

Adjournment Debate

Mines and Resources, and the Department of Agriculture, the Government continues to finance research in this area.

Moreover, taking into account the progressive reduction of lead concentration in gas by 1992, there exists a possibility of using ethanol for increasing the octane rating.

It has been estimated that such use would create a market for some 2.5 million tonnes of grain per year, which is the amount required to produce enough 3 per cent methanol to 5 per cent ethanol additive for all the gasoline sold in Canada today.

This is only a small fraction of total Canadian production, which now reaches close to 60 million tonnes, but such a market would help bring down surplus stocks of lower quality grain.

It is estimated that the effect of this market on prices would be marginal. I would also like to point out, Mr. Speaker, that according to a working paper on fuel alcohol published earlier this year by the Department of Energy, Mines and Resources, ethanol-methanol blending could turn out to be an economical and competitive method of octane enhancement. It goes without saying that this would depend on the price relationships between grain and oil, which fluctuate widely.

The Government of Canada is well aware of these developments and since the release last year of the report on alcohol-based additives by the Standing Committee on Energy, Mines and Resources, an interdepartmental committee has been closely monitoring new developments in the field of fuel alcohol.

To come back to the grain market issue, the Government is open to all possible solutions when it comes to maintaining and expanding markets for Canadian grain at home as well as abroad.

Once again, Mr. Speaker, I would like to thank the Hon. Member for his question and for his sincere interest in this issue and I would ask him to provide any additional information he might have concerning the use of ethanol as a gasoline additive. His assistance in developing this type of new market for Canadian grains will undoubtedly be well received.

And in conclusion, Mr. Speaker, for his personal information, I would advise him to be more present at the Standing Committee on Agriculture in order to see in which parts of the country there might be surpluses, and in which parts there might not be, which would put him in a much better position to inform the Canadian people on what is produced in this and that region, thereby giving Canadian agriculture its true importance.

SOCIAL SECURITY—TAX REFORM—THE ELDERLY—
GOVERNMENT POSITION—INCOME TAX—THE ELDERLY—
GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, I come back tonight to a question I put to the Minister of Finance (Mr. Wilson) concerning tax reform, in view especially of the statements that were made concerning tax exemptions for the elderly. We know that for the elderly

there is the so-called Old Age Security pension, the Guaranteed Income Supplement, the spouse's allowance, the Quebec Pension Plan and the Canada Pension Plan, but in addition there is the so-called age exemption for people 65 and over. This year, those people are entitled to a \$2,610 exemption and a \$1,000 pension income deduction.

In the matter of tax reform, the Minister spoke of changing the tax exemption into a tax credit. This is perfect, it is exactly what we Liberals were proposing during the famous January 1985 consultation on the blue paper concerning family allowance and social security pensions. Unfortunately, at that point the Government was promising a lot of things, but we remember how much they misled the people, even committee members, even Conservative Members who believed the Prime Minister concerning the indexing of Old Age Security pensions and family allowance.

Mr. Speaker, I wish that this time, the Parliamentary Secretary—and the reason I am being so specific is that there is agreement, and in fact the committee called for a change from tax exemptions to tax credits. Regarding my question, which the Minister failed to answer, I want to say that I would like to get an answer from the Parliamentary Secretary. If we consider that, in 1983, the cost to the Government or the total amount redistributed to senior citizens through tax exemptions was \$650 million . . . This \$650 million is a form of assistance, a form of income support for people on middle and high incomes, since tax exemptions do not benefit people on low incomes. What I wanted to hear from the Minister and the assurance I was seeking, was that the transformation of tax exemptions into tax credits would reduce the amount allocated to very wealthy older people and transfer the savings to low and medium income senior citizens. The blue paper shows that a single individual with an income of \$4,000, received tax exemptions amounting to \$410. However, another individual with a pension and interest income of \$50,000, which means quite a bit of money in the bank, received \$1,569 in tax exemptions. That is to say the rich got almost four times as much as the poor.

I would like the Parliamentary Secretary to tell us that, when the Government corrects this unfairness in tax exemptions by replacing them with tax credits, the rich . . . Couples with an annual income of \$70,000 received \$3,000, while couples with an annual income of \$6,000 received only \$726. That means we will take money away from the rich. My question is this: Are we going to transfer the money to middle income people, are we going to give more to the poor, increase the Guaranteed Income Supplement? Or is the Government going to do what it did for Family Allowances and family tax exemptions? It is on that point that it misled the public and the Committee. It took away money by partially deindexing Family Allowances.

It did away with the tax exemption for dependent children. It gave back half the money as a tax credit but the rest went to the rich depositors of the banks which went under, it reduced the deficit, it spent \$55 million to change the colour of