

*Excise Tax Act*

number of Canadians will be tuned in and listening to what is going on in this House.

For those Canadians who have tuned in, Parliament is now debating Government Bill C-14. This Bill will increase the hidden taxes that Canadians will be paying. This Bill adds a 3 per cent surtax effective July 1, 1986. This is a 1.5 per cent surtax for 1986 and 3 per cent for each year following. This is contained in the Budget that was originally introduced by the Minister of Finance (Mr. Wilson) on February 26, 1986. It deals with the 3 per cent surtax on income.

What we are debating today is the increase in the sales tax, which will raise a fair bit of change for the Government. This is a 1 per cent increase in the sales tax. This will cost the average family an additional \$150 per year. There is a 4 and 6 per cent increase respectively on alcohol and tobacco. This will cost the average family \$20 per year. This Government has introduced a new sales tax, excise tax, and hidden taxes on numerous items. It has increased the tax not only on cigarettes and alcohol, but automobile fuels and gasoline.

The Government has introduced sales tax on candy bars and soft drinks. It has put a sales tax on vitamins and pharmaceutical items. It has placed a sales tax on a whole slew of items. It even placed a sales tax on pet food. When that was dealt with in committee, I tried on a symbolic basis, and also on a real basis, to have that tax measure amended to exempt blind people. They have to feed seeing-eye dogs, which are generally large German Shepherds, and whose food costs run into quite a bill. The Government was not interested in hearing any of this. It is determined to increase the amount of sales tax charged to Canadian people.

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What is the record of the Government in terms of sales tax? In the two short years it has been in office, it has dramatically increased the amount of revenues collected through sales tax. In fact, in 1988 the sales tax introduced by the Government in its two Budgets will yield more than twice the amount of revenue drawn from the changes to personal income tax and more than four times the amount of revenue accruing from corporate tax changes. In other words, from 1984 to 1988 the sales tax introduced by the Conservative Government will amount to some \$6.7 billion of additional revenue, whereas the increases in personal income tax will mean an increase of some \$3.3 billion in federal revenues, and the corporate income tax changes will only mean an increase of \$1.4 billion.

In the name of fighting the deficit, the folks opposite have increased our taxes quite substantially. Of course the smallest increases go to their corporate friends. The next highest hit group is average Canadians. We have all seen the increases in personal income tax. However, the biggest tax is the hidden tax, the sales tax, or the back-door tax.

Let us look at the impact of these changes upon the average Canadian family. In the November 1984 economic statement, just after the Conservative Party was elected, it increased the

sales and excise tax, which will cost the average Canadian family some \$350 extra per year. It again increased the sales and excise tax in the May 1985 Budget, which will cost the average family some \$325 more per year. The increase in the February 1986 Budget will result in an extra \$170 being paid per year by the average family. That totals some \$845 in extra taxes which the average Canadian family will be paying.

Approximately 69 per cent of the individual tax increases introduced by the Conservatives since they assumed power was in the area of hidden taxes, while only 31 per cent was in the area of up front personal taxes.

As I said, there has been a dramatic increase in the use of sales tax under the Conservative Government. In fact its use is quite extensive. When we compare it with the other OECD countries, we find we are one of the highest in terms of relying upon hidden or sales tax as a form of public revenue. I should like to refer to an article by John Ferguson which appeared in *The Ottawa Citizen* the other day. In part it read:

Figures from the Paris-based Organization for Economic Co-operation and Development show that taxes on goods and services already make up nearly 33 per cent of all taxation revenue in Canada, compared to 30 per cent in Britain, 29 per cent in France, 27 per cent in West Germany, 18 per cent in the U.S. and only 15 per cent in Japan.

I acknowledge that those OECD projections include provincial sales tax as well.

The extensive use by the Government of the sales tax is not surprising. A sales tax is hidden. I suppose to politicians like the ones who now form the Government there is a certain attractiveness; they can increase taxes without people feeling them directly. These are the taxes which they pay every time they purchase a chocolate bar or some other manufactured item. These are the taxes which they pay if they drive automobiles and purchase gasoline. They pay the nickels and dimes. It is a nickel and dime Government. It nickels and dimes Canadians to death.

It is not surprising that Hon. Members opposite bring in these types of tax increases. It is because they are regressive. They affect the poor more than they affect the rich. Everyone must eat. Everyone needs shelter. Everyone needs some form of transportation. Ostensibly we all take some form of vitamin pill, drink pop, or whatever. However, if one is on the low end of the income scale, the percentage of one's income going to pay these taxes is quite a bit higher than that paid by a high income person. Experts agree that generally sales taxes are regressive because the poor pay more as a percentage of their total income than do the rich. It is no wonder the Conservative Government prefers these types of regressive tax measures.

We talk about the hidden nature of these taxes and about the unfairness of them. They do not affect the well-to-do in the same way as those with lower or middle incomes.

Two years ago some of my colleagues and I visited Washington to learn about some of the proposals in its Government's tax reform package. I will never forget a luncheon we attended with the chief lobbyist for the American Manufacturers Association. That Association bitterly opposed the tax reform