

*Excise Tax Act*

system becomes perverted to the extent that people are looking for more ways to get out of it because they see it as unfair, then we have a serious credibility problem.

There are a couple of other items contained in this Bill that are worthy of note because of the unfair and inequitable burden they place on certain consumers. One of those is the tax on telecommunications and long distance telephone calls. For rural residents, and residents of northern Canada and isolated areas, this means a significant increase in doing business, because many business calls are long distance. It has recently been brought to our attention, again by one of my constituents, that there is a tax on mobile phones.

In rural areas many people must use a mobile phone because there is no alternative. For example, trappers on a trap line for safety reasons need to have a mobile phone. They have to pay tax on what for them is an essential service. If they lived in downtown Ottawa or Toronto, they would not need this type of phone for safety reasons; they would not need this type of phone to call their child's school, to make a dental appointment, or to call the doctor. But in a rural area many of those calls become long distance calls which are taxed.

We all recognize that small business is one of the main employers in the country. In the business community this tax is particularly onerous in more rural areas. For example, in my constituency in the Yukon much of the business and ordering of supplies is done outside the territory for which people must make long distance calls. Of course, the extra tax will be passed on to the consumer. Where else is it going to go? In that sense consumers get nicked twice—once with what they pay on their own bills and again on the additional cost of doing business which in some instances must be passed on to them.

● (1540)

I should like to touch on another area in the few minutes I have, that is, the 1 cent per litre tax on gasoline. Since 1984, when the Government came into power, the tax on gasoline has increased by about 23 cents per gallon. This is in approximately four years. It has been sort of a sneak-up approach—1 cent in one Budget, 1 cent in another, and so on, until cumulatively we now have about 23 cents per gallon. This is a tax on gasoline fuel for both personal and business vehicles. I realize that there are some exemptions for primary producers such as farmers and fishers, but there are not exemptions for many other groups.

In the North we are very reliant on transportation for everything from the importing of goods to, if I may say so, the importing of tourists. For example, I received a communication from Ernie Berken of Whitehorse, Yukon, indicating his concerns about the imposition of an additional gasoline tax and that gasoline costs may discourage both Canadian and U.S. tourists and damage our economy through unreasonably high prices. In the case of the Yukon, tourism constitutes a very large part of our economy.

While it is a system of raising taxes on the one hand, it takes away business on the other hand. Were there a flat tax on business and so on, we would be able to pay our fair share in that way rather than the Government looking to this hidden kind of tax.

Previously I mentioned the telecommunications tax. The finance committee in its fall report recommended that people living in the remote North be subject to a 10 per cent tax on long distance calls only to a maximum of \$3, if indeed it was to be imposed at all. While we would like to see no imposition of taxes, it was a reasonable compromise which would have taken into account the additional cost but not necessarily penalize people to as great a degree. Of course that particular recommendation is not reflected in the Bill.

Also earlier I mentioned the effects of this kind of tax on business and subsequently on the consumer. It was interesting to receive this week, from the Canadian Federation of Independent Business, a very interesting survey which it recently did of its 21,000 members across Canada, some 119 from the Yukon. In canvassing its members on what they felt were the most serious problems with which they had to deal as small business people, overwhelmingly the number one concern across the country was the high tax burden, and following that was red tape and paperwork. Those of us who visit with and meet with many small business people, or those of us who have been in business ourselves, can empathize with the question of red tape and paperwork.

As I noted earlier, in the Bill we are discussing there will be an acceleration of tax remittances. This means that some businesses, which formerly remitted their taxes once per month and then twice per month, will almost be on a weekly remittance basis. Anyone will recognize that that is a severe cost, particularly to small businesses, another cost that will be passed on to taxpayers.

Again referring to the study by CFIB because it made some very interesting points, it indicates a consistency across the country which we do not see very often. There is also a consistency across the type of industry which it found identified these problems. For example, on the question of high tax burdens, all provinces and territories identified it as being their number one problem. It varied a bit from province to province, but it was fairly consistent to almost 60 per cent of the 21,000 members. They said it was the most serious problem with which they had to deal.

The second issue of red tape and paperwork has a consistency across Canada, across the provinces and the territories.

I should like to say that this is an interesting survey. Very often when we see surveys by a number of groups that do not include the territories. I am pleased to see that this particular group did so. It is certainly a much better reflection of what is actually happening in the country when the Yukon and the Northwest Territories are included in such surveys. As I mentioned earlier, we have particular problems surrounding transportation, and of course small business has to deal with a