

Supply

of consumption items. It could mean that there will be a tax on everyday transactions such as a tenant paying rent, a parent taking a child to day care, or someone visiting a dentist. The Government has been very careful not to make public the details of what it proposes.

We have estimated that the average Canadian family spends about \$5,000 a year on food. Under a new Conservative sales tax regime, the average Canadian family might pay a minimum of \$300 in new taxes if food is not exempted from this new tax. We intend to fight such a proposal if and when the Government attempts to bring it forward. The Government has argued that it will minimize the difficulties which will be created for low and middle-income people by this new sales tax through the use of an enhanced refundable sales tax credit which, at the present time, gives adults \$50 in refunds and children \$25 in refunds. However, the National Council of Welfare has calculated that while this form of tax relief does reduce the sales tax burden considerably, it does not fully offset the cost of recent Conservative sales and excise tax increases. Furthermore, the tax credit is only available to families with incomes between \$10,000 and \$15,000.

We have made some calculations on what tax increases have meant to ordinary Canadian families since the Conservative Government took office. As a result of the November, 1985 economic statement of the Minister of Finance, there were increases in oil and gas price, unemployment insurance premiums, and an increase in sales tax. That cost the ordinary family \$425.

The May, 1985 Budget eliminated the federal tax reduction, modified indexing of income tax, cut the family allowance payments, broadened the sales tax base, increased cigarettes and alcohol tax, and increased the gas tax. That cost the ordinary family \$512 in the course of a year.

There were further increases in the Budget of February 26, 1986. There was a 3 per cent surtax on income tax, a sales tax increase, and an increase in taxes for cigarettes and alcohol. That cost the family \$340 in a year.

In February of this year there were further increases in the gas tax. The sales tax base was broadened and cigarette and air ticket taxes were increased. That cost the family about \$80.

The cost to the ordinary family of increases in taxes by the Conservative Government has been \$1,384 in the course of a year.

The New Democratic Party and the National Council on Welfare are not the only ones to criticize the imposition of a business transfer tax. Mr. Bulloch's Canadian Federation of Independent Business, whose membership includes tens of thousands of small-business people, have opposed such a tax.

The Minister of Finance has said that one of the chief objectives of tax reform is to give the majority of Canadians more take home pay by way of a personal tax cut. We are concerned that what the Conservatives give with one hand they

will just as likely take with the other through increases, hidden sales taxes.

This is not only true of sales taxes. We have seen a steady increase in the use of consumption taxes. We oppose the increased use of consumption taxes because we believe that it is regressive and shifts corporate tax burdens directly on to consumers. We believe that not only do corporations not pay their fair share, they pass their share of taxes on to consumers.

The increased use of sales taxes is a blow to the fair and progressive tax system in Canada that was almost destroyed by former Liberal Governments. Yet this is exactly the direction in which the Conservative tax changes have taken us since 1984.

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As a consequence of the last three Budgets, and one economic statement, Canadians are now paying over \$20 billion in new sales and excise taxes, or will be by 1990. That amounts to an additional \$910 for an average Canadian family over and above what we were paying in sales taxes prior to the time the Conservatives took office. It is also one of the largest single tax increases in Canadian history.

What this has meant in terms of how the Government gets its revenue can be explained very simply. The revenue that personal income taxes have brought to the Government has increased by 43 per cent. The revenue which came to the Government as a result of the increases it instituted through indirect taxes has increased by 56 per cent. The revenue of the Government from changes in the corporate income tax has increased by just three-tenths of 1 per cent. So it is pretty obvious to us who the Conservative Government represents.

We believe in a fair and progressive tax system, a system where individual incomes above a basic level are taxed on a progressive and graduated basis in order to redistribute the income from the wealthy to average and lower income Canadians and to achieve a more equal society. The past and future addition of the Conservatives to sales tax increases will mean a serious erosion of progressivity in the tax system as consumption taxes take up an increasingly higher proportion of over-all revenues.

In 1986 alone, sales tax increases managed to move the percentage of revenues represented by these taxes from 22.3 per cent to much more. Tax reform proposals which the Minister will bring in in a few weeks will undoubtedly propel this percentage higher. It is the equivalent of imposing a flat tax on all incomes regardless of whether the person is rich or poor.

Let us deal with what a tax on food will do. It is important to note that the Conservatives have already put in motion their methods of collecting sales tax on food. In February of this year they extended the federal sales tax to snack foods effective July 1. A month from now we are going to see the kids paying more for their potato chips and chocolate bars.