

Income Tax Act and Related Acts

I want to assure the Hon. Member for Hamilton East, however, that a union like the steelworkers' union which is a responsible union in the Hon. Member's area and which does support the New Democratic Party is conscious of the fact—

Ms. Copps: Unsuccessfully, I might add.

Mr. Cassidy: The Hon. Member for Hamilton Mountain (Ms. Dewar) would indicate that it is very successful. It is very conscious of the fact that some of its members may not wish to contribute and does not make a political contribution on behalf of those members who choose to be excepted. This leaves an area of doubt as well.

I want to return to something else we think is unfair. The Conservatives continue to allow an exemption of \$100,000 for capital gains income. They are taxing capital gains at only three-quarters rather than at the full rate beyond that front, and that is wrong. Just as I said, the Liberals and the Conservatives are very much alike. Who was it just yesterday who proposed in this House that the proposed rate of tax on capital gains be reduced? It was members of the Liberal Party trying to benefit their friends who get capital gains by reducing the rate of inclusion of capital gains and by cutting the tax on capital gains to two-thirds of regular rates from the three-quarters proposed by the Conservatives.

Ms. Mitchell: Mr. Speaker, I would like to return to the question of taxes as they affect families. Perhaps the Hon. Member could briefly summarize, for those of us who have studied this some months ago and are perhaps a little fuzzy on it, what the Government has done in removing tax exemptions for spouses and for children. It sounds as if this is a progressive measure, but as I understand it, only about 50 per cent of the value of that family allowance is given back through credits to compensate for this. In effect, it has really taken away much more from families.

I am talking about all families now. It is taking away from a whole generation of Canadian children, regardless of income. This has not been replaced by other measures.

[Translation]

The Acting Speaker (Mr. Tremblay (Québec-Est): I would ask the Hon. Member from Ottawa—Centre (Mr. Cassidy) to be very brief, because his time is almost up.

[English]

Mr. Cassidy: Mr. Speaker, the Hon. Member is aware of the fact that when two people have a child, their expenses go up sharply and their income goes down significantly because of the need for child care. Often one of them wishes to spend time with the child as well. Yet the credit for the first and second child is \$65 a year under the Government's provision, just equal to the tax that will be payable on the family allowance. The family allowance will be deindexed and then the Government has another refundable child tax credit but only for people earning less than \$25,500 per annum. The consequence is that a family with an income of \$30,000 or \$40,000 a year will bear substantial costs. They are carrying out a societal responsibility as well as something which is their personal

privilege and pleasure in raising kids, but the tax system will hardly recognize those extra costs for those people. That, I believe, is bad social policy. Middle income families with children have virtually no distinction in the tax system from middle income families without children in the recognition of the cost they bear in carrying out the vital function in society that is raising children.

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, I would like to make a brief intervention on tax reform and the environment. I must begin by observing that the Government has been very regressive in its approach to taxation. It has raised federal sales taxes and extended their application into the environment as well.

In his 1985 Budget, the Minister of Finance (Mr. Wilson) removed tax exemption status from insulation materials, heat pumps, solar heater panels, furnaces, wood burning stoves, wind deflectors and generators, and windmills. As a matter of fact, since 1984, the Minister of Finance has consistently ignored the environment while at the same time the Minister of the Environment (Mr. McMillan) continues to spin his rhetoric about the integration of the economy and the environment.

If the Government is serious about the economy and the environment, and if it is serious about its endorsement of environmentally sustainable development, as the Minister said a year ago, then it missed a golden opportunity in Bill C-139, and I will explain this. There is in this reform package nothing for industry, for manufacturers, for farmers, or for developers of natural resources that would encourage, accelerate, or even facilitate initiatives aimed at protecting the environment, saving energy and using it more efficiently, reducing pollution or even allowing Canada to become a leader in the production of pollution control equipment, moving us from the present exploitative economy to a sustainable economy, the sustainable economy that we are all seeking at home and abroad. Therefore it is unfortunate that this Bill does not contain any of the following measures which would represent perhaps a modest beginning on the road toward ecological tax reform.

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Let me elaborate for a moment. Take the recycling industry, be it oil, metals, paper, or anything else. Anyone in the business should be given at least the same if not better treatment than the virgin material producers who at the present receive a more favourable tax rate. A case in point is the Canadian Association of Re-refiners who recycle oil. Because of the temporary low world oil price situation it is hard to recycle oil at competitive prices. The role of the re-refiners is extremely important from an environmental as well as the energy perspective. Yet their pleas have fallen on deaf ears and there is nothing to be found in this Bill that recognizes the role of those who are in the recycling industry, including the re-refiners.