federal budget influences the behaviour of Canadians. There will always be trade-offs but the issues of fairness as perceived by taxpayers must be addressed. Though we try to make the tax system neutral society is too complex for the tax system to accommodate all of our differences.

Personal taxation has been based on the traditional family unit. We must come to grips with the realities of change in the family unit, whether it be single parents, working couples or stay-at-home dads. Like many Canadians, I am wrestling with how we can make the system fairer by allowing for these differences.

Several residents of Lanark—Carleton have suggested we look at the income of the family unit as a whole. There is a sense that families which decide to have one parent remain at home while raising children are penalized by the tax system. One suggestion which I personally support would allow income splitting between spouses while they have dependent children.

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I have also heard from many people who are very concerned that the budget may target RRSP contributions. It is easy to portray this tax expenditure as a benefit for the rich. However for many self-employed people and others who do not have the security of a company or government pension plan RRSPs represent their best opportunity to save for their retirement.

The government should also continue to encourage people to take personal responsibility for their future.

During the election campaign all parties spoke of the importance of small business to our economy. In fact we are looking to small business to be the primary engine for economic growth and job creation in Canada.

If it is the role of government to create an environment to stimulate private enterprise what can we do to show entrepreneurs that we mean business? We must allow them to operate free from the growing burden of taxation, required contributions and paperwork they now face. Our priority should be to make it easier for them to hire new employees. Government must change its attitude and realize that the vast majority of business people are honest, law-abiding citizens who do not need bureaucrats and government auditors looking over their shoulders.

Let us address the question of financing for small business through the innovative use of the tax system. Just as we should encourage those who create jobs we should use the tax system aggressively to reward individuals who invest in Canadian start-up companies.

For example, the real problem we face as we move further into the information age is how to finance small software companies with few if any capital assets. Their main asset is brain power. Though a high percentage of new high-tech companies fail, those which succeed more than compensate for that risk. This has been proven many times in my riding. The well-known success stories inevitably spin off new companies. This may be an opportunity to put the capital gains tax exemption to good use by rewarding risk takers. Low risk investments do not need support from other taxpayers.

Business associations have been saying for years that government handouts to large businesses should end. Let us take those groups at their word and channel money from existing grant programs toward funding tax incentives for job creation. Grants would remain available to small businesses as their more stringent cash-flow requirements make it difficult for them to take advantage of tax incentives.