

*Excise Tax Act*

● (1620)

[English]

**Mr. Hovdebo:** Mr. Speaker, I have one short question which I want to direct to the Hon. Member. I wonder if he can give us some indication of what he thinks the effect of this Act will be on individuals, say, the middle class individual who pays a considerable amount of this tax? Can he give us any indication or an estimate of the amount it would cost either an individual or a small business? How much would their taxes be increased?

**Mr. Gagliano:** Mr. Speaker, I want to thank the Hon. Member for the question. Unfortunately, I do not have the figures for an individual or for a small business. However, I can give the Hon. Member a list of billions of dollars in taxes which are the total tax increases since September 1984 when the Conservative Government came into power. For example, in the fall of 1984, there was an increase of 1 per cent in sales tax. There was a second increase of 1 per cent in sales tax in 1986, and there was a third increase of 1 per cent in sales tax in 1986.

There was a first increase of two cents a litre on gas in 1985, a second increase of 1 cent a litre on gas in 1987 and a third increase of 1 cent a litre on gas again in 1987. There was the equalization of sales tax on unleaded gasoline in 1987 which cost the taxpayers \$30 million. There was the extension of sales tax on candies, soft drinks and pet food in 1985 which cost the taxpayers \$400 million. There was the extension of sales tax on snack foods in 1987 which cost \$60 million.

There was the first increase in cigarette and tobacco taxes in 1985 which costs the taxpayers \$320 million. There was a second increase in tobacco and alcohol taxes in 1986 which cost the taxpayer \$150 million. There was a third increase of 4 per cent in tobacco taxes in 1987 which cost the taxpayers \$70 million.

There was the elimination of the Registered Home Ownership Savings Program in 1985 worth \$105 million. There was the deindexation of the tax system in 1986 which was worth \$635 million. There was the elimination of the federal tax reduction in 1986 which was worth \$650 million. There were the changes to marital exemptions in 1986 which was worth \$20 million. There was a general 3 per cent surtax in 1986 which was worth \$1.2 billion.

There was the temporary 5 per cent and 10 per cent surtaxes in 1986 which were worth \$500 million. There was the increase on air transport tax in 1987 which was worth \$45 million. There is the 10 per cent tax on long-distance calls and cable service in 1988 which is worth \$945 million. I can go on, Mr. Speaker. This list totals over \$22 billion in just three and a half years.

In March 1984 the Minister of Finance (Mr. Wilson) said we have to reduce government spending, that Canadians cannot afford any further tax increases. I wonder what the Minister was thinking about then. There has been \$22 billion

in tax increases. I wonder what would have happened if he had said in 1984 that a small increase in taxes was needed.

**Mr. Stan J. Hovdebo (Prince Albert):** Mr. Speaker, I am pleased to have the opportunity to say a few words on Bill C-117, a Bill to amend the Excise Tax Act. This Bill is a catch-up Bill. It is an attempt by the Government to catch up on a number of measures the Minister of Finance (Mr. Wilson) announced to the House over the three years he has been Minister of Finance. It includes part of his Budget of February 18, 1987, his White Paper on February 10, 1988, his White Paper on Tax Reform on June 18, 1987 and his White Paper on Tax Reform of December 16, 1987. All together, these make up the requirements of this particular Bill. It is an attempt to bring together all the suggestions he made at those times, suggestions that most Canadians have been paying for since early in 1987.

In light of the fact the Minister of Finance has given many indications of how he intends to bring in major tax reform, it appears he has missed the major opportunity for tax reform. The tax reform proposal was supposed to be in two parts. The first part was a change in the income tax structure and the second part, which will probably have to wait until after the election to be put in place, is the tax structure on value added tax or a general sales tax.

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What we have here is an attempt on the part of the Government to increase taxes to some extent so that when it brings in the value added tax or the across the board sales tax, it will not be felt quite as much as it has been or it would have been had things been left as they were. It makes one wonder what would have happened. Are the increases in taxation since 1987 an indication of the type of tax reform we can expect after the next election? One wonders what we are in for.

The previous speaker gave us an indication of the total amount that had been collected from a variety of taxes that are in place today, ones which have been in place for the last three years. He gave a fairly detailed recitation of those increases in taxation. If those were the increases in taxation, then what are we looking forward to after this large tax comes in after the next election?

What the Government is doing here is putting in place some taxes which are an attempt to eliminate the deficit as much as possible. However, the measure is still aimed at getting as much money as possible out of that central group of people who are the main taxpayers in Canada.

By delaying the second stage of tax reform the Government is keeping in place a tax structure which is severely flawed, unfair and inequitable. That is how I would describe the federal sales tax and excise tax at the present moment.

Since 1984 the Conservative sales and excise taxes have escalated greatly. The previous speaker mentioned that \$22 billion had been collected in three years. The Government