

Government Orders

What are these rate increases? There is a 1.5 per cent increase in the general sales tax rate from 12 per cent to 13.5 per cent effective June 1, 1989. Effective April 28, 1989, there was a 1 per cent increase to 19 per cent for alcohol and tobacco products. Effective June 1, 1989, the federal sales tax rate on telecommunications and telecommunication programming services was 11 per cent. On January 1, 1990, the federal sales tax rate on construction materials goes up to 9 per cent. All together these measures will contribute to about \$1 billion in 1989 and \$2 billion in 1990 toward reducing the deficit.

Excise duties on cigarettes as well as federal sales taxes are raised so that the federal revenue from a carton of cigarettes is increased to \$4. This bill also implements increases in excise taxes on gasoline and aviation gas. Effective April 28 the excise taxes on gasoline rose by 1 cent per litre. They will rise again on January 1, 1990, by an additional 1 cent per litre.

The tax increases which are being given effect by this bill have negative effects on the north and northerners. There is a program at the present time under which primary producers such as farmers, fishermen, loggers, miners, hunters and trappers receive rebates on federal sales and excise taxes on motor vehicle fuels. Hunters and trappers currently receive a rebate of 5 cents per litre of gasoline. After December 31 of this year hunters and trappers will no longer receive rebates for the excise tax.

On April 28 hunters and trappers had to pay an additional 1 cent per litre in excise tax on gasoline. On December 31, they will lose the rebate on the excise tax and on January 1, 1990, they will have to pay an additional 1 cent per litre on their gasoline.

The hunters and trappers of the north are among the poorest citizens of this country. They hunt and trap to feed and clothe their families. These tax increases on the fuel they need to assist them in providing for their families is going to impair their ability to do so.

As a general comment, the increase in gasoline and aviation fuel excise taxes also has a disproportionate impact on the north because of the higher usage of aviation fuel for transportation in the north. The increase in the telecommunication tax also affects northern residents in a disproportionate manner. Because of the great distances in the north we use fax machines to

compensate for the poor mail service and we have to call longer distances by telephone.

Sales tax increases, as the government knows, are regressive taxes. Lower income Canadians feel the impact of sales tax increases more than higher income Canadians. Yet it was this government in the previous Parliament that increased the federal sales tax from 9 per cent to 12 per cent. In last April's budget, the government raised the federal sales tax to 13.5 per cent. Now it wants to replace the federal sales tax with the goods and services tax in 1991.

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The new goods and services tax is to be applied at the rate of 9 per cent to a broad range of goods and services that have never been taxed before. The government argues that since the rate will be reduced from 13.5 per cent to 9 per cent Canadians will be better off. The government does not want Canadians to remember that it was the government which raised the existing federal sales tax from 9 per cent to 13.5 per cent since it was elected in 1984. There is no guarantee, furthermore, that the savings from reducing the tax will be passed on to the consumer. Also, many more goods and services are going to be taxed than before.

When the Finance Committee heard from northerners in the Yukon and the Northwest Territories they heard that northerners do not want this tax. It will impact on northerners more than those on any other part of the country because of the high freight and transportation costs in the north, and the fact that northern costs of living are the highest in the country.

One of the other examples that I would like to use is the proposed 32 per cent increase in postal rates. This increase was supposed to be on November 13 of this year. However, because of the objection of members of Parliament as well as other leaders from the north, Canada Post decided that it could postpone raising the postal rates until January 31, 1990. January 31, 1990 is in three months, and Canada Post considers that it is doing us a favour by giving us an extra three months to try to come up with alternatives to combat the 32 per cent postal rate increase on food, on produce that is sent up to the north.

It is all very well to think that we get a breathing space of three months. However, one must be aware that in those three months falls the month of December in which the government basically stops operating. It is the Christmas month. People want to be with their families.