

income, and now they find that their income is being eaten away by inflation, particularly the kind of inflation being experienced in British Columbia. That is not taken care of in this tax legislation. As is so often the case, they are being punished for their thrift and their planning. This is not right.

On the one hand the government makes money on inflation. It has not taken inflation into account in this taxation measure, yet capital gains continue and people are paying capital gains tax on inflated dollars. If the value of a commercial property increases on paper from \$100,000 to \$300,000, the person who sells the property must pay capital gains on it. I talked to my mechanic this weekend. He does excellent work. He wants to move into commercial property. He says that he cannot buy commercial property in the lower mainland because he cannot afford to pay \$100,000 for a narrow strip of commercial property. But even if that property were for sale, you would have to pay capital gains tax on it—in a matter of 18 months, some \$200,000 in capital gains, which would increase the cost. And the government makes money in times of inflation by not indexing the capital gains feature of income tax. It is in the interest of the government to continue with inflation as long as it does not have to accommodate it in capital gains. It pays to keep it going.

● (2010)

The second thing the government does is ensure it slides out of the obligations it took on some years ago. I am thinking particularly of the obligation toward the funding of training for our RCMP officers and the contracts with municipalities. Many of us in the House know that the federal government has the lion's share of taxing capabilities. This is followed by the provinces and, last, the municipalities. The municipalities receive whatever is left over in taxing ability. So the federal government starts off the taxes, then comes the provincial government and, finally, the municipality.

The federal government also has the advantage of entering into a long-term contract with the junior levels of government. Some years ago it entered into an agreement to fund something in the order of 70 per cent or 75 per cent of the cost of RCMP policing in the municipalities. Now it wants to renegotiate that contract to 85 per cent. The municipalities will have to pick up what is, in some cases, a quarter million dollars. I remind hon. members that the municipalities are not in a very good position with respect to negotiating. The gun is at their heads. Too often the central government engages in a long-term contract and then, after the commitment has been made by the provinces and the municipalities, it begins to slide out of it—witness the transfer payments to the provinces on health care and education costs. They were itemized packages at first; now, it is block funding, which is easier to negotiate.

There is so much that this bill does not take care of, Mr. Speaker. I am reminded of a provision for the handicapped. About 14 months ago we debated a motion in this House in my name to rewrite the regulations regarding the \$1,000 deduction for the care of handicapped persons, in the income tax provisions. The Clark government accepted a proposal that the

### *Income Tax Act*

Department of Finance should take another look at the wording of that provision. Would you believe, Mr. Speaker, that the policy of the tax department, right now, is that in order to be declared a handicapped person, and thereby qualified for the \$1000 deduction, a person must be certified to spend "a substantial part of the day in a bed or a wheelchair". That is absurd! What do you do with someone who is mentally handicapped and in perfect physical condition but who needs 24-hours-a-day care? The government has a choice: it can encourage the parents to take that child and place him in a government institution, which will cost the government \$15,000 or \$20,000 a year to look after him; or it can increase the tax deduction so that the parents can provide better care for the child.

Looking at it in terms of pure, hard, cold cash it is in the interests of the government to provide better provisions under the Income Tax Act for the parents of handicapped children than to be so stingy, so miserly, in their description of who may qualify. We passed a measure to that effect in the House. The government has never brought that recommendation forward, even though the House of Commons passed that motion. There is no such provision in this bill. It has never been referred to committee.

If the government were really concerned about the handicapped of this country it would take seriously the recommendation passed by this House to study that proposal to provide some relief to the parents of handicapped children. These parents want to look after their children themselves and they are punished by the government for wanting to do so. All we need to do is change the wording in that regulation. I see the minister listening intently. I appreciate that and I hope he will take this under advisement. Something should be done to give the government some heart so that it will provide for those parents who are doing something to help their handicapped children.

I am reminded of the Small Business Development Bonds. The government says it wants to encourage private initiative and risk-taking and therefore it went along with the Crosbie budget and announced the continuation of the Small Business Development Bond policy. That was in April. We continue to hear in this House that the policy is in place, but when small businessmen and women go to the bank to take advantage of it the banks continue to say, "We have had no clear direction from the government." I ask the minister to tell this House when that will be taken care of so that the banks have a clear direction from the government. When that policy is clearly stated the small business people of this country will be able to take full advantage of the low interest rates which will accrue to them under it.

These are just some of the things which concern me with respect to this bill, not only the measures it includes but, more important, the drift of the government as indicated by the measures it does not include. As we have heard over and over again, the budget announced last fall was not really a budget of the finance minister but, rather, a budget of the energy minister. It was an energy policy and not a finance policy. It is