

*Adjournment Debate*

● (2220)

[English]

THE BUDGET PROVISIONS AFFECTING PENSIONERS.  
(B) TAXPAYER STATISTICS. (C) MINISTER'S BUDGETARY  
STATEMENTS

**Mr. Howard Crosby (Halifax West):** Thank you, Mr. Speaker. I would like to take this opportunity to expand upon some remarks I made to the Minister of Finance (Mr. MacEachen) when addressing a question to him on January 27, 1982 with respect to the tax measures affecting pensioners.

Briefly stated, Mr. Speaker, the budget tax measures proposed to deprive the pension recipient who invests some of that pension money and some of his or her other income in a registered retirement savings plan of the \$1,000 deduction now available in respect of pension income. This same deduction would be lost to a taxpayer who provides payments in respect of registered retirement savings plans for his or her spouse.

This tax measure, Mr. Speaker, should be put in the context of the plight of all Canadian taxpayers. There are approximately 14.6 million taxpayers in Canada, according to 1979 statistics. Of that number, 1.1 million were receiving pension income and 1.5 million were over 65 years of age. The Minister of Finance tells us in his statistical analysis for the 1982 and subsequent taxation years that there will be approximately 16.5 million taxpayers. He says that 12 million of those 16.5 million taxpayers will pay less tax than they did in the previous 1980 and 1981 taxation years, and 3.5 million will pay the same tax. He says that only 800,000 people will pay more tax. But we discount those statistics, Mr. Speaker, and the Right Hon. Leader of the Opposition (Mr. Clark) pointed out in this very House some of the inaccuracies of those statistics.

As I have indicated, we have over a million persons in Canada receiving pension income and they may be affected by this tax measure which I questioned in the House on January 27, 1982. Briefly, Mr. Speaker, what will happen to those taxpayers is that they will be losing the \$1,000 deduction that is now available to them because they have contributed to registered retirement savings plans and they will have their incomes increased so that more taxes will result.

What are we talking about with respect to this class of taxpayer, Mr. Speaker? Are we talking about executives who have received tremendous incomes, have now retired and engage in consulting and other work and are receiving large amounts of money in fees and other forms of income? No. For the most part we are talking about approximately one million Canadians who have retired from the Armed Forces, for example, at a very early age on a very modest pension. Perhaps they have retired from the Royal Canadian Mounted Police or from the provincial or federal public service or from a variety of other employment which resulted in very modest pension allowances. What they tried to do in most cases was to utilize that very modest pension and whatever other income they could acquire to provide for themselves in their later years, the years in which they would have no income on which to maintain themselves. Then the minister, in the name of equity,

has struck out at these kinds of taxpayers and has eliminated an exemption upon which they rely.

What would cause the Minister of Finance to take such action, Mr. Speaker? He said in his documents accompanying the budget that his aim was to introduce tax measures which would improve the fairness and equity of the tax system. He also said that he wished to enhance the general incentives for individuals to work and to save and to invest. Mr. Speaker, to take away from those people who are in their later years and are trying to save funds to take care of their old age when they will be unable to earn money is hardly bringing equity to taxpayers and it is hardly benefiting the people of Canada.

In 1980, when the Minister of Finance introduced his budget in this House, he said that Canada had one of the best tax systems in the world. He said that Canada's individual and corporate taxes are lower than many other industrialized nations, including the United States.

● (2225)

Approximately one year later, in November of 1981, when he introduced the current budget, he said:

Many Canadians find our tax system unfair, and I agree with them. They realize that taxes are necessary to pay for important government services, but they feel that rates of tax are too high. They sense that others, the well-advised or the wealthy, very often pay less than their fair share.

Surely the Minister of Finance could not have been including in that group of well-advised and wealthy taxpayers those Canadians who are retired on modest pensions and are trying to build up funds to provide for their old age and are using the \$1,000 exemption now provided to do that.

Time and time again throughout our examination of this budget we have found that the Minister of Finance was wrong and misleading the people of Canada with his taxation statistics. He said, as I indicated tonight—and as he has said two or three times in the House—that 12 million Canadians will pay less taxes in the ensuing tax years. There are approximately seven million Canadians whose health benefit plans will be taxed under the current proposals. I refer to the seven million Canadians who are now in receipt of benefits from their employers in respect of health benefit plans. There are 45,000 transportation workers who will be taxed on their passes. There will be 60,000 who will receive less in child tax credits than before. When the minister tries to tell us there are 12 million Canadians who will pay less taxes, we do not believe him. We do not believe he is sincere about his tax measures. We do not believe there is equity in this budget, and we want him to admit he is wrong on these matters.

**Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):** Mr. Speaker, the hon. member for Halifax West (Mr. Crosby) has raised several questions relating to the budget. First, he questions the impact the change in eligibility for the \$1,000 pension income deduction will have on retired Canadians. The budget proposed that this \$1,000 deduction be denied where the individual is still making contributions to an RRSP. This rule was intended to disallow the deduction in a case where a taxpayer was not