

*Excise Tax Act*

unemployment insurance. It is clear where that money goes. Yet now we have this unfair system where corporations get away with so much and individuals are bearing an increasing burden of taxation.

To conclude, I would simply note that this is not going to do the country any good at all. The Government is not spending the money wisely. We still see enormous wastage. The Government is not reducing the deficit.

**Mr. Blenkarn:** It is so.

**Ms. McDonald:** That is a phoney excuse. The deficit was estimated at \$29 billion at the beginning of the year and it has now been increased to \$32 billion.

**Mr. Blenkarn:** Reduced from what?

**Ms. McDonald:** We have a very large accumulated deficit of over \$100 billion and the Government is going to be adding \$32 billion to it. That is not my idea of a reduction. You can easily say we might have had an increase of \$50 billion—

**Mr. Blenkarn:** From \$35 billion to \$32 billion is pretty good.

**Ms. McDonald:** —and you only have an increase of \$32 billion and that is great. That is not a reduction. It is a reduction in the increase. That is not a reduction. It is phoney indeed to call a \$32 billion deficit a reduction. Reduced from what? From what might have been worse, but it is certainly not a reduction in real terms and Canadians know that is so.

**The Acting Speaker (Mr. Paproski):** I regret that the Hon. Member's time has expired. Is the House ready for the question?

**Mr. Maurice Foster (Algoma):** Mr. Speaker, I am delighted to have an opportunity to say a few words on Bill C-14. On October 23 the Minister of Finance (Mr. Wilson) stood in this House and talked about a new procedure he was establishing to bring fairness and equity and simplicity to the Canadian tax system. If he really believed what he said he would not be proceeding with this Bill. When he outlined his plans he talked about reducing income taxes for low income Canadians. However, if we look at this Bill and his first two Budgets, many of the provisions of which are implemented in C-14, we see that the system is not fair at all. If you look at the taxes being imposed on low income Canadians there is certainly no element of fairness.

Clearly, most of the provisions of the first two Budgets mean regressive taxes. That is, sales taxes which obviously weigh more heavily on low income Canadians. For example, a family with one bread-winner and two children will be paying \$255 more in taxes every year. There were increases in the RSP limits and the introduction of the capital gains tax exemption, but most of the benefit there goes to high income earners. For example, those in the \$30,000 bracket gain no benefit from the RSP exemption. Those same people also gained very little benefit from the capital gains exemption. So we have a

ridiculous situation where the person earning \$30,000 or \$35,000 is facing an increase in taxes of \$250 per year, and the person earning \$100,000 will have an increase of only \$1,740. It is very clear who has the advantage there. Then we have a single parent family with two children and \$20,000 in income. That family will pay \$420 a year more.

As I said, when the Minister stood in the House and made this presentation concerning tax reform he did not mean it. If he had, he would not be proceeding with Bill C-14 which has a devastating impact on all Canadians, but especially low income Canadians, where taxes are being increased by \$5 billion. Therefore, Bill C-14 weighs much more heavily on low-income Canadians. A family with a \$15,000 income will pay \$255 more per year. A family with a \$30,000 income will pay \$630 more per year. A family with a \$50,000 income, which is about 66 per cent more than a \$30,000 income, actually pays less. Their increase will be only \$575. This is a very unfair situation. An elderly couple with an income of \$27,000 and no dependents will pay \$500 more per year. The tax scheme put forward in the first two Budgets of the Minister of Finance is designed to increase dramatically the taxes of low-income Canadians.

• (1200)

The Prime Minister (Mr. Mulroney) made the spectacular announcement that he was going to exempt the two cent a litre increase which the Government imposed on farmers in September of 1985. If the Government really wanted to help farmers it would make that exemption retroactive to September 1, 1985, when it was first imposed, rather than only to May 1. Agriculture in Canada is clearly in a stressed situation. The situation was just as stressful in 1985 as it is in 1986. That two cent per litre tax would have generated \$65 million or \$70 million a year in revenues. I call upon the Government to make that exemption retroactive to September 1 when it was imposed. The Government is pretending to make great contributions to agriculture when in fact it is mostly a smoke and mirrors show that does not cost the Government anything while giving the appearance of lending assistance.

The Minister of Finance stood in his place on October 23 and talked about tax reform. He spoke about fairness, equity, simplification of income tax and so on. This Bill goes in the complete opposite direction from that. He did not tell Canadians that the Government was considering the imposition of a business transfer tax which would apply to everything from haircuts to shoe shines to automobile repairs. In addition, it will increase the taxes on a broad range of other things.

Since the Government came to power two years ago the sales tax has been increased by 25 per cent. It was about 9 per cent at that time and will be raised to 12 per cent if the Government forces this Bill through Parliament. The Government is considering the implementation of a sweeping business transfer tax of 9 per cent, if it is not imposed on food. If it is imposed on the food which Canadians eat, it will be only 6 per