

Oral Questions

Finance Committee was telling the truth. I say to the Minister of Finance that we know who was telling the truth.

Some Hon. Members: Hear, hear!

[*Translation*]

IMPACT OF SALES TAX ON MIDDLE-INCOME FAMILY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, would the Minister admit to Canadians today that with his new sales tax, the average family will pay \$1,000 more?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me just read from the Budget here. The Government's goal is to ensure that families earning less than \$30,000 per year—that's the average income in the country today—will be better off—b-e-t-t-e-r off as a result of the implementation of sales tax reform.

Mr. Broadbent: Tell the truth.

Mr. Wilson (Etobicoke Centre): I am prepared to read it more slowly if the Hon. Member missed it, but there it is in black and white.

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THE BUDGET

NATIONAL SALES TAX

Mr. John Manley (Ottawa South): Mr. Speaker, my question is also for the Minister of Finance and it relates to the sales tax scam that has been unearthed in recent days.

We went through an election campaign when it was clearly stated that the purpose of this sales tax was to replace the manufacturers' sales tax. We are now hearing that it is intended to replace a whole series of other sales taxes and other problems that the Minister himself has created.

We now hear that the surtaxes will not be replaced by the sales tax. We heard during the election campaign that the sales tax was only to replace the manufacturers' sales tax. When can we start to believe the Minister? When is the Minister finally going to tell us what this sales tax is intended to do?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member might have a little better response to his questions if he would state the facts accurately.

He has stated that during the election campaign and prior to it I stated that the new sales tax would only replace the existing sales tax. That is totally wrong. I have said time and time again, and the people in the Press Gallery are getting tired of listening to me say it, that it would replace the existing sales tax, plus fund a new generous refundable sales tax credit, plus it would allow us to reduce the levels of taxation for middle-income earners.

Those two additional amounts would be funded by the new sales tax system. I have said that time and time again.

INCREASE IN TAX

Mr. John Manley (Ottawa South): Mr. Speaker, revenue-neutral takes on a new meaning every time the Minister speaks.

Some Hon. Members: Hear, hear!

Mr. Manley: Reform for the manufacturers' sales tax was justified on the basis that this heinous tax was a silent killer of jobs. If that is the case, how can the Minister justify raising it from 9 per cent in 1984 to 13.5 per cent in this Budget?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have made no bones about the fact that we have to raise this tax because we have a serious debt problem. That is the purpose that was set out in this Budget last week.

The Hon. Member says that it is a silent killer of jobs. That is correct. Now I would hope that the Hon. Member would be supporting us with the introduction of the new goods and services tax, as the Members of the Finance Committee did on a unanimous basis in the last Parliament, signed by the two finance critics of the Liberal Party, stating that we must change the old sales tax, we must get rid of the manufacturers' sales tax, and we must bring in a new sales tax.

I have yet to hear what new sales tax the Liberal Party would bring in, because it would be exactly the same sales tax that is proposed in this Budget.

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THE BUDGET

CLOSING OF CF BASE SUMMERSIDE,

Ms. Catherine Callbeck (Malpeque): Mr. Speaker, my question is for the Minister of Finance. In the recent Budget the people of Prince Edward Island have seen their funding for hospitals and education cut back, the