

Excise Tax Act

increases in manufacturers' sales tax, to which I will return, and then at least \$2.6 billion worth of smoke and mirrors, that is, advanced remittances. Employers were initially required to remit at a faster rate, fortnightly instead of monthly, and later it became weekly instead of fortnightly, payroll deductions from their employees. That, I think, accounted for \$1.2 billion.

Today the Parliamentary Secretary reminds us that by requiring business people to remit the sales tax earlier, on the twenty-first day of the month following the sale instead of the end of the month, and requiring some firms to remit fortnightly, we arrive at a situation where the Government has a one time cash flow increase of \$1.6 billion for the fiscal year 1988-89. There were other pieces of smoke and mirrors in that exercise, but I think we should be clear that phase one of the so-called tax reform was not, and never has been, fiscally neutral.

In his speech, the Parliamentary Secretary also said that the most important element of the Government's strategy of deficit reduction has been to limit the growth of government spending. Unfortunately, that does not jibe with the facts. The facts are that this Government has tried to tax its way out of dealing with the deficit. While government spending has been reduced in some areas which are important to Canadians, such as post-secondary education, research, the environment, the Prime Minister's presidential lifestyle has required very large increases in government spending.

This Bill before us puts a 10 per cent tax on long-distance telephone calls and on cable and pay television services, which will net the Government \$870 million a year. This tax is quite a hardship on people with small businesses who do a lot of business overseas as well as within Canada. I have heard from many people whose telephone calls are a necessary part of their business, and this will now represent a serious increase in their costs. The sales tax rate on paint and wallpaper products has increased from 8 per cent to 12 per cent, and this is expected to raise \$60 million annually for the Government.

The taxes on beer, spirits, wine and tobacco products, which were previously announced, are all in this Bill and altogether will amount to something like \$240 million a year. However, the tax that will concern many Canadians is the continued increase in the excise tax on gasoline, another one cent a litre increase effective April 1, 1988. Since this Government has been in power it has raised the price of gas by 23 cents a gallon. That is causing severe problems to our transportation industry, already competing with very large American firms, and is also causing problems to our tourism industry. Of course, the cost of gasoline goes right through our economy. It affects manufacturing, packaging, storage, heating of retail facilities, and so on. At every point in the distribution chain, increased gasoline costs affect the final cost to the consumer.

When I spoke on the borrowing authority and on the Budget, I pointed out again and again that this Government, since it came to power, has taxed Canadians in a way that is unprecedented since Confederation. I will not repeat all those

criticisms again today, however, they certainly still hold. The Parliamentary Secretary, in concluding his speech, said that the over-all tax reform package provides major personal income tax cuts for more than eight out of ten Canadians. What he omitted to say is that it provides income tax cuts to poorer Canadians with incomes of less than \$15,000 a year, and that these income tax measures, which have been misleadingly called "reform", are particularly hard on young families with children. A family with two children and one earner earning around \$30,000 per year will pay a great deal more after this package.

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Furthermore, what has been left out of this argument is the cumulative effect of all the tax changes that have been built in since the Government came to power. I refer to the deindexation of family allowances, the deindexation of personal allowances. Factor all those measures in and one comes up with a very different picture in which eight out of ten Canadians will not be benefiting.

Mr. Simon de Jong (Regina East): Mr. Speaker, I listened attentively to the spokesperson for the Liberal Party. I wish to address myself to this Bill as well. Many of the criticisms we propose to Bill C-117 are ones that she has stated. Indeed, when we come to look at Bill C-117 we really begin to see the smoke and mirrors of the Government, the double-talk and the double-think.

When introducing this measure the Parliamentary Secretary talked about tax reform and the great job the Government has done in lowering taxes paid by ordinary Canadians. Yet we know that since the election of the Conservative Government in 1984 some \$22 billion in increased taxes have been levied on the Canadian taxpayers. What tax reform does is to return some \$2.2 billion to them. The Parliamentary Secretary was certainly very forward when he suggested that the \$2.2 billion was a great effort by the Government to relieve the tax burdens that ordinary Canadians pay. Yet he did not mention the \$22 billion in extra taxes that the Government is collecting.

Of course, the Government likes to collect its money in what I would call the sneaky way. It has done a partial deindexing on marginal tax rates. It has deindexed family allowances so that the benefits from family allowance do not keep pace with the increase in inflation. However, these are things that are not immediately apparent to the Canadian taxpayers. I say that because they would first have to figure out what the rate of increase should be if it were fully indexed to inflation as opposed to the increases that they are getting under the partial deindexing that the Government has introduced.

The Government tried to take on the seniors by deindexing the old age pension. However, the seniors were a little smarter than the Government, and certainly a little faster on their feet. They forced the Government to backtrack on that measure.

The biggest revenue grab by the Government was the partial deindexing of the income tax which will mean that as inflation