

*The Budget—Mr. Garneau*

the present Government imposed on families earning \$30,000 in the last three Budgets. I suggest that these are indeed new tax increases, and the assurances of the Minister of Finance yesterday that there are no new tax hikes this year are simply false. Instead of increasing taxes openly, he crept in the back door when he hoped Canadians were asleep. I have news for the Minister. Canadians were not asleep and they know exactly what he is up to.

*[Translation]*

Mr. Speaker, if we add the new direct and indirect taxes introduced to this date by the Government and then subtract the amounts redistributed to taxpayers, more particularly the better-off in view of the \$500,000 capital gains tax exemption, we realize that Canadians will be paying \$7.6 billion more in taxes in 1987. Mr. Speaker, this means about \$250 for each man, woman, child and senior citizen in Canada. For a family of four, it means an average of \$1,000. It is a fair question to ask whether these tax increases have been equitably distributed among taxpayers. Have corporations paid their fair share? Have the rich paid more than the poor? The answer to these questions is no, Mr. Speaker, as I shall attempt to demonstrate.

According to the figures tabled by the Minister of Finance himself, in 1986, over 90 percent of new taxes have applied to individuals and something under 10 percent to corporations. Is such a distribution of the tax burden between individual taxpayers and corporations fair? This is what happened last year. Under the new Budget, in 1987-88, because of the removal of the oil and gas revenue tax, corporations will pay \$2.1 billion less in taxes than in 1984-85. This represents an 18 per cent decrease in the total amounts paid by corporations over a three-year period. What about individual taxpayers? If we add personal income tax increases and sales taxes paid by individual consumers, we get a \$22.8 billion increase for the same period, which means a 53 per cent increase for individuals compared with an 18 per cent decrease for corporations. Is this fair?

The Conservative Government has used its first two years in power to increase the sales tax three times. A first increase of 1 per cent came into effect on October 1, 1984, a second 1 per cent increase on January 1, 1986, and a third increase on April 1, 1986. This Budget will extend the sales tax to all sorts of snacks. Have you ever eaten snacks, Mr. Speaker? The Budget states that snacks will now be taxed. As the newspapers have said, even children are being taxed to help the Government make ends meet.

The tax on gasoline has also increased. It went up a first time by 2 cents a litre on September 3, 1985, a second time by 1 cent a litre on January 1, 1987, and, with this Budget, by 1 cent more a litre beginning last night. Within three years, the federal tax on gasoline will have increased by 4 cents a litre, from 1.5 cents a litre to 5 cents a litre. Mr. Speaker, 4 cents a litre means 18 cents a gallon. Those who were in this House in 1978 and 1979 will remember this figure of 4 cents a litre or 18 cents a gallon. This was the amount of the tax that the

former Conservative Minister of Finance, the present Minister of Transport (Mr. Crosbie) wanted to impose in 1979. The Conservatives are certainly consistent in their attack on motorists. It took them seven years, but they have succeeded in imposing their tax of 18 cents.

Mr. Speaker, we heard reactions to this Budget this morning. The Trucking Association is asking who will pay their cost increase. For them, costs are not going up by 1 cent, but rather by 4 cents in a very short period. And the Trucking Association stated that it takes between 15 days and one and a half months to get provincial jurisdiction authority to increase their user rates. Who is going to pay for the Minister's tax increase during that period? Truckers, who are already hit by the deregulation bill and will be losing on the value of their licences, in which they invested up to tens of thousands of dollars. What about municipalities? They were hoping for and expecting this government's assistance to renovate their infrastructures—not only has nothing been done for municipalities, but the tax has been increased. And on top of that, the Minister of Finance, according to Mr. McGillivray's statement I read earlier, played a little trick in his Budget. He borrowed \$1.2 billion from next year, by forcing businesses to make remittals twice a month. This does not include large corporations only. Any construction employer with 20 employees will have to fill all those forms twice a month. So will municipalities. Municipalities are hit by the fuel tax increase. They are losing interest on their cash flow, because the Minister will get income tax payroll deductions on the first and the fifteenth of each month, and they will be left with a still more acute financial problem.

The conclusion is, Mr. Speaker, that this Government raised taxes at the beginning of its mandate, in 1985 and in 1986, and it has incorporated in the fiscal system automatic, hidden tax increases; it has pushed individual income taxes much higher, while lowering corporate ones; it has increased the tax burden of middle-income earners to a much higher degree than those of high-income earners; and to loop the loop, it has substantially raised indirect taxes that are hidden and more regressive than direct taxes. Such is this Government's record. And after that, Mr. Speaker, they have the gall to suggest they are considering some kind of tax reform that will remove inequity from the system, the same inequity the Minister himself created in his three budgets.

● (1150)

*[English]*

These tax increases must be put into context. During the last election campaign and immediately following the September, 1984 election, the Prime Minister (Mr. Mulroney) and the Minister of Finance promised not to increase personal income taxes in order to reduce the deficit. The Minister said in the House on March 6, 1984, as reported at page 1827 of *Hansard*:

We would cut spending. We would not raise taxes. Tax levels in Canada are already too high.