

Excise Tax Act

relieve taxpayers of \$60 million in 1987-88 and \$80 million in 1988-89.

Then, there was a 4 per cent tax increase for cigarettes and tobacco which came into effect on February 19, 1987, and which will pour into the Government coffers \$70 million in 1987-88 and another \$70 million in 1988-89.

There was also a \$4 ticket increase of the tax on air transport to be implemented in two stages, the first on May 1, 1987, and the second on August 1, 1987, which will result in Canadian taxpayers paying \$45 million more in 1987-88 and \$50 million more in 1988-89.

Mr. Speaker, in the same Budget of February, 1987, we find an increase in the sales tax on leaded gasoline to bring it up to the level of unleaded gasoline, which increase came into effect on April 1, 1987, and brought revenue of \$30 million in 1987-88 and of another \$30 million in 1988-89.

Mr. Speaker, the Minister of Finance (Mr. Wilson) announced his tax reform project on June 18. After consultation, on December 7, 1987, he implemented some of the measures announced on June 18, but some of them came into effect the very same day they were announced, on June 18.

For instance, as of January 1, 1988, there has been a new 10 per cent tax on long distance telephone calls. I mention this as an example as people might not think about it, but at one end of Montreal Island, around Rivière-des-Prairies, in the Mercier riding, residents of Montreal have to pay long distance charges if they make a telephone call to a neighbouring city such as Laval. This new tax is unacceptable for these people. I wanted to give a very specific example because rural residents are not the only ones involved—and this is vital because everybody makes long distance phone calls—but so are people who live downtown, for this so-called talk tax will apply to all long distance calls dialed by Canadians.

Mr. Speaker, the measure also contains a tax increase on cable TV. These two measures, effective January 1, will prove to be just another way to replenish Government coffers: \$870 million in fiscal year 1988-89, \$945 million in fiscal year 1989-90, and \$1 billion in fiscal year 1990-91.

Again as a result of this tax reform, Mr. Speaker, there has been a 4 per cent tax increase on paint and wallpaper, up from 8 to 12 per cent effective January 8, and this will cost Canadians some \$60 million a year.

Mr. Speaker, of course we said over and over again in the House that the Minister of Finance and the Conservative Government were juggling with figures when they kept talking about deficit reduction. They resorted to a creative accounting process. And now, Mr. Speaker, the tax reform includes accelerating the remittance of sales and excise taxes as of April 1, 1988, the day when Canadian companies will have to begin speeding up tax remittances. This stroke of the pen, this creative accounting, Mr. Speaker, will raise \$1.6 billion for the Treasury.

• (1610)

Add to that the accelerated remittance of source deductions, introduced the year before, which will raise approximately \$2.6 billion. In terms of reducing the deficit, one could say both measures made it possible for the Minister of Finance to tell Canadians he had reduced the deficit. However, he did not really do so because this was a one-time revenue raising measure so that next year comparisons will be skewed.

There is another very important item. Ninety-six per cent of Canadian businesses have a turnover of less than \$2 million. We have 86 per cent of Canadian businesses that are small businesses. Every day, Members on both sides of the House keep repeating that 86 per cent of these businesses create most of our jobs. And 96 per cent of those businesses will be subject to the kind of creative accounting the Minister of Finance has just expanded.

When they say they want to provide incentives for small businesses to develop, and that these businesses are important to the economy of this country, that is perfectly true, Mr. Speaker. These businesses have created 75 per cent of our jobs. But when it comes down to concrete action no measures are forthcoming, and in fact everyone agrees small businesses have problems with capitalization. And now with this measure, instead of helping these businesses increase their operating capital, the Government is forcing them to reduce that capital.

In the same Budget or tax reform of December 1987, the Minister announced another increase in the tax on alcohol and tobacco, a 3 per cent increase from 15 per cent to 18 per cent, effective as of January 1, 1988, which will raise another \$175 million annually at the expense of Canadian taxpayers.

Mr. Speaker, there was of course the February Budget, referred to by many Canadians as the one cent tax budget. In a few days, Mr. Speaker, on April Fool's Day, but this is no joke, Canadians will have to pay one cent per litre more for gasoline because of an increase in the excise tax.

That, Mr. Speaker, was briefly what the impact will be of Bill C-117.

The Government is asking the House to adopt tax increases, most of which are already in effect. Some have been in effect for over a year. I think it would be appropriate, Mr. Speaker, to recall that the Minister of Finance and the Prime Minister both promised they would not raise taxes.

For instance, in a debate in this House on March 6, 1984, when the Minister of Finance was the Conservative finance critic, he said, and I quote: "We would cut spending. We would not raise taxes. Tax levels in Canada are already too high". However, in three and a half years that same Minister, the same Member who is now Minister of Finance, has increased taxes by about \$22 billion since September 1984. What was on his mind? What was he thinking on March 6, 1984, when he said he just wanted to reduce expenditure, that he would be careful not to raise taxes? But after he was