

Income Tax Act, 1986

is not providing any opposition to this regressive tax measure today.

• (1650)

If one looks at other parts of the Budget, one can see that the Government has really broken faith with the people. The Budget of last May 23 provided a \$500,000 lifetime capital gains tax exemption for farmers, but on December 4 the Government introduced a minimum alternative tax which will mean that a farmer who is planning to retire and wants to sell his farm suddenly is faced with the fact that his capital gain is subject to a 25 per cent or 27 per cent minimum tax depending on the provincial tax scale. What was given in the Budget on May 23 is taken away on December 4. We have seen that happen in many aspects of the Budget.

On November 8, 1984, the Minister of Finance (Mr. Wilson) gave his economic statement. The Government provided the farmers with a reduction in the excise tax on farm fuel. Not only the excise tax of three cents per litre but also the petroleum compensation charge of 1.8 cents a litre were provided in the economic statement on black Thursday, November, 8, 1984. On May 1, the Government removed the petroleum compensation charge and the exemption and farmers started to pay an additional 1.8 cents per litre for gasoline. On September 1, an additional 2 cents per litre was provided for. That effectively took away 3.8 cents of the tax exemption which the Conservative Party campaigned so vigorously on, and that was done within the space of nine or ten months.

On January 1, the Government imposed a 1 per cent sales tax on everything everyone in this country buys, but especially on farm fuels and equipment. That will cost the agricultural industry some \$70 million this year in farm input costs. If we look at the situation in agriculture today, we find that one of its great problems is high input costs. Therefore we have an industry which is suffering great uncertainty now being charged this additional tax of some \$70 million per year and this is being done at a time when it certainly cannot be afforded.

If one looks at the projections of the Budget of last May 23, we see that those projections show that the personal income tax surcharge runs only for two years whereas the deindexation of the income tax scale will run on indefinitely. It becomes greater and greater each year because it is cumulative. If one looks at the special taxation on banks, one sees that it also will last only a couple of years and then it is done away with. The reduction in taxes with respect to the Petroleum Gas Revenue Tax is being taken away and those funds will be transferred from the ordinary working Canadian to the large multinational oil companies at a time when ordinary working Canadians can ill afford it.

The idea of deindexation of the income tax scales will be very harmful to low income Canadians. Indexation was brought in by the Leader of the Liberal Party (Mr. Turner) when he was the Minister of Finance. It was an idea which at that time was endorsed by the Hon. Robert Stanfield, the then Leader of the Progressive Conservative Party, and it was

something which the Party during 1980 said should be protected. What Hon. Members of the Conservative Party should do here this afternoon is stand in their place in support of the stand their Party took in 1980 and demand that the indexation of the income tax scales be retained. In their own advertisements the Tories say that a person who earns \$15,000 will pay \$217 a year more with deindexation. A person earning \$25,000 will pay \$426 a year more in tax and a person earning \$35,000 will pay \$547 a year more in tax. It is very apparent that this decision to deindex the personal income tax scales is going to be extremely harmful to average and low income Canadians and I certainly hope that the Government will reconsider this matter and decide that it is not in the best interests of Canadians over the long haul, and, therefore, withdraw this provision and accept the amendment which has been put forward by our finance critic.

Hon. Herb Gray (Windsor West): Mr. Speaker, the thrust of the subject matter of the amendment is with respect to the deindexing of the personal income tax. It is just one of the many bad proposals in the Budget of last May. The idea of indexing came forward in the first place in order to make sure that the income tax system operated fairly, especially for lower and middle income Canadians. The objective of the concept was to make sure that people did not pay higher taxes simply because of the upward movement in the cost of living. Because of the support and promotion of the idea by the Conservatives when they were in opposition, it is really reprehensible that one of the very first things they do once in office is to begin to erode this fundamental concept of ensuring the fairness of our tax system for middle and lower income Canadians. Look at the results of this unfair proposal along with the other unfair proposals in the Budget of last May with respect to increasing personal income taxes. Over the next five years those earning \$15,000 a year will have a 36 per cent tax increase. Those earning \$30,000—

• (1700)

The Acting Speaker (Mr. Charest): Order, please. I am very sorry to interrupt the Hon. Member for Windsor West (Mr. Gray).

[*Translation*]

Order, please! It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

[*English*]

Mr. Gray (Windsor West): Mr. Speaker, I presume that you take it that I call it five o'clock so that I will have the floor the next time this measure is before the House.

The Acting Speaker (Mr. Charest): Yes, I presume the Hon. Member for Windsor West (Mr. Gray) will be able to continue from where he left off when we resume debate on this amendment.