

crafted to make sure that the first telephone in a home and local calls will be exempt. This is an extension of the Government's view that the average Canadian deserves that exemption, and he will have it after tax reform.

MINISTER'S POSITION

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, this is not tax reform, this is a tax disgrace. The Minister's new 10 per cent telecommunications tax will bring \$1 billion into his coffers, a cost of \$1 billion to the Canadian who has a second phone in his home and who wants to phone his mother, his cousin, his friend overseas, people next door, his doctor or his dentist. How can the Minister justify this new tax which is nothing more than a tax on talking?

Some Hon. Members: Oh, oh!

Hon. Tom Hockin (Minister of State (Finance)): After listening to the Hon. Member, perhaps we should consider a tax on talking.

Some Hon. Members: Hear, hear!

Mr. Hockin: The Hon. Member knows, and I will repeat again, that the poor, the elderly and the disadvantaged Canadians in society will be insulated from the tax on long-distance rates by the increase in the sales tax credit. That is the basis of this reform. It is to ensure that the disadvantaged do not suffer from this tax.

WHITE PAPER—EFFECT ON CHILD BENEFITS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, in the absence of the Minister of Finance I would like to address my question to the Prime Minister who himself is a family man with four children. Would the Prime Minister confirm that, as a result of the changes proposed in the Minister of Finance's White Paper, a \$30,000 per year family with two children will actually get \$430 less in child benefits than it would have if the Government had left the system alone?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, that calculation, like calculations that were raised in the House last week, can be disputed depending upon the specific case that is being made. The Hon. Member knows that he has to look at all deductions and all clarifications. The key part of the example he gives is that the over-all rate of tax is much lower so the taxpayer is still further ahead.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, Canadians know that the over-all changes the Government has introduced punish Canadian families and the Minister knows that.

Considering that the current tax system punishes people who smoke cigarettes and drink alcoholic beverages, why has the Government felt obliged to put children in the same category under the tax system?

Oral Questions

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member knows that that is just sheer empty hyperbole. He knows that almost nine out of 10 Canadians over the age of 65 will benefit from tax reform.

As far as families go, eight out of 10 Canadian households will benefit from tax reform. Even more important, for eight out of 10 taxpayers with incomes between \$30,000 and \$50,000 per year, personal taxes will fall by an average of \$460. That is in the documents and is not disputed.

Finally, it is so important for the Hon. Member to realize that federal personal income tax will be reduced to zero for 860,000 Canadians.

Some Hon. Members: Hear, hear!

EFFECT ON FAMILY BENEFITS

Hon. Edward Broadbent (Oshawa): And, Mr. Speaker, Canadians know that since the Government came to office, 850,000 people have been added to the tax rolls and increased—

Some Hon. Members: Oh, oh!

Mr. Lewis: They got a job.

Mr. Broadbent: Joe is having trouble again.

Mr. Clark (Yellowhead): Try to be honest, Ed.

Mr. Broadbent: Taxes on the average family have been increased by some \$1,300. That is what Canadians know.

Will the Minister agree that, as a result of the changes the Government has introduced, a \$30,000 per year family with two children will be getting \$430 less in family benefits from the Government than it would if the system had been left alone? That is the question.

● (1430)

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the reason 840,000 more people paid tax in the past year than before is because we found jobs for them.

Some Hon. Members: Hear, hear!

Mr. Gauthier: Nonsense.

Mr. Hockin: Not only that, but eight out of ten Canadian households benefit from tax reform including all families with two children and so on. There may be a few exceptions, but generally eight out of ten families benefit.

Mr. Gray (Windsor West): A few million exceptions.

SALES TAX—EFFECT ON LOW-INCOME TAXPAYERS

Miss Aileen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of Finance whose so-called tax reform includes yet more sales tax increases before any attempt at