

## HOUSE OF COMMONS

Tuesday, November 5, 1985

The House met at 11 a.m.

● (1105)

### GOVERNMENT ORDERS

[English]

#### EXCISE TAX ACT AND RELATED ACTS

##### MEASURE TO AMEND

The House resumed from Tuesday, October 29, consideration of the motion of Mrs. McDougall that Bill C-80, an Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof, be read the second time and referred to a legislative committee.

**Hon. Douglas C. Frith (Sudbury):** Mr. Speaker, I am very pleased to be allowed to join in the debate on Bill C-80 this morning. There are several points that I would like to make over the next 10 minutes. I would like to refresh the memory of the House regarding some of the campaign promises made one year ago and relate them to Bill C-80.

It was only 14 months ago, in the midst of a national election campaign, that a promise was made by Conservative Members that if they were to take office, any budgetary measures they would introduce would ensure that more resources would be placed in the hands of those who need them the most. That was going to be the guiding principle of the Government. Since that time, all Canadians have had time to digest the over-all direction of the Government. Upon reflection, I think most of us would have to agree that if anything, once again the Conservative Government has broken its promise to put more into the hands of those who need it the most. Bill C-80 is a good example of that.

As was pointed out at a press conference held some 10 or 12 days ago by the National Anti-Poverty Organization, Bill C-80, an Act to increase excise and federal sales taxes, will impact twice as hard on the poor as it will on upper-income earners. In an analysis of the impact of this budgetary measure, the organization points out that excise taxes and sales taxes are regressive because of that. As a result, the organization would like the Government to withdraw the Bill and bring in one that is progressive to some degree.

It comes as no surprise to the Opposition that the Government has again introduced a Bill that is regressive in nature. One need look no further back than to the impact of the deindexation of personal exemptions in the May 23 Budget. I have pointed out time and again that that measure alone will

do more to widen the gap between the poor and the rich than any other budgetary measure that the Government could possibly bring in. Yet my complaints seem to have fallen upon deaf ears. All Conservative back-benchers represent constituents but they have been amazingly silent on this issue. It comes as no surprise to the Opposition that they would be silent on the matter. However, it is incumbent upon the Opposition to point out the folly of the Government's direction.

I said earlier that Bill C-80, the Bill to increase the excise and federal sales taxes, is regressive in nature. I would indicate as well that the deindexation of personal exemptions will be even more so. What is the full import of that kind of change in policy direction by the Government? It is astounding.

The various social council agencies that give advice to the Government including the Canadian Council on Social Development and the National Council on Welfare have had things to say about this impact. In a study released just two months ago, they indicated that from 1980 to 1984, before the Conservative Government came to power, there had been a widening in the gap between the poor and the rich. Despite all of the Guaranteed Income Supplement measures that the previous Government introduced between 1980 and 1984, the gap was still widening largely as a result of the recession. Clearly the point I am making is that there was a widening in the gap between the poor and the rich in those four years. Now, on top of all the other problems that are besetting the lower-income groups in our society, deliberate Government policy is going to widen that gap further.

The councils to which I refer have made some calculations and these numbers are not disputed by the Government, by the Minister of National Health and Welfare (Mr. Epp) or by the Minister of Finance (Mr. Wilson). They indicate that because of the deindexation of personal exemptions, a family that earns \$15,000 per year is going to pay an additional \$1,879 in taxes over the next five years. A family that earns \$35,000 per year, a middle-income family, is going to pay an additional \$3,450 in income tax over the next five years. However, what happens to the family that earns \$80,000 per year? Amazingly, it will only have to pay an additional \$1,612 in taxes over the next five years. In other words, the councils that represent middle and lower-income earners question the political and social policy direction of the Government, a direction that will widen that gap despite the fact that they have clearly shown that as a result of the recession, lower-income Canadians are the ones who have suffered the most in the last four years. They are now expected to suffer doubly over the next four to five years as a result of the Government's proposals.