

Income Tax

system. You were slightly better off if you were in that tax group. However, you were still being cheated or were losing out with regard to receiving your fair value of the tax benefits available under the laws drafted by this parliament.

If you earned between \$10,000 and \$15,000—a decent middle income two or three years ago—you were in a group along with 18.7 per cent of the Canadian people. That group received 26.5 per cent of the taxation benefits. It will be seen that once you get a middle income figure, you start to receive more than your fair share of the taxation benefits available under the law drafted by this government which believes in equality and justice. If you earned slightly over the middle income salary in 1974, between \$15,000 and \$20,000, you were among 6.8 per cent of the population. That group received 14.3 per cent of the benefits of the taxation system. In other words, the ratio is almost two to one in favour of the upper middle income Canadian. If a person makes over \$20,000, which is the final figure in the table, he is a member of a very select group because only 4.6 per cent of Canadians make over \$20,000. Yet this same small select group receives 18.8 per cent of the tax benefits.

● (1610)

This type of table and the table that I referred to briefly a few moments ago essentially summarizes the point that we in this party are making, namely, that the tax system of this country, in terms of real dollars and equality of condition, is a very unfair one. It is, therefore, incumbent upon us as parliamentarians to make sure that we make this point as often as possible to the minister and his officials. We are not satisfied with a taxation system that discriminates in terms of constant dollars against the poor or those of low income, or even those taxpayers of middle income.

The bill before the committee today, Mr. Chairman, is going to widen the gap in three or four respects. This is why, in essence, it is a bill that the government wants to rush through before Christmas. It contains a Christmas bonus for a number of the more wealthy Canadians. It is a Santa Claus bill containing a Christmas bonus for some of our wealthy Canadians. Let me list what these bonuses are. I am sure Conservative members are interested in the first one, which is the famous surtax on incomes which was implemented during the inflation debate a year ago in this chamber. A 10 per cent surtax was placed on incomes of individual taxpayers in Canada who paid more than \$8,000 a year income tax. This provision is to end at the end of this year, but I do not see why it should end. As I say, this provision will be a Christmas bonus for the more wealthy people of this country. Very few people in this country, certainly in my area, pay more than \$8,000 a year in income tax; those who do do not need this kind of bonus. The money should be spent on helping the poor, on stimulating the economy, on reducing inequities and providing jobs for the people of this country.

This provision means that a person paying \$8,100 income tax would have had to pay an extra \$10. He will now save this extra \$10. A person paying \$9,000 income tax will save \$100

[Mr. Nystrom.]

once this bill goes through. This is the kind of gift I am not that anxious to give the wealthy people of this country. It is a Christmas gift of \$100 by the government of Canada.

The second bonus has already been referred to today by my colleagues, namely, the deferred income plan. We are increasing the limit on the amount we may contribute to a registered retirement savings plan or a registered pension plan. The minister says that the average wage is around \$15,000 or less, but as my colleague for Waterloo-Cambridge has said, we would like to see some statistics in terms of constant dollars. My guess is that people in the upper half of the income scale get a lot more in terms of tax savings and benefits down the road from registered retirement savings plans than do those in the bottom half of the income scale. If we raise the limit even more, we are providing even bigger tax shelters, tax give-aways or tax breaks to those already making a lot of money.

I know that the minister argues that if a person makes \$10,000 and receives tax benefits amounting to \$5,000, he is getting a tax shelter for one-half of his income, whereas if a person makes \$50,000 a year and he receives back \$5,000 he is only getting a tax shelter for 10 per cent of his income. But the minister knows it does not work that way. If you are making \$10,000 or less in this country, you do not save a very large proportion of your income through a tax shelter plan; you have a progressive taxation rate. You are really dealing with a 50-cent dollar or an 80-cent dollar, which again works against the interests of the low-paid people of this country.

This bill seeks to raise the amount that can be contributed to a retirement pension plan from \$2,500 a year to \$3,500 a year. I maintain that if you look down the road a few years you will find that the overwhelming good received by Canadians from this will fall primarily into the pockets of the wealthy Canadians in this country. The same is true of registered retirement savings plans; the limits are being raised from \$4,000 a year to \$5,500 a year for people with no employer pension plan, and for those with a plan from \$2,500 to \$3,500 a year. Again I suggest that the benefits that flow from this in the main go to people in the upper income brackets.

Then we have the deferred profit-sharing plans. The ceiling on the amount employers may contribute is being raised from \$2,500 to \$3,500. This kind of plan helps the wealthier 5 per cent, 10 per cent, 15 per cent or 20 per cent of the Canadian population, rather than the lowest paid 5 per cent, 10 per cent, 15 per cent or even 50 or 60 per cent of the Canadian population.

In his budget papers on May 25, I believe it was, the minister said that all the changes regarding RRSPs, and so on, would effect about 300,000 people who were presently contributing to these plans. As I have said, Mr. Chairman, a lot of the money the Canadian government is giving away in terms of tax shelters for high income people which have been developed over the years should be redirected to those of low income; the money should be shifted away to those who really need it so they are given a financial break and the economy is stimulated. Rather than create tax shelters for the wealthy and middle income people in this country, we should put more